TransUnion

Unsecured Personal Loans

Q2 2026 Highlights

August 2026

Unsecured personal lending just set another record

Through mid-2026:

- **$281B** in outstanding balances (+9.6% YoY)
- **26.9M consumers** across **33.3M open loans**
- **FinTechs now ~45% of originations**, spanning risk tiers
- **Delinquent** dollar exposure remains **contained**

Lenders are extending credit to more consumers than ever — expanding further into Subprime — while deliberately limiting the dollars placed per higher-risk loan. The result is a market setting volume records even as balance-weighted risk remains contained. Growth is being supported by broader participation across the credit spectrum, with larger loan sizes concentrated in stronger credit tiers and smaller average new loans helping manage exposure in Subprime.

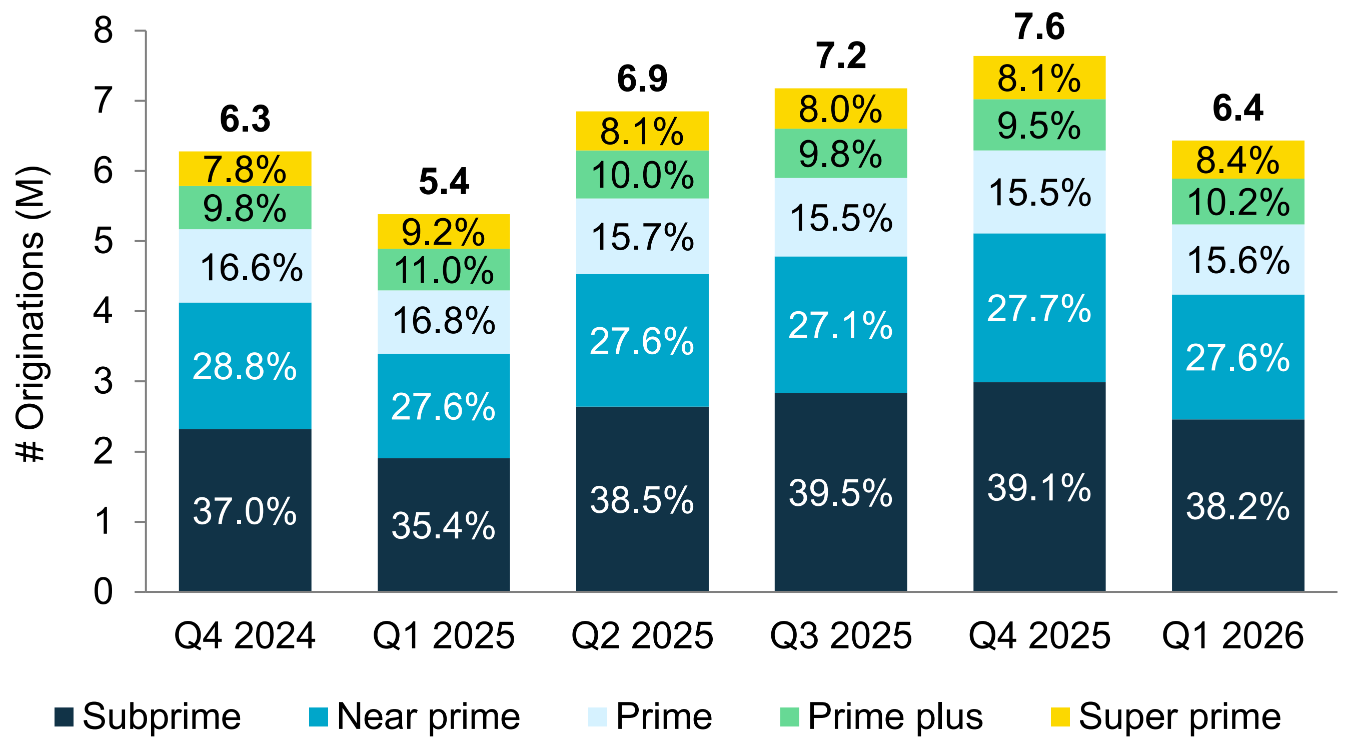
At the same time, FinTech lenders are helping scale participation across the credit spectrum, making UPL a more mainstream tool for both liquidity management and debt restructuring. Personal loans continue to serve as an important tool for debt consolidation and liquidity management.

