

BANKBAZAAR
ASPIRATION INDEX[®]
VOL 6 2023

The Winds of Winter



**INDIA'S ASPIRATIONS FALL,
FOR THE FIRST TIME SINCE 2020.**

WHY IT HAPPENED PG5

- A DREAM OF SPRING PG2
- IF NOT FOR THE WOMEN PG12
- SOARING INTEREST RATES & DEFERRED ASPIRATIONS PG7

FROM THE FOUNDERS' DESK

Dear Reader,

We bring to you the sixth edition of BankBazaar's Aspiration Index®, the largest study of India's aspirations through the lens of personal finance.

First, some bad news. For the first time since 2020, the All-India Aspiration Index has fallen. It is now at 85.3, down two points from 2022.

The Aspiration Index studies salaried men and women between the ages of 22 and 45 across 17 goals under five broad aspirations: Health, Wealth, Fame, Relationship, and Personal Growth.

The Index captures the importance Indians assign to an aspiration, how confident they are of its fulfilment, and what their current readiness for fulfilment is. A higher Index represents greater aspirations.

Given the prevalent economic uncertainties around the world, we expected reports of financial challenges from our respondents. Hence a fall in the Index wasn't wholly unexpected.

India remains a bright spot in the global economy. This is our decade. We will overcome short-term challenges. But for now, the story we have is of a few demographics struggling more than the others.

The global economy is gripped by wintry conditions, high inflation and unemployment, and soaring costs of capital. One had hoped that India's salaried class would, for the first time, push the Index up for the third straight year. But that was not to be.

A few themes stand out. Mental health remains a major concern. Our data suggests fatigue among India's young. The Early Jobber male, in particular, seems to be low on aspirations with the lowest scores across all goals.

But women are leading this year's charge. We've gradually improved women's participation in the study from 30% earlier to 43% this year. In the past years, men drove the Index. This year, the Index would have fallen harder if not for women's soaring aspirations.

Aspirations are shaped by ongoing events. This year, we see inflation smothering India's aspirations. But after the winter comes the spring. There's much to look forward to in 2024.

We expect inflation to soften in the coming quarters and interest rates to fall. One hopes there is a de-escalation in Ukraine, which should allow the prices of commodities such as oil to moderate.

Lastly, one expects to see women's workforce participation improve and be a powerful driver in India's journey to becoming a \$5 trillion economy.

As and when these events play out, economic sentiment will improve. Till then, we hope the contents of this report give you food for thought on India's current economic challenges.

Sincerely,

**RATI, ADHIL,
& ARJUN**



THE FACES BEHIND THE DATA

Our study surveyed 1732 respondents from 6 metros and 18+ Tier 2 cities of India. This year's study covers working professionals aged between 22 and 45 years.



WHO ARE THEY?



SALARIED PROFESSIONALS AGED 22-45

This segment forms the core of the formal workforce in India and is the primary consumer of all financial products.



SALARY > 30K PER MONTH

Those who earn salaries in this range have the monetary bandwidth to opt for a variety of financial products including credit cards and loans.



DIGITALLY AWARE

They have shopped online or made a digital transaction in the recent past.

AGE COHORTS

EARLY JOBBERS 22-27 YEARS

Early Jobbers are the newest entrants into the nation's workforce. They are the most digitally savvy and receptive to new means and technologies to fulfil their needs.

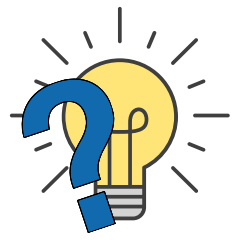
MONEYMOONERS 28-34 YEARS

Moneymooners have a few years of work experience, and their purchasing power is significantly higher. This makes them high-value customers for a range of products such as cars, their own homes and vacations abroad.

WEALTH WARRIORS 35-45 YEARS

Wealth Warriors are not necessarily the most digitally savvy, but their purchasing power makes them a significant target for higher-end goods and services, especially those meant for families and children.

