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FINTECH TRENDS REPORT

What you need to know for the second half of 2024

Real insights based on real data

Executive summary

Experian's data scientists and analysts equip fintechs with consumer credit trends to help make strategic lending decisions as well as a profitable growth roadmap for the second half of 2024 and beyond. Impactful callouts from the report include:

Unsecure personal loans

- ☑ Originations are down YoY for fintech lenders but remain higher than pre-pandemic levels showing an overall 5-year growth.
- ☑ Balances for fintech loans are continuing a steady increase with the average loan reaching almost $8,000 at the end of Q1 2024.
- ☑ Delinquency rates are decreasing YoY and MoM for fintech lenders.

Credit cards

- ☑ Fintech credit card issuers experienced an 18% dip in originations YoY continuing the downward trend since early 2022.
- ☑ Credit card balances for fintech issuers continue to increase.
- ☑ Delinquency rates for fintech issuers increased YoY but have seen consistent MoM decreases through Q1 of 2024.
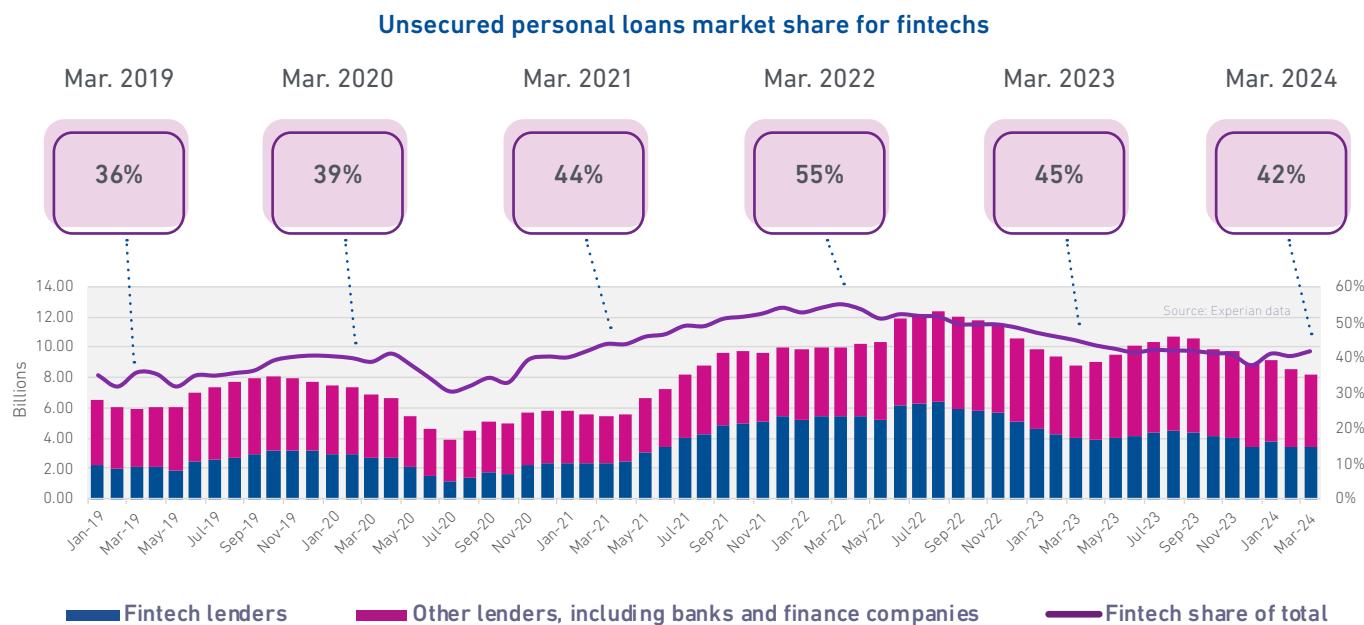
This report was created using data from January 2019 to March 2024. If you have questions about the data included in this report, please contact your Experian® client executive.