Volume up. Risk in check. A cycle defined by discipline.

Source: TransUnion US consumer credit database

Lower-Credit Tiers Fuel UPL Origination Momentum

Unsecured Personal Loan (UPL) Originations by Risk Tier



First-quarter originations totaled **6.4 million loans, a 19.5% increase over the prior year**. Growth was broad-based across all risk tiers but the expansion was led decisively by Subprime borrowers where originations grew **29% year over year** and now account for roughly **38% of all new loans.** Near Prime originations grew nearly in line with the overall market at 19.6%, while Prime, Prime plus and Super prime grew more modestly, ranging from approximately 9% to 11%. The result is a market that continues to expand across the credit spectrum, **with the strongest momentum concentrated in lower-credit tiers**.

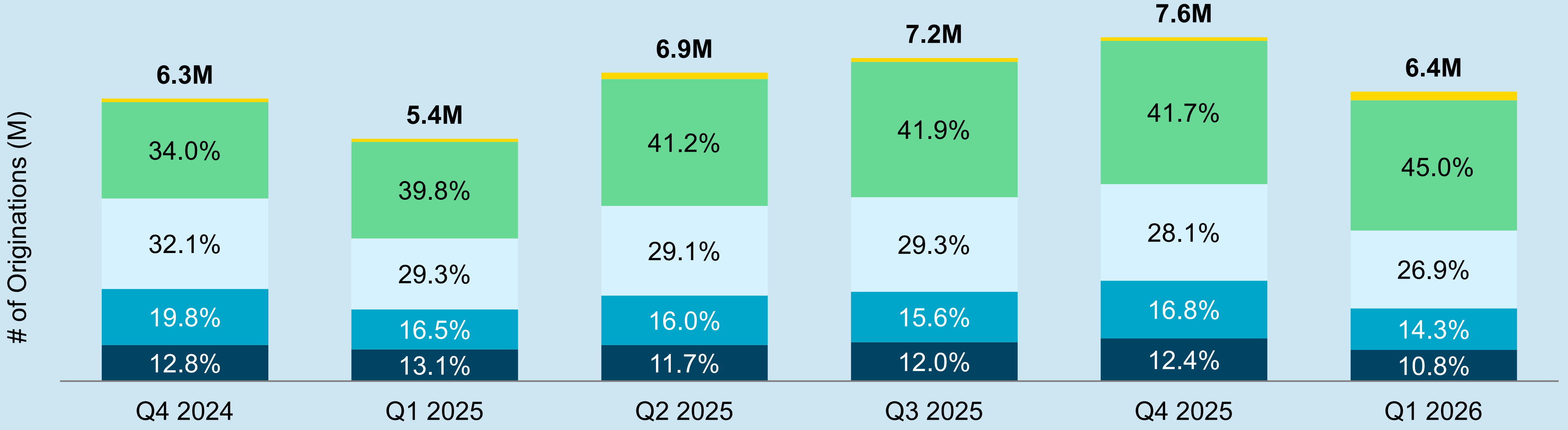
VantageScore® 4.0 risk ranges:
Subprime = 300–600, Near prime = 601–660, Prime = 661–720, Prime plus = 721–780, Super prime = 781+

Totals may not equal 100 due to rounding
Source: TransUnion US consumer credit database

FinTechs drive UPL origination growth, reaching record 45% share

UPL originations **rose 19.5%** YoY in **Q1 2026**, but growth was led disproportionately by FinTech lenders. FinTech originations increased **35.0% YoY**, adding roughly **751K** loans and lifting share from 39.8% to **45.0%**. Finance companies and credit unions remained active participants and grew in absolute volume, but their share declined as FinTech growth outpaced the broader market. Banks were modestly down year over year, with share falling from 13.1% to 10.8%.

