



The ultimate guide to modern credit portfolios

Building profitable, responsible lending strategies



The reinvention of credit

The global consumer finance market continues to expand rapidly as financial services become increasingly digital. Valued at approximately \$1.4 trillion USD in 2024, the market is projected to reach \$2 trillion USD by 2030, as credit products become more embedded, flexible, and digitally accessible.

This growth is being driven by increasing credit card usage, the expansion of retail financing, and embedded credit models such as buy now, pay later (BNPL). At the same time, structural shifts across the financial services ecosystem are reshaping how credit is delivered and consumed.

These shifts include:

- Credit evolving into a broader range of flexible, use-case-driven products
- Customers expecting seamless, transparent and real-time borrowing experiences
- Increasing competition from Fintech lenders and alternative providers
- Growing demand for credit embedded within digital journeys
- Regulators placing greater emphasis on affordability, oversight and accountability

As a result, credit strategies are evolving. Where financial institutions (FIs) once focused on launching individual products, they now consider their portfolio as part of their broader credit strategy. A modern credit portfolio combines multiple complementary lending models that ensure all customer segments and needs are met, while supporting sustainable growth.



The most successful FIs are those that design their credit offerings intentionally – balancing innovation, responsible lending and operational scalability.

Valued at \$1.4 trillion USD in 2024, the global consumer finance market is projected to reach:

**\$2 trillion
USD by
2030**

Research and Markets





The new credit landscape

Credit is becoming increasingly embedded within payment and commerce journeys. Customers are no longer required to apply for credit as a separate process; instead, financing options are presented directly at the moment of need – whether at checkout, within digital banking journeys or through other customer touchpoints.

This shift is redefining how credit is consumed. It is no longer just a product, but part of a broader financial experience where speed, relevance and convenience are as important as fees and limits. For FIs, this creates a significant opportunity. It allows them to capture demand earlier, increase engagement and design more relevant credit propositions around specific use cases and behaviours.

However, without a clear strategic framework, expanding credit propositions can lead to overlapping products and fragmented consumer journeys. FIs must therefore focus on building cohesive credit portfolios, where each product plays a clearly defined role within a wider strategy.



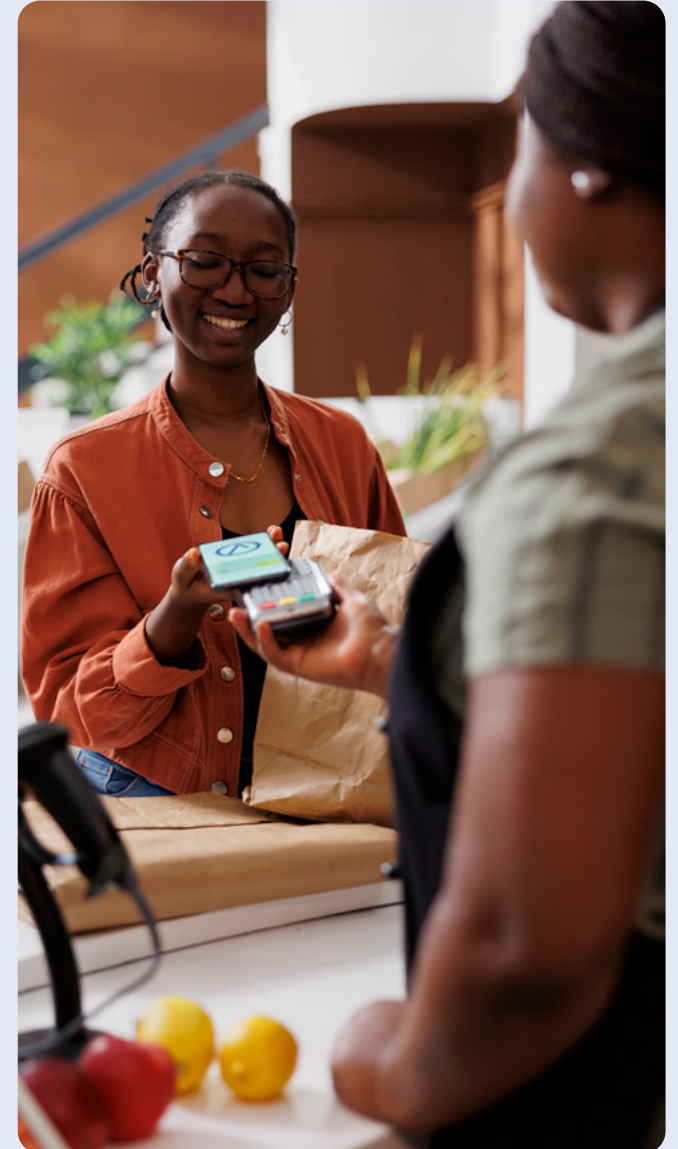
Revolving credit

Despite the rapid evolution of credit models, revolving credit remains the cornerstone of most lending portfolios. Its value lies in its ability to support long-term customer relationships, drive repeat usage and generate consistent revenue over time.

