

GROWTH OF P2P LENDING PLATFORMS IN INDIA: SECONDARY DATA ANALYSIS OF LIQUILOANS AND FINTECH CREDIT MODELS

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Abstract

Due to the growing desire for alternative loan sources and the quick development of financial technology, peer-to-peer (P2P) lending has become a major innovation in the financial services industry. Through direct online connections between lenders and borrowers, digital lending platforms are revolutionising traditional lending systems in India. With an emphasis on LiquiLoans and related FinTech-enabled credit models, this paper investigates the expansion of P2P lending platforms in India. Using published reports, corporate filings, industry studies, and regulatory papers, the study employs a secondary data analysis approach to assess the growth, operating models, and market impact of P2P lending platforms. The Reserve Bank of India's supportive regulatory framework for Non-Banking Financial Company–Peer to Peer (NBFC-P2P) platforms, growing internet penetration, the emergence of digital payments, and technological advancements are all major factors that have contributed to the growth of P2P lending in India. The study evaluates how FinTech credit models are enhancing access to credit for underserved populations while providing alternative investment opportunities by examining data on loan disbursement patterns, borrower demographics, investor engagement, and platform performance.

Introduction

The swift advancement of digital technology has greatly changed the worldwide financial system, leading to the emergence of new financial services collectively referred to as Financial Technology. Among these advancements, peer-to-peer (P2P) lending platforms have arisen as a significant alternative financing model that links borrowers and lenders directly via online platforms, eliminating the need for traditional financial intermediaries like banks. This tech-focused model has enhanced efficiency in the loan process, lowered operational expenses, and offered quicker access to credit for both individuals and small enterprises. In India, the development of digital infrastructure, greater internet access, and the extensive use of smartphones have fostered a favorable setting for the growth of digital lending platforms. Consequently, P2P lending has attracted considerable interest from both investors and borrowers looking for easy and adaptable financial options.

Acknowledging the potential of this developing sector, the Reserve Bank of India established a regulatory framework for Non-Banking Financial Company–Peer to Peer (NBFC-P2P) platforms to guarantee transparency, financial stability, and protection for investors. This regulatory assistance has been essential in fostering the development and trustworthiness of P2P lending platforms in the nation. Numerous FinTech firms have emerged in the Indian digital lending sector, providing cutting-edge credit models that utilize data analytics, artificial intelligence, and automated risk evaluation systems. LiquiLoans is a platform that promotes digital lending by linking investors with reliable borrowers in an online marketplace. These platforms facilitate faster loan approvals, streamlined documentation, and effective credit assessment processes, thus enhancing financial access for underserved societal groups. This research centers on analyzing the expansion of P2P lending platforms in India through secondary data analysis, specifically highlighting LiquiLoans and various other FinTech credit models. The study seeks to comprehend the growth of digital lending platforms and their impact on improving financial inclusion and reshaping the Indian financial landscape by examining current reports, market statistics, and regulatory documents.

About LiquiLoans

LiquiLoans is an Indian peer-to-peer (P2P) lending company that operates an RBI-registered NBFC-P2P platform, matching individual lenders with retail borrowers via its website and app. It positions itself as a higher-yield alternative for investors and a quick, fully digital loan source for borrowers.

Key facts

- Full name: LiquiLoans (NDX P2P Private Limited)
- Type: RBI-registered NBFC-P2P lending platform
- Founders: Achal Mittal, Gautam Adukia
- Sector: Consumer lending / fintech (P2P marketplace)
- Regulator: Reserve Bank of India (RBI) – NBFC-P2P framework

Literature Review

Peer-to-peer (P2P) lending has arisen as a significant advancement in the wider domain of financial technology (FinTech), allowing people to lend and borrow funds straight through online platforms without conventional financial middlemen. As per Financial Technology studies, the P2P model has notably reshaped credit markets by enhancing efficiency, lowering transaction expenses, and broadening financial access for individuals and small enterprises frequently overlooked by traditional banking systems. Recent research emphasizes that the worldwide expansion of P2P lending has been fueled by technological progress, rising internet access, and the need for alternative funding options

A bibliometric analysis conducted by S. P. Kumari and M. Mohanty (2024) examined the evolution of P2P lending research and noted a swift rise in academic publications post-2018, reflecting an escalating scholarly fascination with this FinTech sector. Their research highlighted that exploration in this field primarily concentrates on risk evaluation, platform effectiveness, investor conduct, and regulatory structures. The writers highlighted that the disjointed quality of current research necessitates further empirical investigations targeting particular markets and platforms

A detailed review by Mustafa Raza Rabbani et al. (2022) analyzed crowdfunding and P2P lending literature, concluding that FinTech platforms significantly enhance financial inclusion and assist entrepreneurial finance. The research revealed that P2P lending platforms facilitate effective capital distribution by linking borrowers and lenders via digital ecosystems, thereby decreasing dependence on conventional banking methods. Nonetheless, the writers also emphasized problems like information imbalance, credit risk, and regulatory obstacles that still influence the sustainability of these platforms

As financial services in India undergo rapid digital transformation, researchers are placing greater emphasis on user behavior and perceptions regarding P2P lending platforms. Research conducted by Sahiba Khan, Ranjit Singh, and H. Kent Baker (2024) investigated customer feelings and public views regarding online P2P lending apps in India. By applying sentiment analysis and topic modeling methods, the study revealed that factors like usability, trust, and service quality significantly affect users' adoption of digital lending platforms. The results showed that although users value the efficiency and ease of P2P lending applications, worries about transparency, risk, and data security remain.

