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India | Strategy
Sector Update

JM Financial

Strategy

India's household savings: the financial shift continues

Banking deepens beyond account growth | **Demat participation continues to broaden** | **Mutual funds increasingly become the route to equities**

Strategy

India's household savings: the financial shift continues

The structural shift towards financialisation of savings outlined in our thematic titled, *Financialisation of savings – Great progress so far, but still a long way to go*, remains intact with FY26 data pointing to continued deepening across banking and market-linked financial assets. Individual bank deposits grew 9.7% YoY to INR 134.8tn, well ahead of the 1.8% growth in individual bank accounts, taking the average deposit per account to a new high. Retail equity participation continued to expand, although growth in resident individual demat accounts moderated to 17.6% YoY (versus 26.7% YoY in FY25), while mutual fund folios grew 16.8% to 274mn. Importantly, the route through which households access equities is also evolving as MF shareholding in the Indian equity market increased to 11.3% in FY26 from 10.2% in FY25 while public shareholding declined to 9.4% from 9.9%. Despite this progress, penetration remains low, with demat accounts at 13.1% of India's population versus 28.3% in China and 30.2% in Japan, while mutual fund AUM-to-GDP stands at 19.6% versus 28.7% in China, 43% in Japan, 54.3% in the UK, and 76.8% in the US.

- **Household savings transitioning from physical to financial assets**: Indian households have historically favoured savings in the form of physical assets and this trend continues to persist. However, there has been steady rise in the share of savings in financial assets from 39.5% in FY05 to 44.7% in FY24. The shift has been slow, but we see a larger shift post FY20–21, indicating a behavioural shift in preferences of households during the pandemic

- **Banking deepens beyond account growth**: Individual bank accounts grew 1.8% YoY to 2.6bn in FY26, while deposit values grew 9.7% YoY to INR 134.8tn, taking the average deposit per account to INR 51,494, up 7.7% YoY. The divergence between account and deposit growth indicates that financialisation is increasingly being reflected in larger balances within existing accounts. Women continue to lead this deepening, with women's accounts/deposits growing at 8.5%/13.4% CAGR over FY19–26 versus 3.1% and 7.5% for men, taking women's share of individual bank accounts to 41% in FY26 from 40.4% in FY25.

- **Demat participation continues to broaden**: Resident individual demat accounts reached 225mn in FY26, growing 17.6% YoY, although the pace moderated from 26.7% in FY25. The <30 years cohort remained the largest investor group despite its share edging down to 38.4% from 39.5% in FY25, while the 30–59 years cohorts gained share. Despite the moderation in growth, India's demat penetration remains low at 13.1% of the population versus 28.3% in China and 30.2% in Japan, leaving significant headroom for further equity-market participation.

- **Mutual funds increasingly become the route to equities**: Mutual fund folios grew 16.8% YoY to 274mn in FY26, while annual SIP contributions rose to INR 3.5tn from INR 2.9tn in FY25, reinforcing the growing role of mutual funds in household investing. More importantly, the channel through which individuals access equities is changing – MF shareholding rose to 11.3% of the Indian equity market in FY26, while public shareholding declined to 9.4%. With MF ownership having risen from just 3.4% in FY14, the data increasingly point to households gaining equity exposure through mutual funds rather than direct ownership of shares. Nevertheless, mutual fund AUM remains only 19.6% of GDP, compared with 28.7% in China, 43% in Japan, 54.3% in the UK, and 76.8% in the US, highlighting substantial room for further penetration.

- **PMS adoption broadens further among HNIs**: Discretionary PMS AUM increased to INR 35.1tn in FY26 from INR 31.8tn in FY25, implying a 10% YoY increase and a 15.2% CAGR over FY19–26. The number of investors in FY26 grew 8.8% YoY, while the average ticket size rose to INR 168.8mn. The continued increase in both AUM and investor participation indicates that the financialisation trend is extending beyond retail products, with HNIs increasingly allocating savings through formal, advisor-led investment products.