What has changed is how leading FIs are using it. Rather than treating revolving credit as a static proposition, they are evolving it through more flexible repayment options, real-time personalisation and enhanced digital servicing capabilities. This includes features such as in-app card controls, real-time spend tracking and dynamic credit limit management - capabilities increasingly seen across leading neobank and digital banking propositions.

In a modern credit portfolio, revolving credit:

- Provides consistent, recurring revenue through sustained customer usage
- Anchors the primary customer relationship over time
- Enables cross-sell into adjacent credit products such as personal loans and BNPL
- Generates rich behavioural data to enable more accurate decisioning, dynamic credit limit adjustments, and targeted offers





Buy now, pay later (BNPL)

BNPL has become one of the fastest-growing segments of customer lending. Its popularity has been driven largely by the growth of digital commerce and the demand for flexible repayment options. BNPL offers measurable benefits for merchants, including higher average order values and reduced cart abandonment.

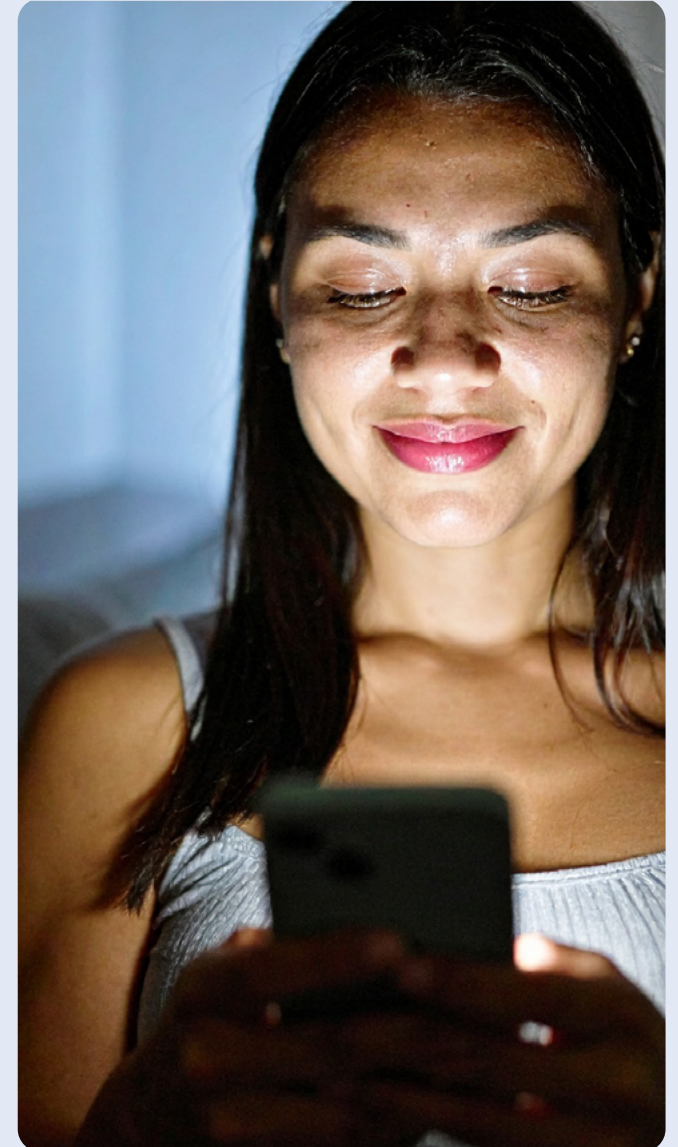
For FIs, BNPL represents both an opportunity and a competitive challenge. Fintech providers have been particularly active in this space, with companies such as Klarna and Afterpay embedding credit directly into digital checkout experiences. This has prompted traditional FIs to respond with embedded instalment-based propositions - for example, offering real-time financing options within checkout journeys. When integrated into a broader portfolio strategy, BNPL can complement existing credit products while capturing credit demand directly within the purchase journey.