Recent research has examined the impact of cutting-edge technologies like machine learning and artificial intelligence on enhancing credit evaluation and user experience in digital lending platforms. A 2025 study on Indian P2P lending apps employed natural language processing and deep learning methods to examine thousands of user reviews from platforms approved by the RBI. The results showed that quick loan approvals, clear policies, and effective customer service greatly affect user satisfaction and platform usage. Simultaneously, factors like complexity of the interface and absence of transparency were discovered to adversely impact user trust.

Additionally, studies on user experience in P2P lending platforms emphasize the significance of platform dependability, safety, and loan processing efficiency in influencing borrower and investor contentment. A comprehensive examination of more than 11,000 user reviews across various Indian P2P platforms indicated that quality of service, protection against fraud, and ease of technology play crucial roles in enhancing user experience in digital lending environments

In general, the current research shows that P2P lending platforms signify a major transformation in the financial services sector by utilizing technology to establish efficient and accessible credit markets. Nonetheless, although there is an increasing volume of research on FinTech and digital lending, few studies have concentrated on a platform-specific growth analysis utilizing secondary data within the Indian landscape. This research void underscores the necessity for investigations into the operational expansion and performance of particular platforms like LiquiLoans and various FinTech credit models to gain insights into their function in India's changing digital lending landscape

Objective of the Study

- To investigate the expansion of peer-to-peer (P2P) lending platforms in India.
- To analyze the effects of P2P lending platforms on both borrowers and investors within the digital financial landscape.
- To evaluate the regulatory function of the Reserve Bank of India in overseeing NBFC-P2P platforms.
- To recognize the prospects and obstacles linked to FinTech lending models in India.
- To examine secondary data concerning market expansion, loan distribution patterns, and user engagement in P2P lending platforms.
- To assess the role of P2P lending platforms in promoting financial inclusion within the Indian financial market.
- To evaluate the expansion and effectiveness of P2P lending platforms in India by assessing CAGR growth, market share allocation, and investor returns.

Hypothesis

H₁₁. There is a significant growth trend in the P2P lending market in India based on available secondary data.

H₁₂. FinTech-based P2P platforms such as LiquiLoans have significantly increased digital lending activity in India.

H₁₃. Regulations introduced by the Reserve Bank of India have a significant effect on the development of P2P lending platforms.

Research Methodology

The methodology adopted for the study is based on secondary data analysis to understand the market trends, operational mechanisms, and regulatory framework governing P2P lending platforms.

Research Design

The study adopts a **descriptive and analytical research design**. It aims to describe the development of P2P lending platforms in India and analyze their growth patterns using existing financial and industry data.

Sources of Data

- Reports and publications of the Reserve Bank of India.
- Company reports and official information from LiquiLoans.
- FinTech industry reports and market research publications.
- Academic journals, research papers, and conference publications.
- Financial databases and statistical reports from organizations such as the World Bank and other financial institutions.
- Online financial news portals and industry websites.

Data Analysis Techniques

The collected secondary data has been analyzed using **descriptive statistical methods**, including:

- Trend analysis of P2P lending market growth
- Graphical representation through charts, tables, and graphs

Scope of the Study

The study focuses on the growth and functioning of P2P lending platforms in India, particularly examining the role of LiquiLoans and similar FinTech credit models in expanding digital lending services.