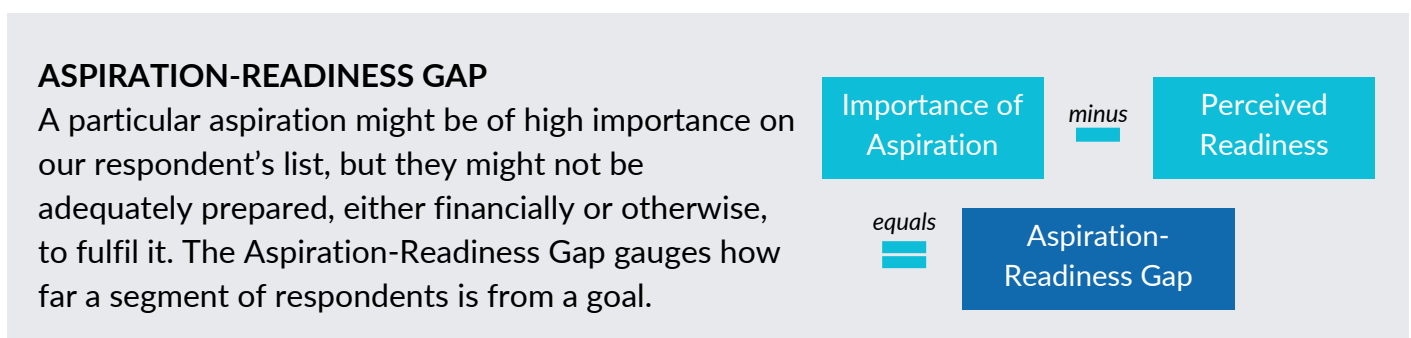
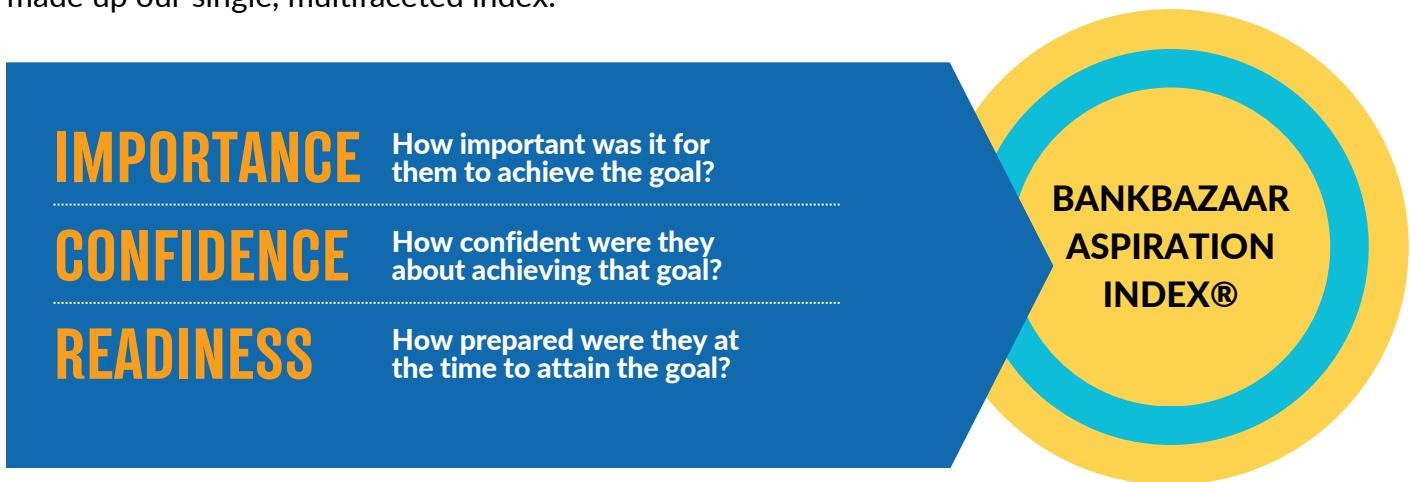
THREE 'MILLION DOLLAR' QUESTIONS MANY PRICELESS INSIGHTS



The BankBazaar Aspiration Index® attempts to understand the aspirations of our respondents from a personal finance perspective. The respondents shared several life goals, which were segmented into 5 broad areas* – Wealth, Health, Relationships, Fame and Personal Growth.

<p>WEALTH</p> <ul style="list-style-type: none"> • Buy a house of my own • Spend on premium products • Travel around the globe • Retire early 	<p>HEALTH</p> <ul style="list-style-type: none"> • Follow a fixed regime • Be mentally healthy and happy • Maintain a nutritious diet 	<p>RELATIONSHIPS</p> <ul style="list-style-type: none"> • Have a long-lasting friendship • (If a bachelor) Spend my own money on a lavish wedding • (If married) Save and invest money to provide my children with the best education in life • Live near my immediate family
<p>FAME</p> <ul style="list-style-type: none"> • Be the go-to person • Stand out distinctly amongst friends • Be an expert or influencer 	<p>PERSONAL GROWTH</p> <ul style="list-style-type: none"> • Constantly reinvent oneself • Become an entrepreneur • Get back to hobbies or passions 	

Those surveyed had to assess each goal on the basis of three simple questions, which together made up our single, multifaceted index.



* Adapted from the Self-Determination Theory developed by Kasser & Ryan

Graphs for illustrative purposes only and are not to scale.

ALL-INDIA ASPIRATION INDEX WINTRY SETBACKS

85.3

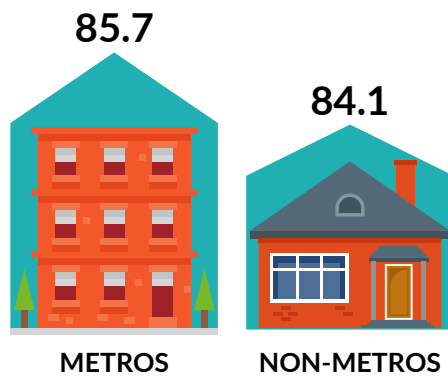
THE 2023 NATIONAL
BANKBAZAAR
ASPIRATION INDEX®

The 2023 national Aspiration Index® fell to almost 2021 levels at 85.3 this year, down from last year's high of 87.3 as high costs of living and borrowing lead people to defer their aspirations.

2022	2021	2020	2019	2018
87.3	84.4	79.9	86.9	87.4

BIG CITIES, BIG ASPIRATIONS

Non-metros are yet to take back their pre-pandemic lead, but this year's gap of 1.6 has narrowed from last year's 2.6. Both segments dipped from 87.8 and 85.2, respectively.