*A note about our data sources: For details about the Experian studies, including source data, please visit the section "ABOUT THE REPORT" at the end of the report. ⊙

Origination volume trends — fintech versus all lenders

Unsecured personal loans

Unsecured personal loans market share for fintechs

Mar. 2019	Mar. 2020	Mar. 2021	Mar. 2022	Mar. 2023	Mar. 2024
36%	39%	44%	55%	45%	42%

Source: Experian data

■ Fintech lenders   ■ Other lenders, including banks and finance companies   — Fintech share of total

Loan originations for the unsecured personal loan (UPL) product continue to trend downward for all lenders (including fintechs) with a 4% MoM decrease. **Fintech lending for UPL remained steady throughout the first quarter of 2024.**
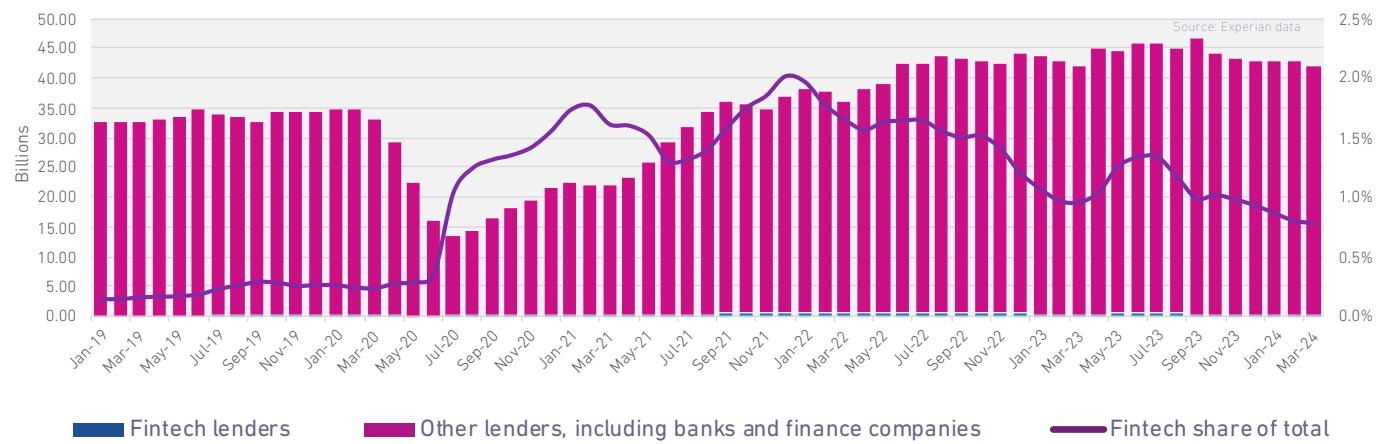
Market share: Fintech market share remained steady throughout 2023 and into 2024 with only minor fluctuations. Digital loans accounted for 42% of originations in March 2024 compared to 45% in March 2023.

Credit cards

Originations for credit cards remained relatively level for all lenders between 2023 and 2024. For fintech lenders, credit card originations saw a sharp increase in mid-2023 but have since experienced consistent MoM dips, which may be due to higher cost of funds and limited investor appetite.

Monthly Credit Card Origination Volume

Source: Experian data

- Fintech lenders
- Other lenders, including banks and finance companies
- Fintech share of total

Market share: Fintech credit card originations account for less than 1% of total credit card originations in the U.S. Fintech credit card originations were $330 million in March 2024, an 18% YoY decrease.