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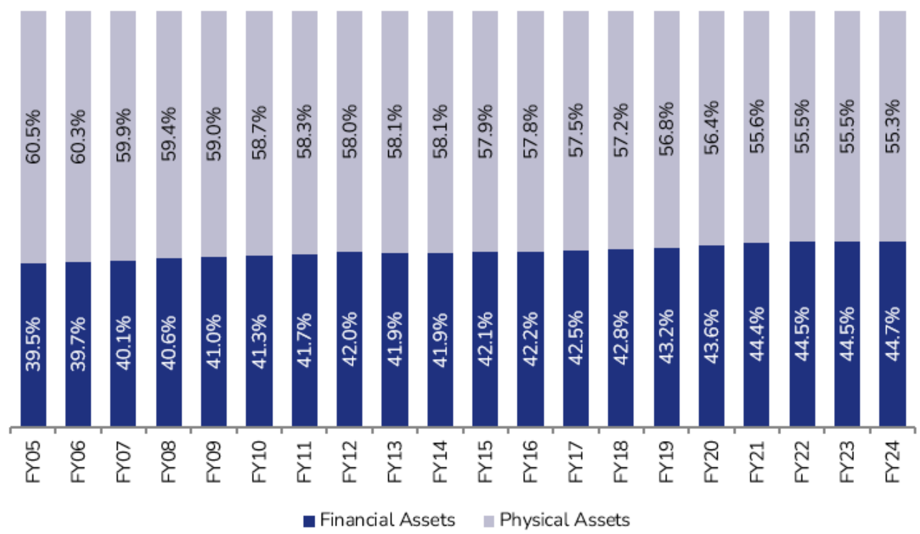
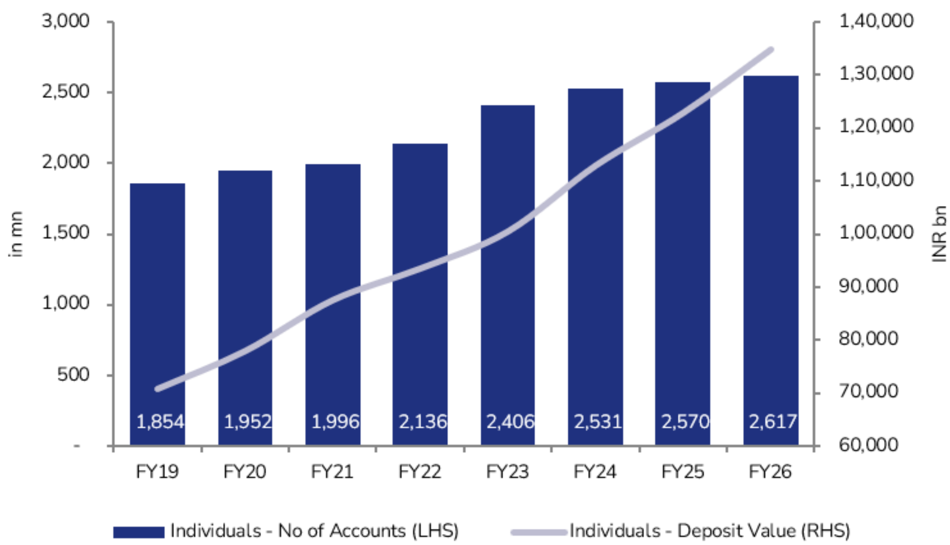
Exhibit 1: Physical assets dominate household savings though share of financial assets rising



Source: MoSPI, All India Debt & Investment Survey, JM Financial

Indian households have historically favoured savings in the form of physical assets (land, building and gold) and this trend continues to persist till today. However, there has been a steady rise in the share of savings in financial assets (bank accounts, mutual funds, shares and securities, insurance etc.) over FY05–24.

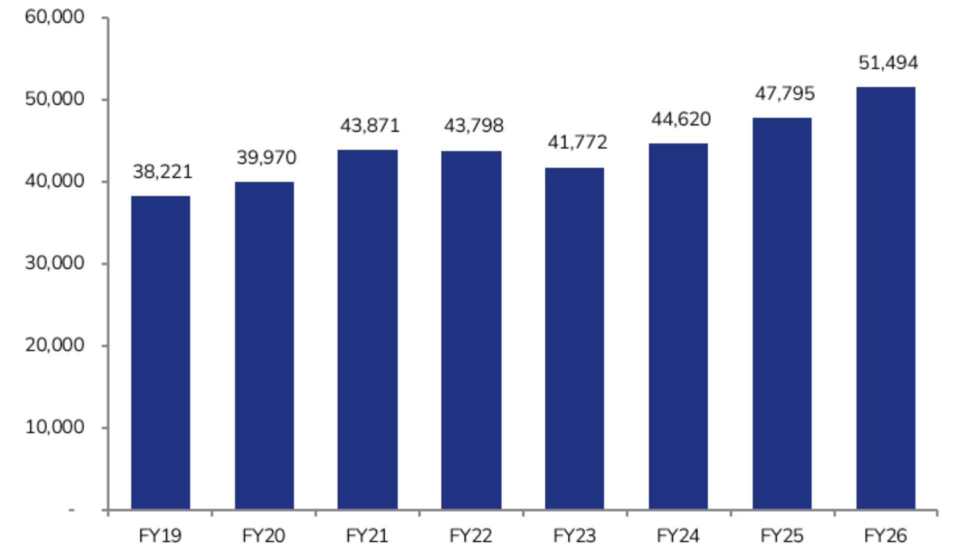
Exhibit 2: Individuals – Number of bank accounts and deposit value