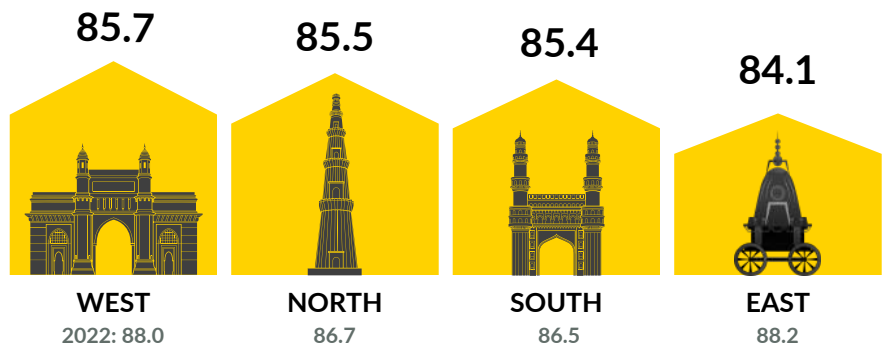


GAPS IN GROWTH

While Health predictably has the highest Aspiration-Readiness gap at 5.5, it is followed by Personal Growth at 4.1. Mental health had the highest gap at 8.7 followed by living near family (5.5) and entrepreneurship (5.4).

EAST LOSES ITS LEAD

All four regions had lower indices from 2022. A resilient East lost its top spot and moved to the bottom with a steep fall of 4.1 points over last year. The South, North, and West clustered closely together in the 85s.



WOMEN LEAD DESPITE SHRINKING ASPIRATIONS

Despite thinning participation in the workforce, Indian women drive India's aspirations. They outmarched men again this year, with an Aspiration Index of 86.1 versus 84.3 for men, though both finished lower than 2022. Across ages, women have higher aspirations. Wealth Warrior women (87.5) lead the way. The top aspirations for women centered around mental health (90), children's wellbeing (89), and home ownership (89). Retirement planning (84.5), hobbies (83.5), and lavish weddings (82.5) were the least important.

Gender	Aspiration Index
MEN	84.3
WOMEN	86.1

HAPPINESS, HOME, OR CHILD'S EDUCATION? WANTS & NEEDS ALIGNING

TOP 5 GOALS BY ASPIRATION INDEX

Aspiration	Category	Female	Male	Total
To be mentally healthy and happy	HEALTH	89.7	88.6	89.1
To save & invest for children's education	RELATIONSHIP	88.9	87.9	88.9
To buy a house of my own	WEALTH	88.7	87.8	88.2
To be able to maintain a nutritious diet	HEALTH	88.3	85.5	86.9
To live near my immediate family	RELATIONSHIP	87.3	86.0	86.6

TOP 5 GOALS BY IMPORTANCE

Aspiration	Category	Female	Male	Total
To be mentally healthy and happy	HEALTH	93.0	93.1	93.1
To save & invest for children's education	RELATIONSHIP	89.4	90.0	90.4
To buy a house of my own	WEALTH	90.0	89.4	89.6
To live near my immediate family	RELATIONSHIP	88.8	87.7	88.3
To start my own business	PERSONAL GROWTH	89.8	86.5	88.1

TOP 5 GOALS BY READINESS GAP

Aspiration	Category	Female	Male	Total
To be mentally healthy and happy	HEALTH	8.3	9.2	8.7
To live near my immediate family	RELATIONSHIP	5.2	5.8	5.5
To start my own business	PERSONAL GROWTH	4.6	6.2	5.4
To have enough money to retire early	WEALTH	3.5	6.2	5.0
To travel around the globe	WEALTH	3.4	5.9	4.6

INTERPRETING THIS DATA

It's India's favourite five again, though the order has changed since 2022. Mental health tops the study for the second time in a row. Homeownership and children's education return to the top three. Note how women are driving these numbers. Family and diet remain in the top fold.

IMPORTANCE VS. INDEX

What India wants and what it prioritises can be two different things. Four of the top five goals by importance make it to the top of the index. The only one to miss out is start-up aspirations, lowered by responses from men who come across as fatigued in this year's study. It's women doing the driving again.

TIRED MINDS

This year's readiness gap for mental health is one of the highest ever seen for any goal in the Aspiration Index. Start-up, travel, and retirement aspirations are also a challenge at the moment. Once again, it's men who're struggling much more on all parameters. On retirement, the gap is nearly double.

FINANCIAL ASPIRATIONS TAKE BACKSEAT HEALTH THE TOP PRIORITY

ASPIRATION INDEX BY READINESS GAP FOR PARAMETERS					
Parameters	Importance Index	Confidence Index	Preparedness Index	Aspiration Index	Readiness Gap
Health	89.6	88.8	84.1	87.5	5.5
Personal Growth	85.4	85.4	81.4	84.1	4.0
Wealth	86.5	86.2	82.6	85.1	3.9
Relationship	86.6	87.4	82.8	85.6	3.8
Fame	84.1	86.3	83.1	84.5	1.0

MIND AND BODY FIRST

India unequivocally said its top aspiration is health with an index of 87.5. To be mentally happy and healthy had an Aspiration Index of 89.1, the top goal by a distance. A healthy diet and a fixed physical health regime were in the 86s. Interestingly, health also had the highest readiness gap of 5.5. Women had higher health aspirations throughout, except Wealth Warrior women aspiring for physical health.

