

PERSONAL LENDING – US – 2024

Personal lenders must adapt to meet the changing preferences of borrowers while navigating an increasingly competitive landscape.



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Personal Lending - US - 2024

This report looks at the following areas:

- Market drivers impacting personal lending
- Usage levels of personal loans
- Types of providers consumers use for personal loans
- Motivations behind opening personal loans
- Future plans to open personal loans
- Key factors when seeking personal loans
- Behaviors of current personal loan owners
- Attitudes towards personal loans
- Behaviors of current personal loan owners



Personal lenders must adapt to meet the changing preferences of borrowers while navigating an increasingly competitive landscape.

Overview

While rate cuts are expected to arrive at some point this year, the current high-rate environment has only served as a headwind for consumers with variable-rate loans – exacerbating the affordability of lower-earners' monthly debt obligations and worsening the cost of delinquency. Over 30% of financially struggling consumers say that they are having trouble making their loan payments on time. As such, this is a call-to-action for lenders to step up and reach out to customers in need with a wide array of support offerings – from advisory services to proactive financial hardship programs.

Despite the elevated importance of rates when seeking a personal lender, there is still a subset of younger consumers that place a significant importance on other convenience-based factors during the loan journey. Nearly a third of Millennials place the speed of funds access in their top three of most important factors when seeking a personal loan. Over a quarter of

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Gen Zers rank lenders' online application processes as a key factor, as well. While rates will continue to be the primary acquisition tool, personal lenders that go a step further and illuminate how they are best-in-class across these experience-driven factors will provide a much-needed differentiator in a deeply-saturated market of competitors.

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Report Content



EXECUTIVE SUMMARY

- What you need to know

Consumer trends: key takeaways

- Credit unions have an opportunity to convert interest into acquisition among Hispanic consumers
 - Graph 1: types of personal lenders Hispanic consumers use, 2024
- Hispanic adults are most interested in taking out a personal loan from credit unions and online-only banks
- Financially healthy consumers are more aspirational in their personal loan usage
 - Graph 2: reasons for opening a personal loan, by financial situation, 2024
- Millennials are driven by convenience-based factors when choosing a lender
 - Graph 3: top factors when choosing a personal loan – NET – any rank , by generation, 2024
- Market predictions

Opportunities

- Financial relief offerings can lend a helping hand to struggling customers grappling with the high-rate environment
- Refer-a-friend offers can be a successful acquisition tool given younger consumers' social preferences

MARKET DYNAMICS

Market context

Market drivers

- Rate cuts could stimulate personal loan demand
- Personal lenders could be braced for a busy summer

Market landscape

- Total household debt rose to \$17.5 trillion in Q4 2023 – a 3.6% year-over-year increase
 - Graph 4: total loan debt, by type, 2019-23
- Credit cards continue to lead in account openings
 - Graph 5: number of loan accounts, by type, 2019-23
- Auto loan and credit card delinquencies are on the rise
 - Graph 6: percent of balance 90+ days delinquent on loans, by type, 2019-23

CONSUMER INSIGHTS

Consumer fast facts

Personal loan ownership and interest

- Consumers have steadily accumulated more debt since 2022
 - Graph 7: types of debt owned, 2022 and 2024
- Banks have captured the lion's share of the rise in personal loan ownership in the past two years
 - Graph 8: types of personal lenders used over time, 2022 and 2024
- Hispanic and Black adults have the highest share of personal loan debt
 - Graph 9: types of debt owned, by race and ethnicity, 2024
- How lenders can enhance the financial literacy of multicultural consumers

Reasons for opening a personal loan

- Paying off debt and basic expenses are the two biggest reasons for opening a personal loan
 - Graph 10: reasons for opening a personal loan, 2024
- Multicultural consumers are most likely to open a personal loan for debt consolidation and covering basic expenses
 - Graph 11: reasons for opening a personal loan, 2024

Personal loan plans

- Over half of Millennials foresee themselves applying for a personal loan within the coming year
 - Graph 12: % of consumers that plan on applying for a personal within the next 12 months, by generation, 2024
- Differing levels of planning confidence from varying income brackets present opportunities for tailored messaging
 - Graph 13: % of consumers that plan on applying for a personal within the next 12 months, by household income, 2024

Factors when choosing a personal loan

- Price remains most important when seeking a personal loan
 - Graph 14: top factors when choosing a personal loan, 2024
- Younger adults lean harder on family/friend testimonials when seeking a lender
 - Graph 15: top factors when choosing a personal loan – NET – any rank, by age, 2024

Personal loan behaviors and attitudes

- More consumers are weighing up their options before deciding on a personal lender
 - Graph 16: personal loan behaviors over time, 2022 and 2024
- There is a growing preference of branch-based engagement during the lending journey
 - Graph 17: personal loan behaviors over time, 2022 and 2024
- Nearly a third of financially struggling consumers have trouble making on-time loan payments
 - Graph 18: personal loan behaviors, by financial situation, 2024
- Parents are much more likely to have trouble paying off their personal loans

- Graph 19: personal loan behaviors, by parental status, 2024
- Seven in 10 Millennials would refinance their debt if the rate was appealing enough
 - Graph 20: refinancing attitudes, by generation, 2024
- There is a significant opportunity for fintechs to penetrate the multicultural market
 - Graph 21: openness to non-traditional lenders, by race and ethnicity, 2024
- The majority of consumers would prefer to take out a loan with their primary bank, but the importance of low rates is ultimately too great
 - Graph 22: attitudes towards lenders, by generation, 2024

INNOVATION AND MARKETING TRENDS

Marketing and advertising

- Discover highlights how its personal loans can make debt a thing of the past
- SoFi stresses its cost-effective personal loans for those with a penchant for home improvements
- Millennials lead in personal loan usage via traditional banks
 - Graph 23: types of personal lenders used, by generation, 2024
- Citi flexed its brand equity as one of the reasons prospects should selected them for a personal loan

APPENDIX

- Consumer research methodology
- Generations
- Abbreviations and terms

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This is marketing intelligence published by Mintel. The consumer research exclusively commissioned by Mintel was conducted by Kantar Profiles ([See Research Methodology for more information](#)).

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