Within a modern credit portfolio, BNPL:

- Functions as a front-door acquisition channel, capturing customers at the point of intent
- Moves credit decisioning into the transaction moment, where conversion impact is highest
- Creates a structured pathway to convert transactional users into long-term credit customers

The global BNPL market is experiencing rapid expansion and is expected to reach **\$911.8 billion USD by 2030**

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Personal loans

Personal loans continue to play a critical role within modern credit portfolios, particularly for larger or planned borrowing needs. Their value lies in predictability, providing customers with clear repayment structures and a greater sense of control over their financial commitments.

Market leaders are modernising personal loans through faster digital origination, more tailored pricing and deeper integration into digital journeys. This includes capabilities such as pre-approved loan offers within mobile banking apps, real-time decisioning, flexible repayment terms and the ability to top up or refinance existing loans seamlessly. These types of experiences are now commonly seen in digital-first propositions, where personal loans are integrated into the broader customer relationship rather than treated as standalone products.

Within a modern credit portfolio, personal loans:

- Provide a structured risk anchor, with clearer repayment visibility and lower behavioural volatility
- Enable risk-based pricing precision, supporting margin optimisation across segments
- Act as a counterbalance to revolving and short-term credit exposure
- Serve as a mechanism to consolidate debt and deepen primary relationships

The global personal loans market is projected to grow from \$481 billion USD in 2026 **to over \$1.5 trillion USD by 2034**

Fortune Business Insights



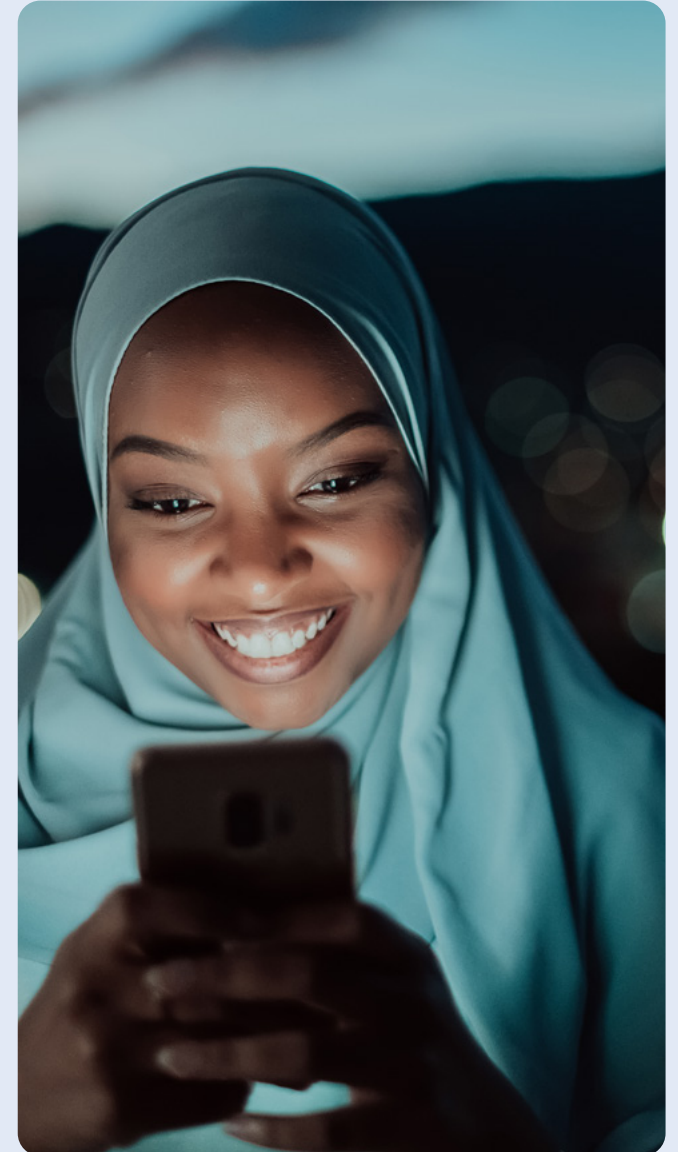


Shari'ah-compliant credit structures

In markets where Islamic finance principles apply, offering Shari'ah-compliant credit is essential for participation and growth. While historically centred in Muslim-majority countries, Islamic finance is now expanding globally. This growth is driven not only by demand from Muslim customers, but also by a broader shift towards more ethical, transparent and values-based financial services, with socially conscious customers increasingly seeking financial products that align with their values. This expansion is creating a clear opportunity for FIs to broaden their reach and strengthen their competitive position. For institutions that do respond to this shift, the value is substantial.