RELATIONSHIPS NEXT

Investing for children is the second most important aspiration (88.9), while living near family and long-lasting friendships were in the 86s. Not surprisingly, the idea of a lavish wedding remains unpopular, much like in the previous years. Women aspired to friendships much more than men. Early Jobbers have comparatively lower aspirations on all relationship goals.

NO PLACE LIKE HOME

Homeownership continues to rank up there among the top three goals. However, India is lagging on other wealth aspirations. Low aspirations for travel (83.1) and, worryingly, retirement (84.1) drag the wealth index to 85.1. Buying premium products is a middling 85.0. While Moneymooners and Wealth Warriors have strong homeownership aspirations (88s and 89s), the Early Jobber male languishes at 84.5.

FAME? IT'S A MIXED BAG

Like many other indices this year, fame aspirations are being pulled largely by woman power. Oddly, Early Jobbers, on the whole fared badly on all three goals—men even more so. Wealth Warrior women had the highest aspirations to be social media influencers (91.4). Women Moneymooners (90.3) had the highest aspirations to be seen as the go-to person at work or in society.

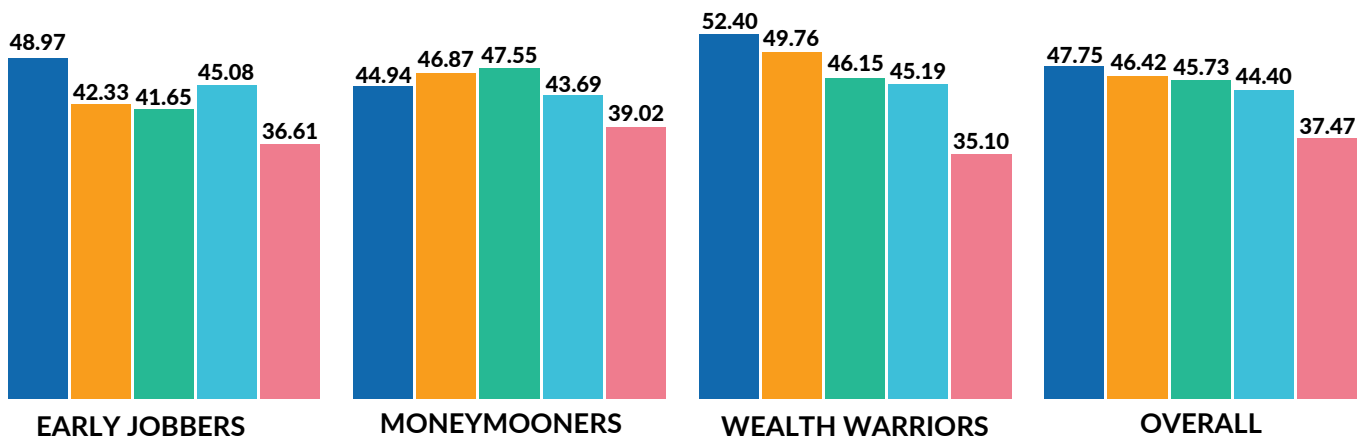
PERSONAL GROWTH? MAYBE SOME OTHER TIME

Hobbies? No time. Reinvent myself and pursue other avenues? Let's put that on the backburner. Start my own business? Possibly. Personal growth emerged as the lowest ranked aspiration at just 84.1. When it came to hobbies and following passions, men languished in the mid-70s. Start-up aspirations are high in the high 80s. Like in the aspirations above, the women are the drivers.

ROADBLOCKS TO FULFILMENT WANTS & NEEDS AT ODDS

ROADBLOCKS TO ASPIRATIONS

High cost of living is the top roadblock closely followed by work pressures. Women on the whole were more bogged down by family responsibilities, closely followed by the former two. Workplace realities contribute to the roadblocks. Cost of living is compounding with people moving back to cities as offices reopen. Travel is coming back as a roadblock. At the same time, the urge to live near their family—an aspiration that peaked during the pandemic and lockdown—continues to be one of the top aspirations. At #4, it is preceded only by mental health and India's twin obsessions: housing and children's education. This need to keep the family together, in a house of their own, while planning for education and retirement through unprecedented spikes in costs of living is putting pressure on Indian families.