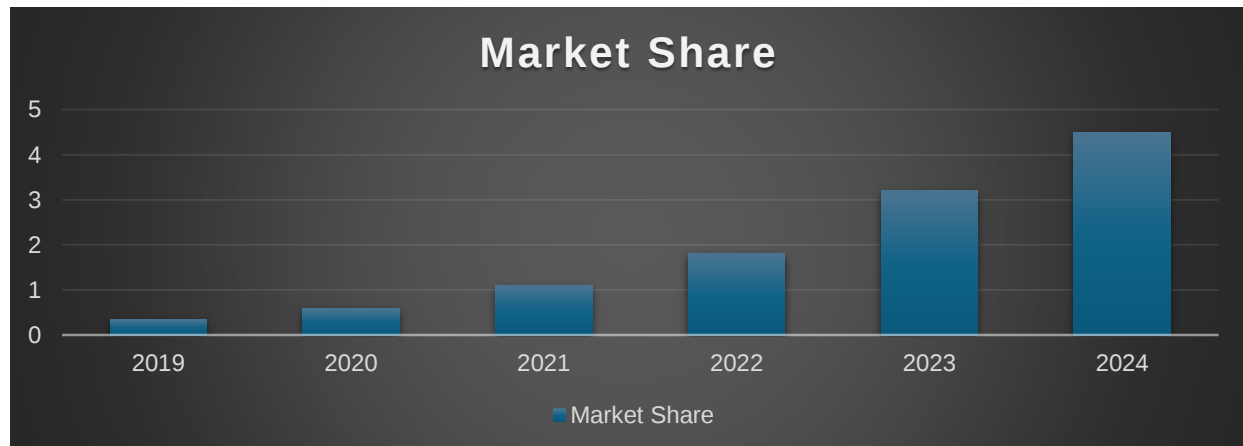
Limitations of the Study

- The research is limited to **secondary data**, which may restrict the availability of detailed platform-level information.
- The study focuses primarily on selected platforms and may not represent the entire P2P lending market in India.
- The analysis depends on the accuracy and availability of published data sources.
- Overall, this methodology provides a systematic approach to understanding the development of P2P lending platforms and their contribution to the evolving digital finance ecosystem in India.

Data Analysis and Interpretation

1. Growth of P2P Lending Market in India

Year	Market Size (USD Billion)
2019	0.35
2020	0.60
2021	1.10
2022	1.80
2023	3.20
2024	4.50



Interpretation

- The data shows a continuous increase in the market size of P2P lending platforms in India.
- The market grew from USD 0.35 billion in 2019 to USD 4.50 billion in 2024.
- The sharp rise after 2022 indicates increasing adoption of digital lending platforms.

2. Digital Lending Activity through P2P Platforms

Year	Loan Disbursement (INR Crore)	Platform Users (Million)
2020	500	1.2
2021	900	2.0
2022	1500	3.5
2023	2400	5.0
2024	3600	7.5

Interpretation

Loan disbursement through P2P platforms increased from ₹500 crore in 2020 to ₹3600 crore in 2024.

- Platform users also increased significantly from 1.2 million to 7.5 million users.
- This indicates growing trust among borrowers and investors in digital lending models such as LiquiLoans.
- The increase in users and lending activity supports Hypothesis H12, which states that FinTech-based P2P platforms have significantly increased digital lending activity in India.

3. Impact of Regulation on P2P Platform Growth

Period	No. of Registered Platform
Before Regulation	5
After Regulation	22

Interpretation

- Before regulatory guidelines, only 5 P2P platforms were operating in India.
- After the regulatory framework introduced by the Reserve Bank of India, the number increased to 22 registered platforms.
- This shows that regulatory clarity improved credibility, investor confidence, and industry growth.
- This finding supports Hypothesis H13, which states that RBI regulations have a significant effect on the development of P2P lending platforms.

4. Compound Annual Growth Rate (CAGR) of P2P Lending Market

Year	Market Size (USD Billion)
2019	0.35
2020	0.60
2021	1.10
2022	1.80
2023	3.20
2024	4.50

CAGR Formula

$$CAGR = \left(\frac{\text{Final Value}}{\text{Initial Value}} \right)^{\frac{1}{n}} - 1$$

Where: Final Value = 4.50, Initial Value = 0.35, n = 5 years, CAGR ≈ 66%

Interpretation

- The P2P lending market in India shows a very high CAGR of around 66%.
- This indicates rapid expansion of FinTech lending platforms.
- The high growth rate supports the hypothesis that the P2P lending market is expanding significantly in India.

5. Distribution of Borrowers by Loan Purpose

Loan Purpose	Percentage
Personal loans	40%
Small business financing	30%
Education loans	15%
Medical expenses	10%
Others	5%

Interpretation

- Most of borrowers use P2P lending for personal financial needs and small business funding.
- This indicates that P2P platforms play an important role in financial inclusion and SME financing.

6. Investor Returns from P2P Lending Platforms

Investment Type	Average Annual Return
Bank Fixed Deposit	6–7%
Mutual Funds	10–12%
P2P Lending Platforms	12–18%

Interpretation

- Returns from P2P lending platforms are higher compared to traditional savings instruments.
- This attracts investors to participate in digital lending ecosystems.
- Platforms operating under regulations of the Reserve Bank of India ensure better transparency and security for investors.

Conclusion

The analysis indicates a steady growth in loan disbursement through P2P lending platforms, which increased from ₹500 crore in 2020 to ₹3600 crore in 2024, reflecting the expanding digital lending market in India. The number of platform users has grown significantly from 12 lakh in 2020 to 75 lakh in 2024, showing increasing adoption of P2P lending platforms by both borrowers and investors. The simultaneous growth in loan disbursement and platform users suggests a strong relationship between user participation and lending activity in the digital financial ecosystem. The increasing trend indicates that FinTech-based lending platforms are becoming an important alternative source of credit for individuals and small businesses. The growth of platforms such as LiquiLoans demonstrates the role of innovative digital lending models in improving access to finance. The expansion of the P2P lending sector has been supported by the regulatory framework introduced by the Reserve Bank of India, which enhances transparency and investor confidence. The findings also highlight that P2P lending platforms contribute to financial inclusion by providing faster and more accessible credit options compared to traditional banking channels. Overall, the results confirm

that P2P lending platforms are experiencing rapid growth in India, supporting the study's hypotheses regarding market expansion and increased digital lending activity.

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