UPL Originations by Lender Type



Bank is defined as traditional retail banks

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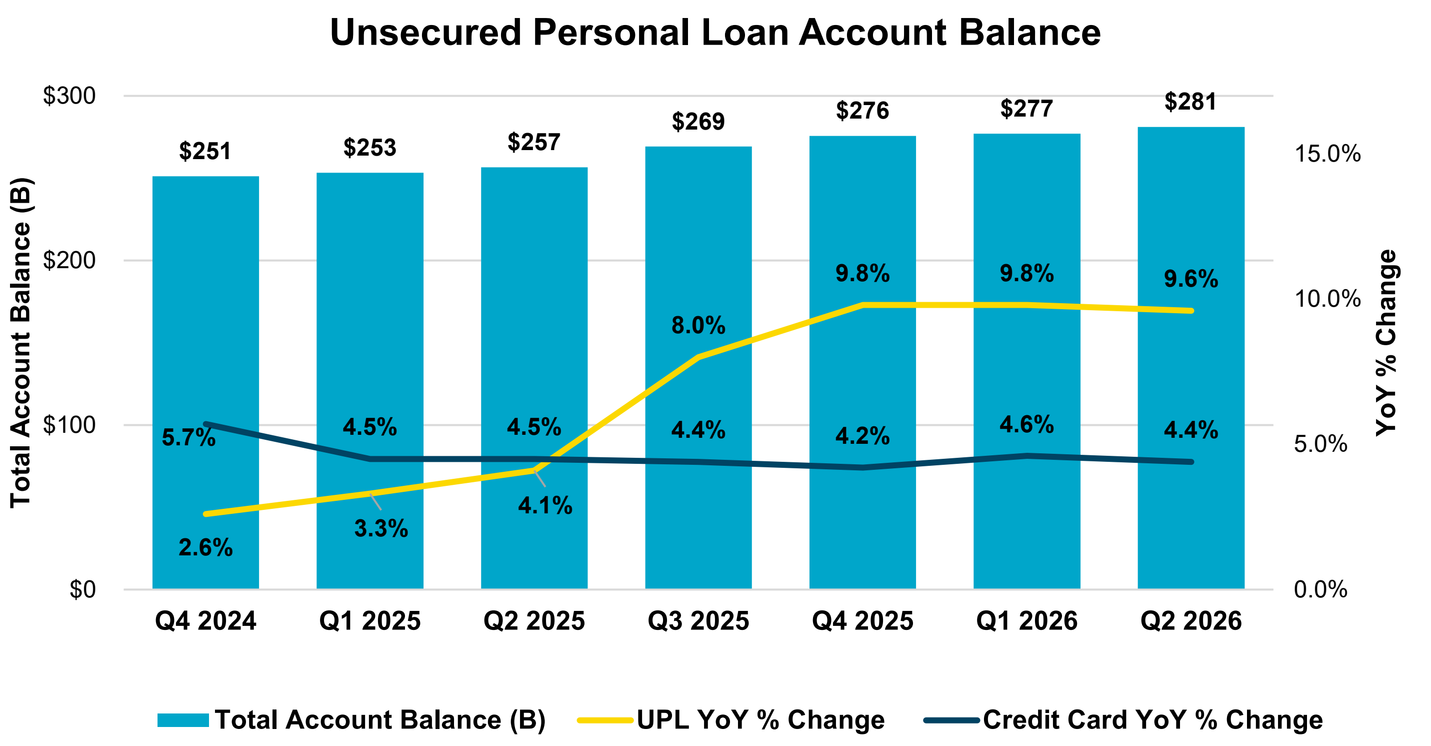
Source: TransUnion US consumer credit database

A record market that keeps compounding: UPL balances are growing more than twice as fast as credit card balances, highlighting continued consumer demand for installment credit.