Our take

Fintechs continue to be in a prime position to disrupt the credit card lending space by leveraging data and analytics to fuel innovative underwriting and expand their consumer pool while also mitigating risk and adhering to new regulatory restrictions.
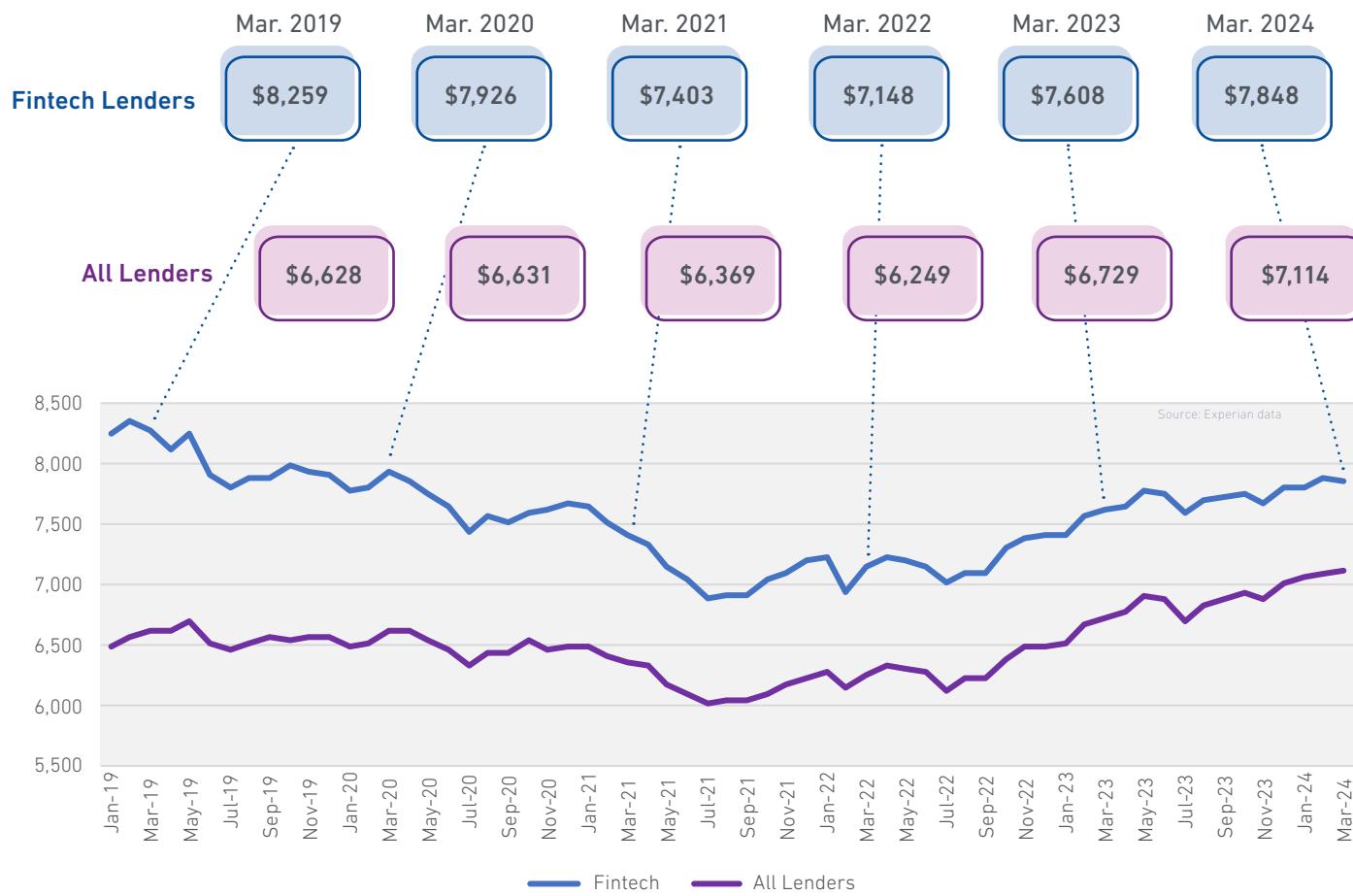
Average loan balances — fintech versus all lenders

Unsecured personal loans

A 6% increase for UPL loan balances for all lenders occurred between 2023 and 2024. Although the average loan balance for fintech lenders was higher than all lenders in March 2024 ($7,848 versus $7,114, respectively), fintech lenders saw a smaller YoY increase in balances of only 3%.