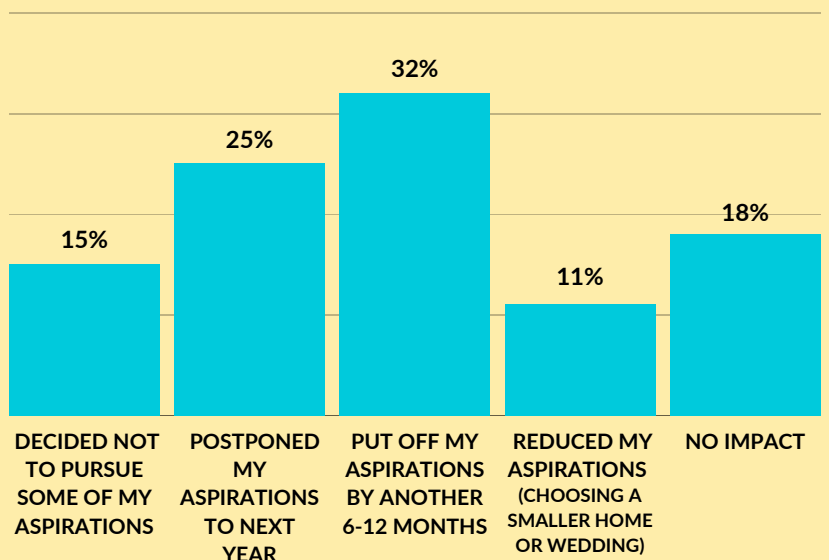


DOWN BUT NOT OUT

High cost of living is the biggest roadblock at 48% combined with limited savings (44%) and a tax regime not adjusted for inflation (30%).

Coupled with the steep increase in the cost of credit, people are increasingly turning fiscally conservative this year. 82% have seen high borrowing costs impact their aspirations. Nevertheless, optimism still persists as people choose to defer their aspirations over downsizing them or writing them off altogether. While 26% have reduced some of their aspirations or decided against pursuing them, 56% are planning to defer their aspirations by 6-18 months or more.

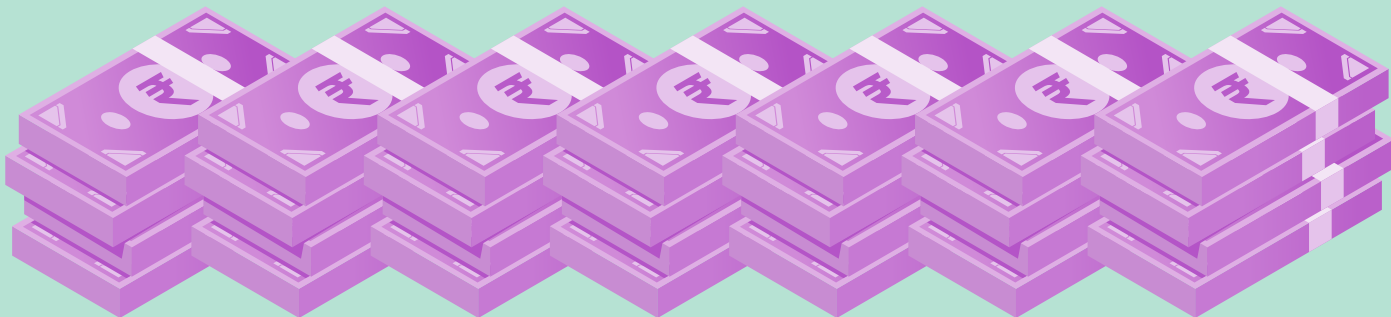
HOW HAVE INTEREST RATE HIKES IMPACTED YOUR ASPIRATIONS?



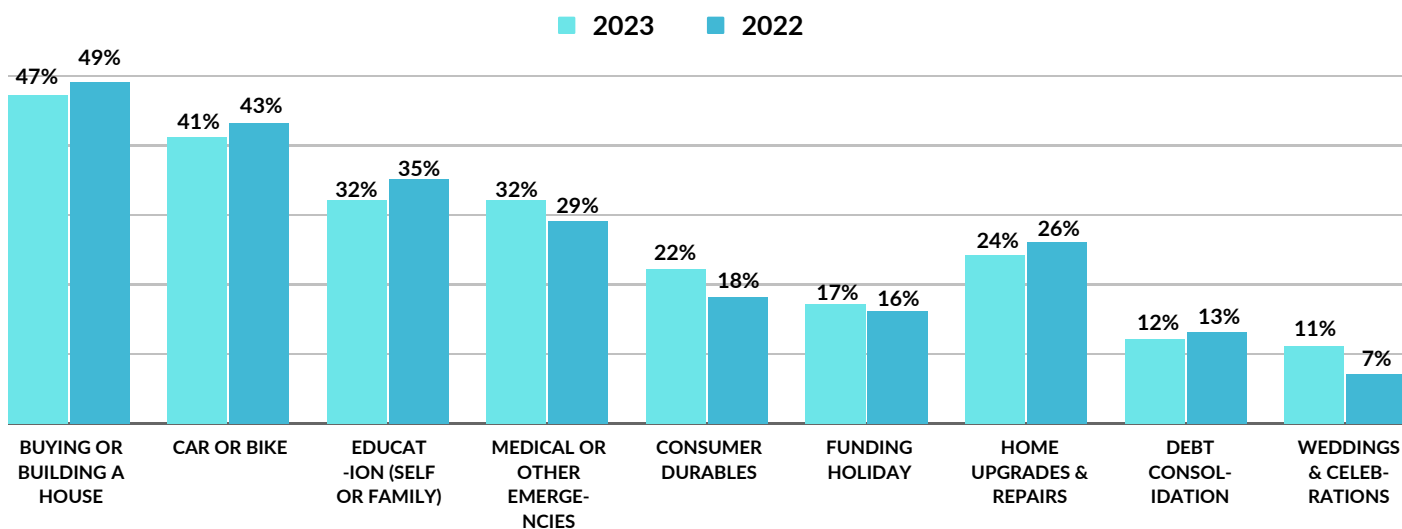


COVER STORY: DEFERRED ASPIRATIONS INDEBTEDNESS ON THE RISE

Increasing cost of living and rising costs of credit have had a direct impact on the aspirations of Indians.