Personal loan balances hit a new high of

$281B up 9.6% year over year

Source: TransUnion US consumer credit database

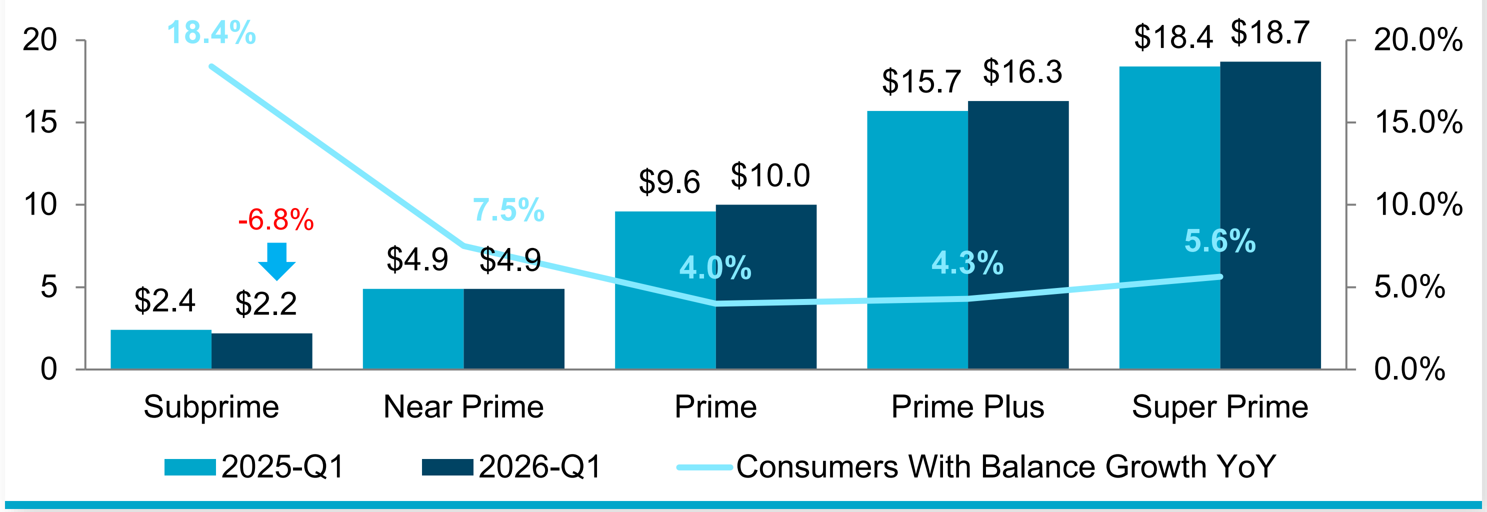
More borrowers, not simply bigger loans, are powering growth

Loan sizing trends provide clear evidence of a disciplined expansion in credit. Despite leading borrower growth across all risk tiers, subprime consumers saw smaller average new-loan balances falling 6.8% to roughly $2,260. In contrast, average balances increased across all other risk tiers, except Near prime where it stayed flat.

The data indicates that lenders are expanding credit access while maintaining a measured risk posture. Smaller credit lines are supporting growth among subprime consumers, while higher balances remain concentrated in prime and above segments.

This balanced approach has enabled lenders to serve more consumers and grow overall balances.

New Account Average Balances by Risk Tier ($K)