Average Balance of Unsecured Personal Loan

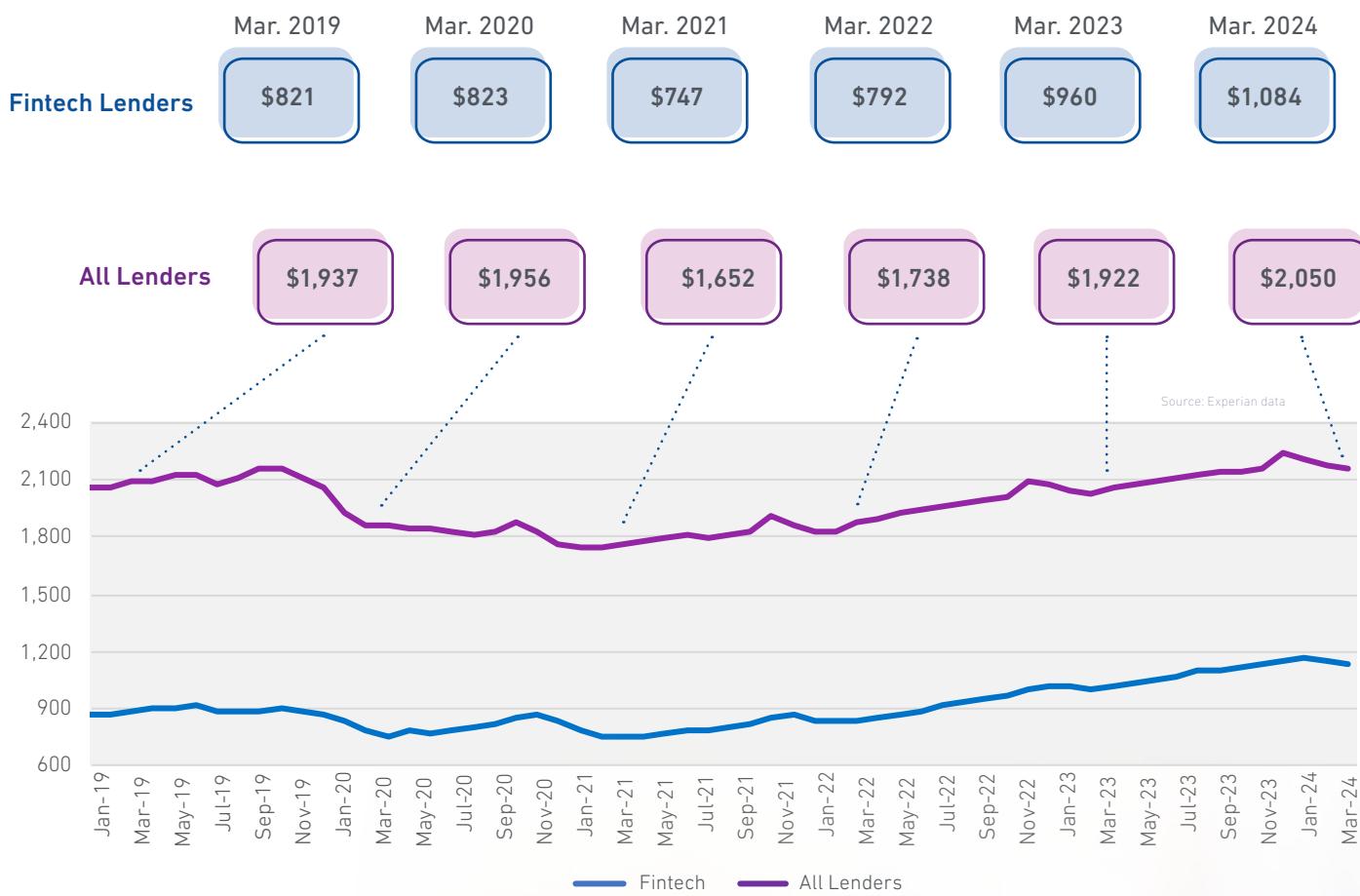|	Mar. 2019	Mar. 2020	Mar. 2021	Mar. 2022	Mar. 2023	Mar. 2024
Fintech Lenders	$8,259	$7,926	$7,403	$7,148	$7,608	$7,848
All Lenders	$6,628	$6,631	$6,369	$6,249	$6,729	$7,114

Source: Experian data

Fintech

Credit cards

All lenders experienced a 7% increase in credit card balances between 2023 and 2024. Fintechs with a credit card product saw a steeper YoY increase at 13%; however, their average balance remains lower than the all-lender segment ($1,084 versus $2,050, respectively).