Source: RBI, JM Financial

Individual bank accounts grew 1.8% YoY to INR 2,617mn in FY26, while deposits grew 9.7% YoY to INR 134.6tn in FY26, indicating a continued increase in average balances in individual accounts as household savings increasingly move into formal channels.

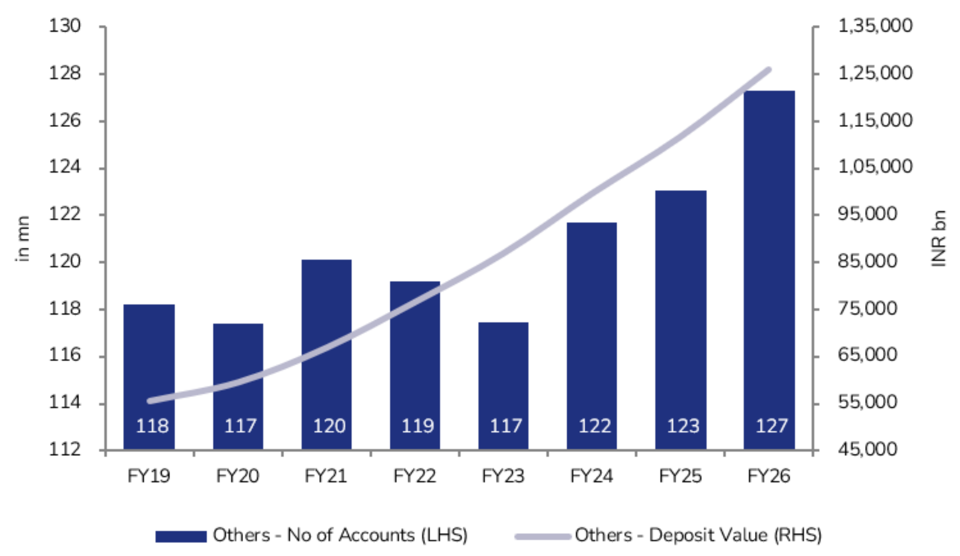
Exhibit 3: Individuals – Deposit size per account



Source: RBI, JM Financial

Deposit size per account increased 7.7% YoY to INR 51,494 in FY26, reaching a new high.

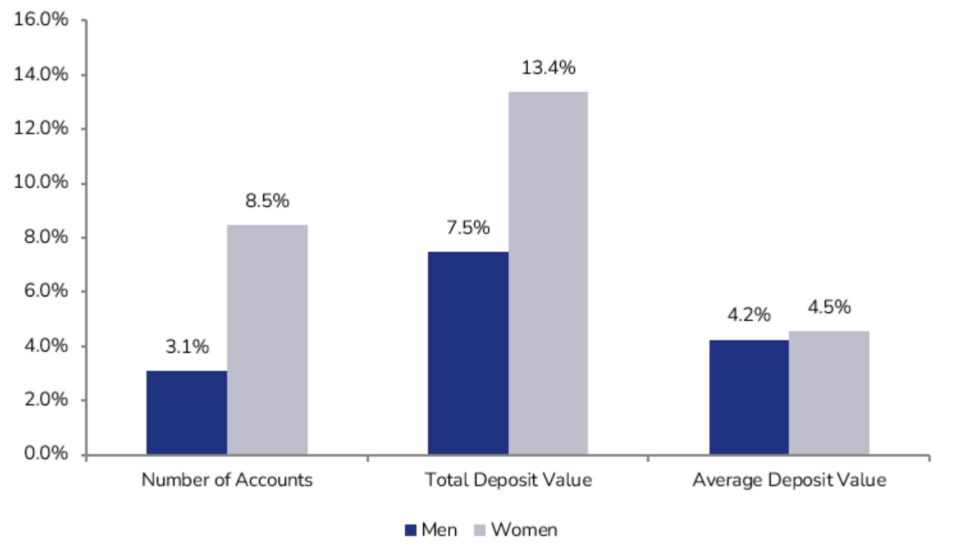
Exhibit 4: Others (apart from individuals) – Number of bank accounts and deposit value



Source: RBI, JM Financial

The number of bank accounts belonging to others (apart from individuals) grew 1.1% YoY in FY26 while deposit values grew 12.8% to INR 126tn.