WHAT ARE YOU BORROWING FOR?



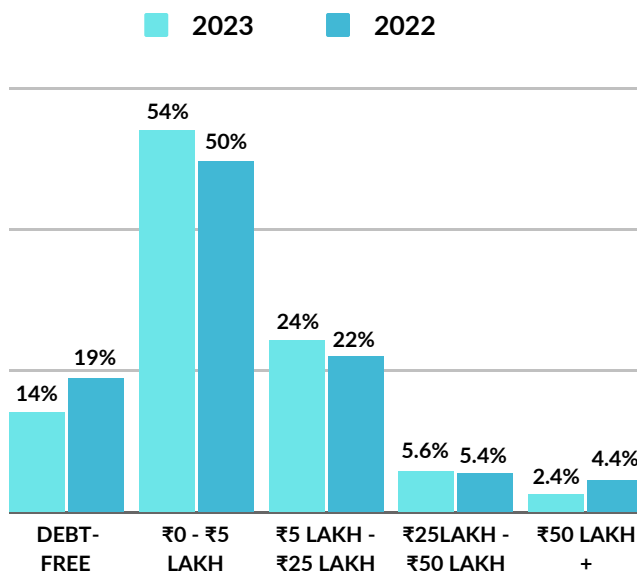
FEWER PEOPLE TAKING HOME LOANS

The number of people taking loans to build assets such as a house, vehicles, or even for higher education and home improvement, has fallen by 2-3 percentage points. At the same time, the number of people servicing loans taken for medical and other emergencies has gone up by 3 percentage points.

FEWER PEOPLE NOW DEBT-FREE

The percentage of people without any open credit liability is down to 14% from last year's 19%. Small ticket-size loans below ₹5 lakh grew from 49% last year to 54% this year. Large loans of ₹25 lakh and above came down from 10% last year to 8% this year.

HOW MUCH IS YOUR PRESENT DEBT BURDEN?

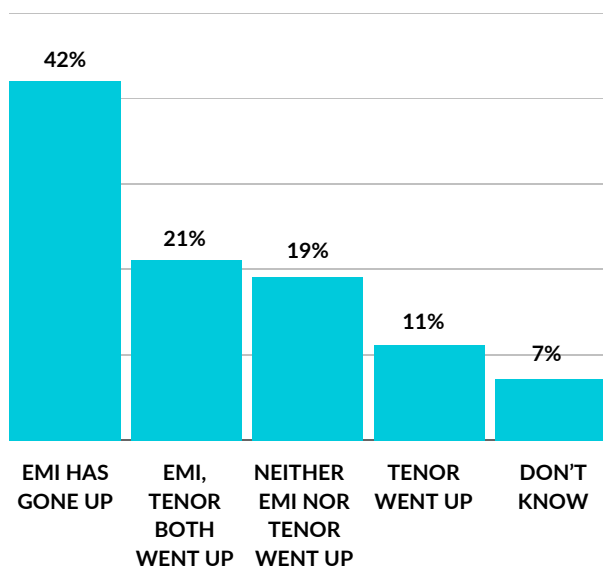


COVER STORY: DEFERRED ASPIRATIONS

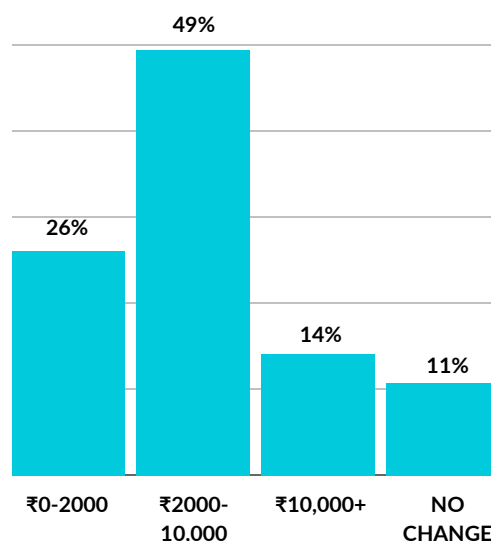
INTEREST RATES PINCH

Rising inflation and interest rates have had a big impact on people's pockets. Around 74% have seen their loans become more expensive. Around 42% have seen their EMIs go up and 21% have seen both EMI and tenor increase. Of these, 76% have seen their interest rate increase by more than 1%. The hike has been more than 3% for 21%. That's an increase of ₹0-2000 for 26% people, and ₹2000-10,000 increase for 50%.