Average Balance of Credit Card

	Mar. 2019	Mar. 2020	Mar. 2021	Mar. 2022	Mar. 2023	Mar. 2024
Fintech Lenders	$821	$823	$747	$792	$960	$1,084
All Lenders	$1,937	$1,956	$1,652	$1,738	$1,922	$2,050

Source: Experian data

— Fintech — All Lenders

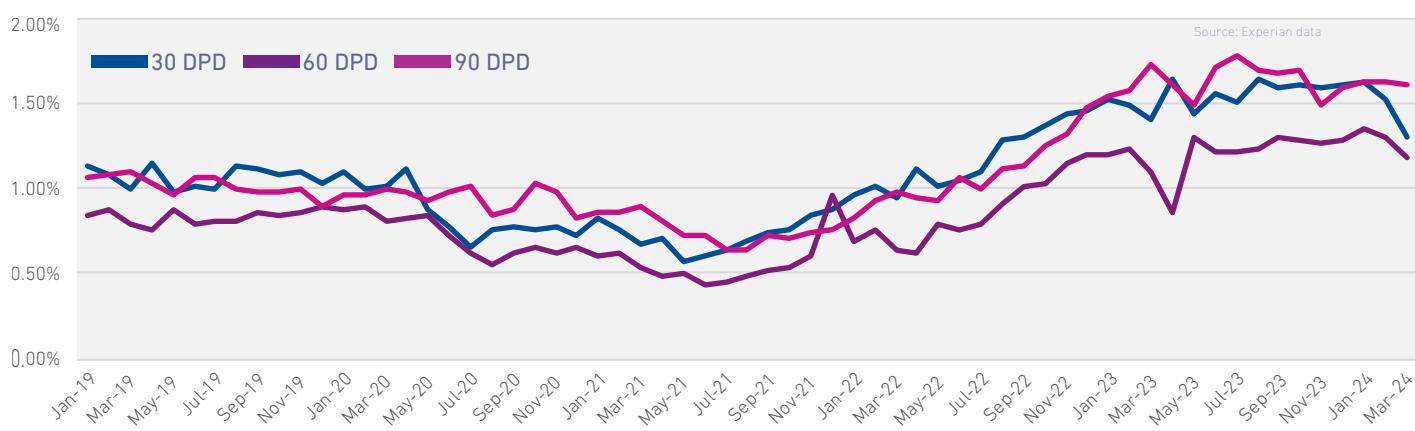# Delinquency trends — fintech versus all lenders

Unsecured personal loans

After record highs for delinquencies in 2022 and 2023, we're seeing an encouraging downward trend in delinquency rates for 30+, 60+ and 90+ days past due for all lenders and for fintech lenders with UPLs.

Between February and March, fintech UPL lenders saw a 14% decrease in 30+ day delinquencies, 8% decrease in 60+ day delinquencies and 1% decrease in 90+ day delinquencies.

During this same period, all UPL lenders saw a 13% decrease in 30+ day delinquencies, 11% decrease in 60+ day delinquencies and 1% decrease in 90+ day delinquencies.