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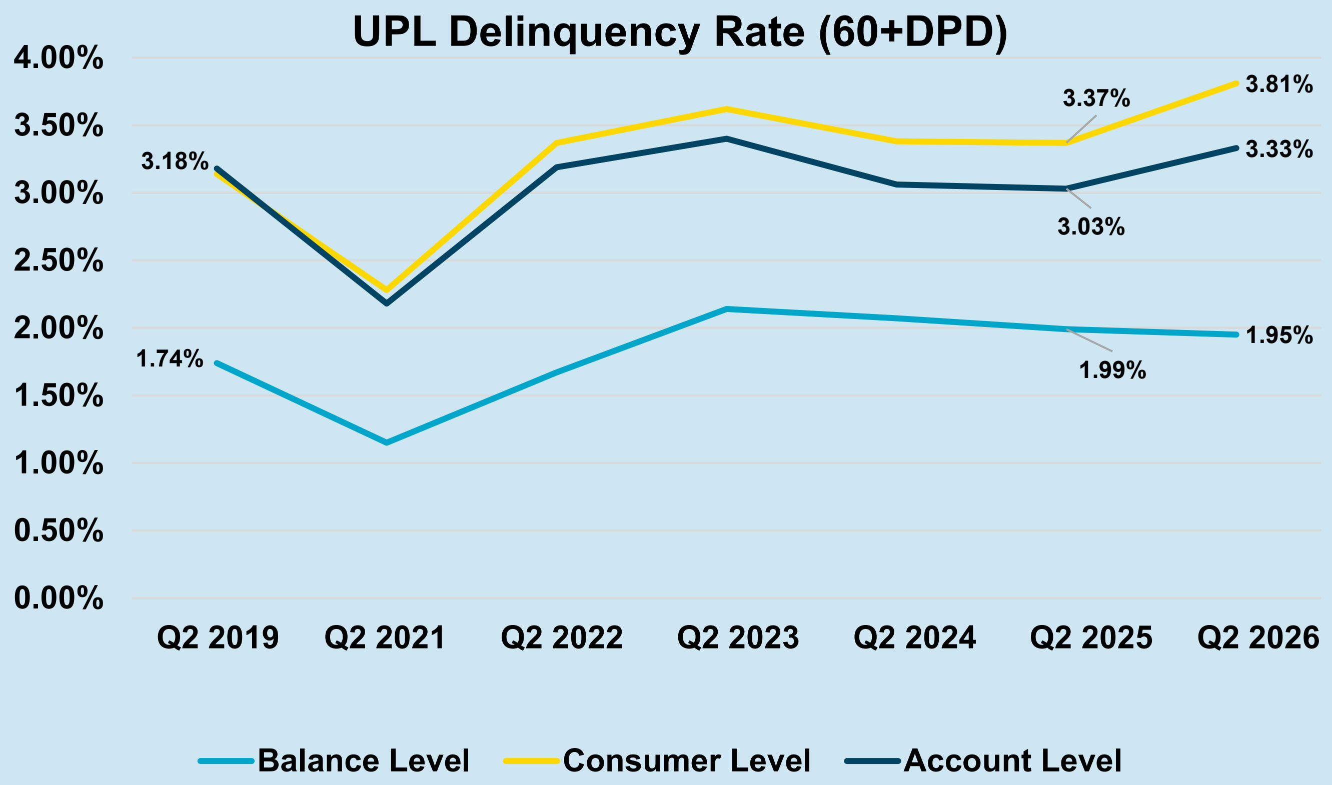
Source: TransUnion US consumer credit database

Performance: consumer-level increase reflects risk mix

Credit performance remains more resilient than headline delinquency rates suggest. **Borrower-level 60+ DPD increased to 3.81% (+44 bps YoY)**, and account-level delinquency rose to 3.33% (+30 bps), largely reflecting a growing subprime mix rather than broad-based deterioration. Meanwhile, **balance-weighted 60+ DPD improved slightly to 1.95%,** indicating lenders have maintained discipline.

Recent Subprime vintages reinforce that trend, continuing to outperform the 2021–2022 cohorts despite a larger share of originations.



Source: TransUnion US consumer credit database

Strategic signals from the Unsecured Personal Loan Market

What the data says:

Subprime originations keep climbing **(+29% YoY, ~38% of new loans)** even as affordability strain concentrates in lower-income consumers.

Primary growth is coming from an expanding borrower base, not simply larger loan balances — new subprime balances fell **6.8% to ~$2,260**.

FinTechs now originate ~45% of UPLs, with exposure across the full risk spectrum.

Per-borrower delinquency is rising **(3.81%, +44 bps YoY)** as the federal student-loan reset hits the non-prime borrowers driving growth.

Implications:

Differentiate within non-prime. Leverage **trended and alternative data** to identify resilient borrowers and support portfolio growth without increasing risk exposure.

As competition for new borrowers intensifies, **disciplined loan sizing** and a sharper understanding of **risk by loan use** will become increasingly important to sustaining growth without taking on outsized exposure.

Compete through speed, prequalification, and relevance. **Prescreen** and **target with precision** to improve acquisition efficiency and portfolio performance.

Shift to **forward-looking, cohort-level monitoring** — stress-test for the student-loan shock before it surfaces in 60+ DPD.

Source: TransUnion US consumer credit database