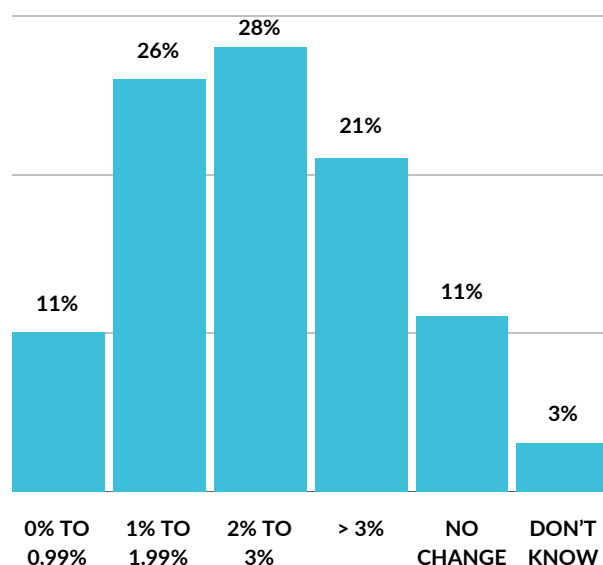
HOW MUCH HAS YOUR LOAN CHANGED IN THE LAST YEAR?



HOW MUCH HAVE YOUR EMIS INCREASED IN THE LAST YEAR?



HOW MUCH HAS YOUR LOAN INTEREST RATE INCREASED?



INTERPRETING THIS DATA

The Aspiration Index data on borrowers being under stress mimics larger trends playing out globally. In the wake of the pandemic, central banks around the world and in major economies printed money to drive down interest rates and boost economic sentiment. What followed were bubbles in various asset classes and elevated inflation.

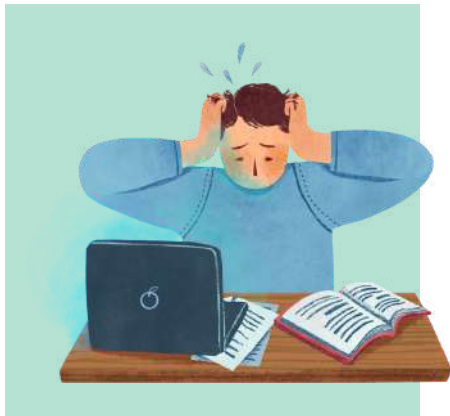
While the pandemic has receded, inflation remains at elevated levels. Central banks are now countering inflation by mopping up of excess liquidity from the markets through various tools of monetary policy such as policy interest rate hikes.

In India, the outstanding retail credit market stands at ₹42 trillion, of which home loans account for 47%, personal loans 28%, and vehicle loans 12%. India had tremendous growth in all loan segments through 2021 and 2022. But in 2023, this growth is slowing. The interest rate hikes have done their bit.

INTERPRETING THE DATA

GENDERED ASPIRATIONS

Increasing cost of living and rising costs of credit have had a direct impact on the aspirations of Indians.



THE GREAT MALE DEPRESSION

The Indian male is struggling, even more so the Early Jobber male with most of the lowest index scores across all goals. The Indian male wants to be mentally happy and healthy. It's his most important aspiration. But in reality, he's unable to achieve the sub-goals that contribute to mental health. He has no time for hobbies. He can't pursue his passions. He has low aspiration for premium products. He doesn't have the heft to become a social media influencer or a force at the workplace. His aspirations for world travel are muted, and he's unable to stand out amongst his friends.

GIRL POWER

Moneymooner women are the most aspirational (89.6) closely followed by Wealth Warrior women (89.3). Women are also looking for a great deal more validation, socially and professionally. Even Wealth Warrior women, who are in a stable career, possibly with a house of their own and a steady income to provide for their children, seem to have a need to prove themselves to the world. To be acknowledged as an expert or influencer on social media is very important to Wealth Warrior women (87.3). For the younger Early Jobbers, this is combined with the need to prove themselves at the workplace as well (85.2).



WOMEN BORROW MORE

On average, women are borrowing more than men: 91% have an open line of credit compared with 87% men. While more men use credit cards, women have more secured and unsecured personal loans and gold loans. More women have an ongoing home loan and education loan compared to men: 48% women have a loan to buy a house and 25% to upgrade it, while 36% have taken a loan to fund their or a family member's education, compared to 46%, 23%, and 29% men respectively. One in four women spend anywhere between 30% to 80% of their income to repay their debts compared to one in four men.

MORE WOMEN NEEDED IN WORKFORCE

Women face more roadblocks. During the pandemic, more women lost their jobs, income, and savings compared to men. In the last year, only 15% women saw little to no impact on their aspirations compared to 20% men. More women (17%) gave up on some aspirations compared to men (14%). Year after year, women have scored higher on every metric—the importance index, the Aspiration Index, credit use, and general optimism. Wealth Warrior women, especially, lead in this regard, pointing out the need to ensure greater participation of women in the workforce, especially in senior roles for a more aspirational India.



DEFERRED ASPIRATIONS THE STATE PLATE

Increasing cost of living and rising costs of credit have had a direct impact on the aspirations of Indians.

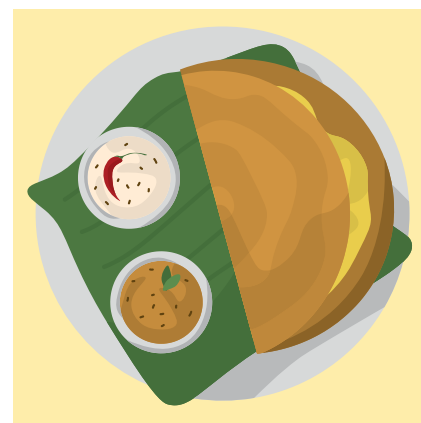


THE NORTH STORY

Last year's optimism is muted as the north tries to balance its aspirations around mental and physical health, children's education, and homeownership. However, even as the north has the highest number of people accessing credit to build assets, expensive loans have deterred people. Only 51% have taken a loan to finance a home this year compared to 63% last year. Only 33% borrowed to buy a car or to fund higher education compared to 50% and 43% respectively last year.