Delenquency Trends – Unsecured Personal Loan – Fintech lenders

Source: Experian data

Delenquency Trends – Unsecured Personal Loan – All lenders


Source: Experian data
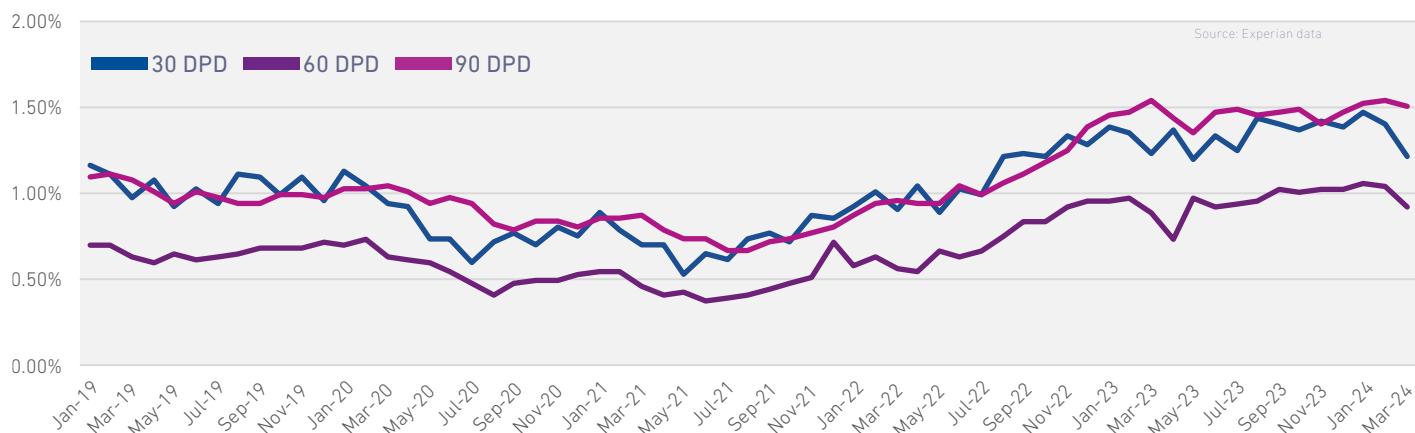
Credit cards

A slightly different trend emerges for credit card product delinquencies. Fintech credit card issuers are seeing a YoY increase for delinquencies; however, the first quarter of 2024 shows promising MoM decreases.

All credit card issuers experienced a similar trend, but with higher YoY increases for delinquency rates.

Delenquency Trends – Credit Cards – Fintech lenders
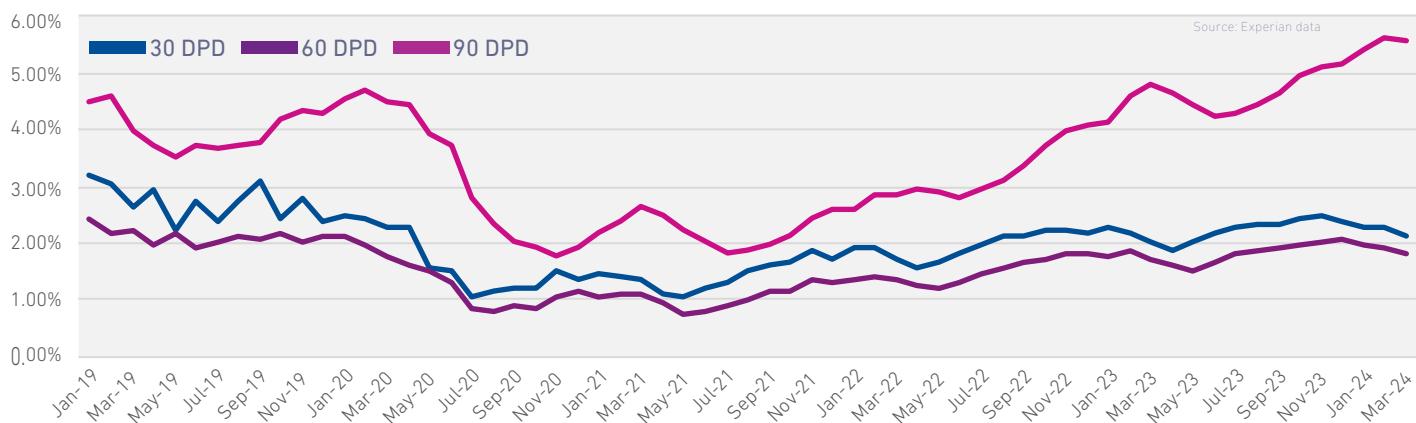
Delenquency Trends – Credit Cards – All lenders
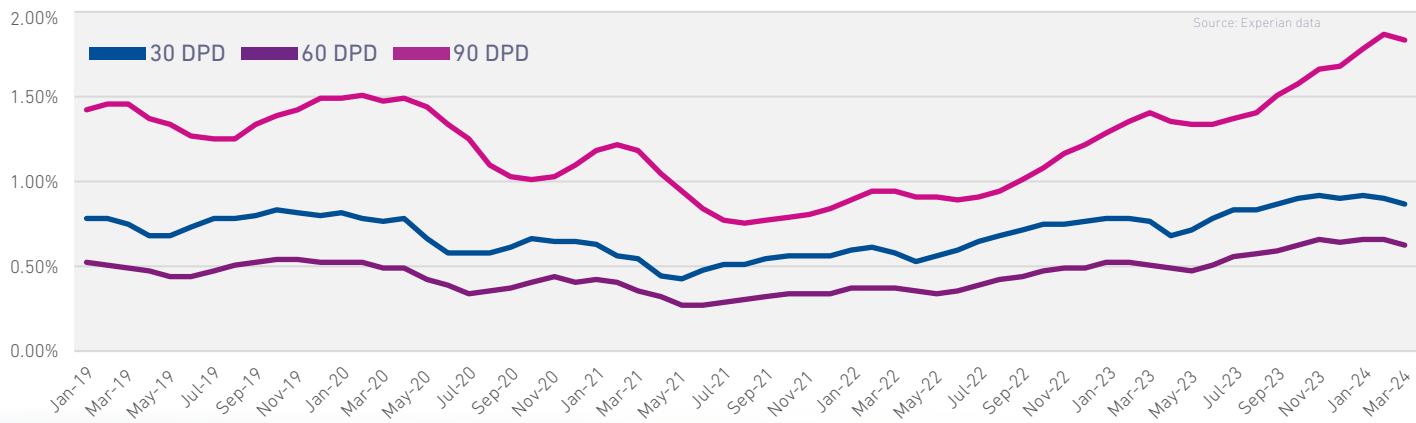
Preparing for the second half of 2024