Within a modern credit portfolio, Shari'ah-compliant credit:

- Enables market access in regions where conventional credit models are not viable
- Aligns product design with customer values as well as regulatory requirements
- Strengthens the portfolio through inclusivity and regional diversification



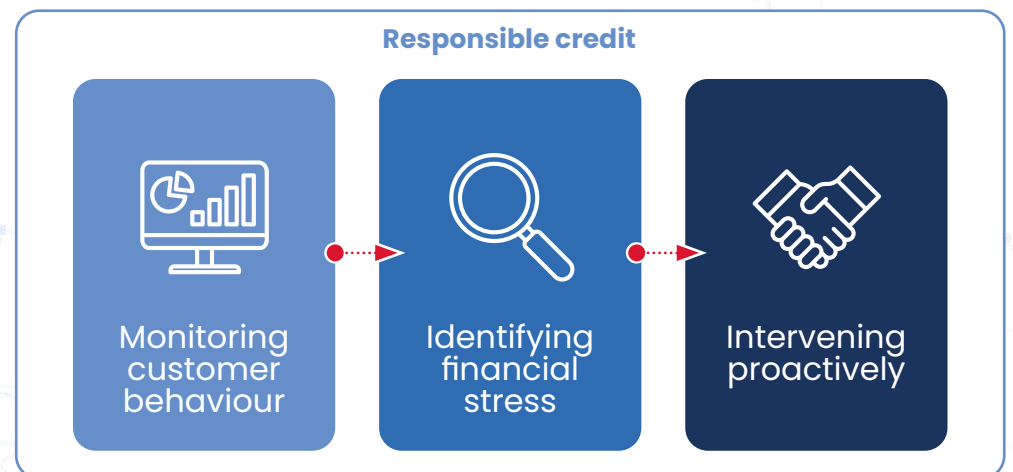
Responsible credit as a competitive advantage

Responsible lending is becoming increasingly central to credit strategy, not just as a regulatory requirement, but as a competitive advantage. Institutions that embed responsible practices into their products can strengthen trust, enhance their brand and build more resilient portfolios.

This means integrating affordability into application and decisioning processes and ensuring assessments are robust without introducing unnecessary friction. It also requires clear fees, transparent repayment structures and straightforward communication.

Beyond origination, responsible credit depends on how relationships are managed over time. Monitoring customer behaviour, identifying early signs of financial stress and intervening proactively allows FIs to support customers before issues escalate.

FIs that take this approach strengthen reputation, improve customer outcomes and support long-term growth.



Designing a balanced credit portfolio

Launching multiple credit products does not automatically create a successful strategy. To ensure a credit portfolio is both diverse and inclusive, and supports continued growth and revenue, FIs should consider the following key takeaways:

1.



Move from product silos to a coordinated portfolio strategy, where each new product is introduced with a clear role and fit within the wider credit offering

2.



Sustainable growth comes from strategic alignment rather than rapid product expansion

3.

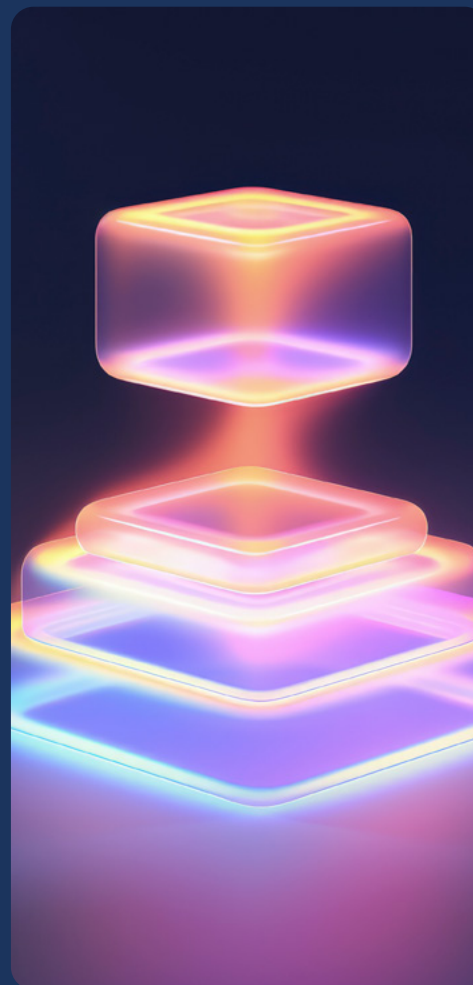


Design products that enable effective cross-selling, progression between products and a more cohesive customer journey

4.



Responsible lending is both a regulatory requirement and a competitive differentiator





Compass Plus Technologies



enquiries@compassplustechnologies.com



[compassplustechnologies.com](https://www.compassplustechnologies.com)

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