THE SOUTH STORY

The south is inching back slowly and steadily from the pandemic. It is the only region to see an uptick in loans to fund homes, vehicles, and education. While the increase is only 2-5%, it is, nevertheless, a clear indicator that people in the south are optimistic about their aspirations around education and housing – the top two out of three most important aspirations for the South. The south also ranked an early retirement much higher than the other regions. However, it also had the second-largest preparedness gap at 7.6 points.



THE EAST STORY

The east remains the most optimistic region despite increasing cost of living and high credit costs dampening aspirations. Only 11% decided against pursuing their aspirations and most of them have deferred them to the next year or are going ahead at full steam. Mental health and family were the most important and aspirational goals for them. The east also ranked entrepreneurial aspirations among the most important, however, it also showed one of the highest gaps. Lavish weddings and returning to hobbies continue to be the bottom two goals that they aspire to.

THE WEST STORY

The west is on a housing spree as it fulfils its housing aspirations from the previous years. Loans for funding a house have gone up from 39% last year to 45% this year as the west struggles to live close to their family and in their own house. Living near their family was their second most important goal and it had the biggest preparedness gap at 9.5 points. Personal growth, too, ranked high for entrepreneurial aspirations and pursuing new avenues personally and professionally. Interestingly, in a departure from previous years, a lavish wedding was also one of the top 10 most important goals for the west.



DEFERRED ASPIRATIONS RETIREMENT ON BACKBURNER

An early retirement is still one of the top five goals of 28% of people. However, it fell from the sixth position last year to ninth this year. Crucially, it fell from the second most important reason to invest to the sixth. The percentage of people with a retirement corpus shrunk from 60% last year to 56% this year.

This has disproportionately impacted women as retirement planning among women fell from a high of 68% last year to 57% this year. Only 15% women have a corpus of ₹2 crore or more. To add fuel to fire, only 52% of them have mutual fund investments.

On the plus side, the percentage of people with a corpus size of ₹2 crore or more has gone up from 14% to 20%. The percentage of people with a corpus size of ₹1 crore or less reduced marginally from 60% to 58%.

SAVINGS & INSURANCE

While savings trends still have a long way to go, matters seem to be improving. Around 21% have managed to increase their savings while it has remained the same for 37%. The percentage of people who have reduced their savings has come down from 47% last year to 42% this year.

6%

NOW DON'T OWN
INSURANCE, UP FROM
3% IN 2022

56%

PEOPLE WITH A
RETIREMENT CORPUS,
DOWN FROM 60% IN
2022

57%

WOMEN PLANNING
RETIREMENT, DOWN
FROM A HIGH OF 68% IN
2022

60%

HAVE ADJUSTED THEIR
SAVINGS TO ALIGN WITH
THEIR TAX SLABS

23%

SPEND 30-80% OF THEIR
INCOME TO SERVICE
THEIR DEBT, UP FROM
21% LAST YEAR

20%

PEOPLE WITH
RETIREMENT CORPUS OF
₹2 CRORE OR MORE, UP
FROM 14% IN 2022



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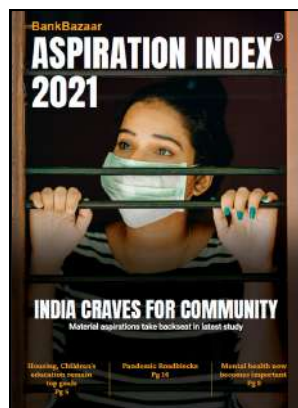
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About Us

BankBazaar.com is India's largest fintech co-branded credit card issuer and online platform for free credit score. It has a base of 56 million registered users who use the platform for free credit score tracking and in-depth personal finance content and comparison tools.

Its range of co-branded credit cards with India's leading banks is driving the platform's rapid growth with more than half its customers now opting for BankBazaar's own co-branded products. The company is on track to facilitate one million active BankBazaar co-branded credit cards in force.

Supported by global investors such as Experian, Eight Roads, Peak XV Partners, WSV, and Amazon, BankBazaar has been at the forefront of democratising finance by providing Indians with frictionless access to credit.

The company exited FY2022 with an audited revenue ₹1596 crore, growing 66% year-on-year with EBITDA profitability on a monthly basis attributed to its co-brand model.

Adhil Shetty, CEO, BankBazaar.com, said:

“BankBazaar has been focussed on three things: great technology, customer focus, and the bottom-line. I am proud to say that we are one of the few fintechs in the world to be growing rapidly and profitably.

BankBazaar is well positioned to accelerate this revenue growth rate further in FY24 while targeting full year EBITDA profitability. This strategy for profitable and sustainable growth has been in the works for over three years. We've built a co-branded portfolio of digital products with proven customer traction, which has created sustainable revenue while improving margins.”

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