Looking forward to the second half of 2024, amidst ongoing economic uncertainty and an election year, fintechs are poised to navigate challenges and seize opportunities by leveraging data-driven insights. Understanding consumers remains paramount for strategic lending decisions, emphasizing the critical need for fintechs to access comprehensive data and advanced tools to drive loan portfolio growth while managing risk effectively.

Review and optimize your portfolio

Regular portfolio reviews are essential for fintechs. Conducting an in-depth analysis of your lending portfolio is crucial to minimize risk and enhance profitability. Evaluate whether your portfolio is overly exposed to financially strained customers and consider adjusting risk appetites or credit criteria at the account level. Identifying customers who could benefit from second chance opportunities is key, underscoring the importance of robust loan servicing and collection strategies.

Refine data, analytics and models

While traditional credit data remains valuable, fintechs must integrate expanded datasets to bolster credit models and underwriting processes. Accessing the freshest and most predictive data is imperative for competitiveness. Incorporating nontraditional, FCRA-regulated data, such as user-permissioned account data, cash flow transactions and rental data, enhances visibility into consumer credit portfolios. This comprehensive approach enables lenders to make informed decisions, track historical performance and assess repayment potential effectively.

Adapt lending criteria

Fintechs require agile analytics models that can quickly adapt to market dynamics. Traditional models are often slow to develop and deploy, especially during economic fluctuations. To stay ahead, fintechs need high-quality analytics running on diverse datasets, enabling swift and decisive deployment. Seizing market opportunities hinges on deploying well-performing models promptly to serve creditworthy borrowers efficiently.

Partner with Experian for growth

Experian offers fintechs robust solutions, enriched data and expert guidance to navigate evolving market conditions and uncover growth opportunities. By partnering with Experian, fintechs can access tailored solutions to meet their business objectives and drive profitable growth.

If you would like to learn more about creating deeper insights like these on your own portfolio using Experian's updated Ascend Tech Platform, visit **experian.com/fintech** or contact your Experian representative today.

ABOUT THE REPORT

Fintech companies that lend money offer any of several financial products. These include mortgages; student loans; and buy now, pay later contracts. In this report, Experian data scientists and analysts take a deep look at two of the most popular lending products in the industry: the unsecured personal loan and credit cards (new this year). For the unsecured personal loan product, we excluded small-dollar loans, focusing on unsecured personal installment loan accounts originated with balances between $500 and $50,000 and with loan terms between 12 and 84 months.

▶ Our study considered a statistically relevant sample of the loans reported to our national credit bureau between January 2019 and March 2024.

▶ The sample encompassed loans to nearly 33.7 million digital borrowers in the United States.

▶ We compared the entire set of unsecured personal loans and credit cards during that period to the subset of those loans reported by select digital lenders.

▶ The digital lenders in our study accounted for nearly 37 percent of the balances of unsecured personal loans at the beginning of our study period and close to 52 percent at the end.

▶ The digital lenders in our study accounted for nearly 0.1 percent of the balances of credit card loans at the beginning of our study period and close to 2 percent at the end.

▶ Most of the remaining balances were originated by traditional financial institutions, such as banks, credit unions and finance companies.

▶ To maintain confidentiality, we don't name the lenders selected as part of our subset and have applied a proprietary weighting scheme when calculating our reported statistics.

▶ There's a significant overlap between the population used in our study related to all lenders, which includes the fintech segment and, in some cases, the fintech segment is discussed individually; however, we have no reason to believe the overlap biased any of our results.

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