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Are millennials spawning next wave of NPA piles for banks?

BY PTI | UPDATED: NOV 13, 2019, 06.16 AM IST

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MUMBAI: While [millennials](#), who have been driving credit demand by a large margin in the past two years, in what can potentially raise concerns for lenders, most of them have been taking the riskier unsecured loans, warns a report.

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The number of millennials, - those born after 1980 - opting for a new loan grew 58 per cent as against a 14 per cent growth in the non-millennial segment, a study by [credit bureau](#) TransUnion- Cibil said on Tuesday.

Lenders are increasingly depending on the [retail segment](#) for their [loan growth](#) as its quality is better than the corporate segment which is shying away from investing having already sitting with bloated balance-sheets.

There have also been concerns raised about the financial behaviour of the millennial segment, especially if there are over-leveraging in the process & those raising such flags are pointing to the dipping national savings rate.

In what displays increasing consumption-oriented tendencies in this segment, the Cibil study said unsecured loans consisting of credit cards, personal loans and consumer durable loans contribute 72 per cent of the millennials' credit requirements.

As compared to this, the secured loans of two-wheeler and auto loans consisted of only 9 per cent of the millennials' credit appetite, the study said.

However, it what can assuage the concerns, the bureau report said the millennial segment is more conscious about their credit scores, as they believe in self-monitoring and the average is 740 out of 900.

Millennials in Gujarat have the highest average score of 747, followed by Haryana at 743 and Rajasthan at 742, it said.

The bureau also said that millennials have a tendency to correct their behaviour, as 51 per cent of them with a score of less than 700 improved their scores within six months of checking their scores by an average of 65 points.

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