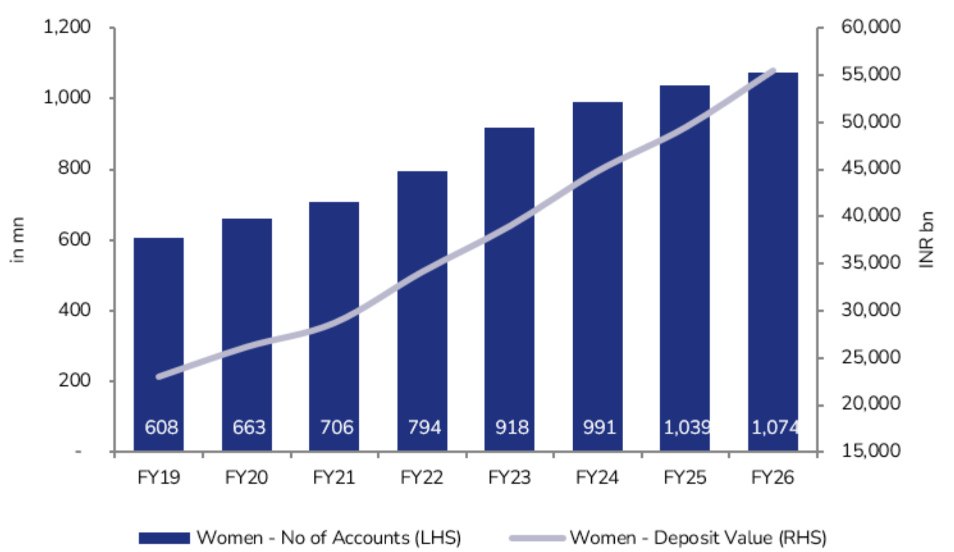
Exhibit 5: Comparing men and women on bank account metrics (FY19–26 CAGR)



Source: RBI, JM Financial

Women have seen faster growth vis-à-vis men in all metrics, including number of accounts, deposit value and deposit size per account, growing at 8.5%, 13.4% and 4.5% CAGR, respectively, over FY19–26 versus men at 3.1%, 7.5% and 4.2% CAGR, respectively.

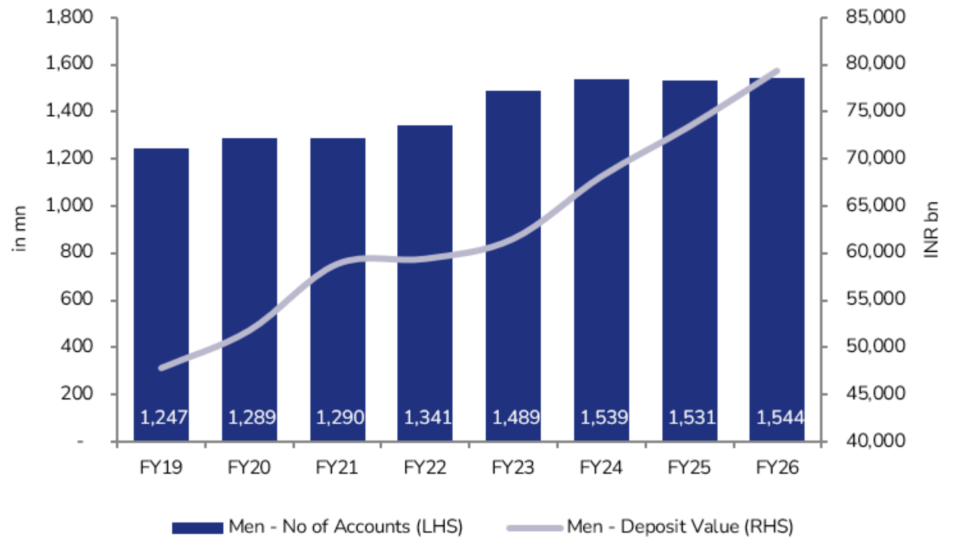
Exhibit 6: Women – Number of accounts and deposit value



Source: RBI, JM Financial

Women's bank accounts grew 3.3% YoY to 1,074mn in FY26, while deposit values grew 12.2% YoY to INR 55.5tn, highlighting a sharp deepening of deposit size per account.

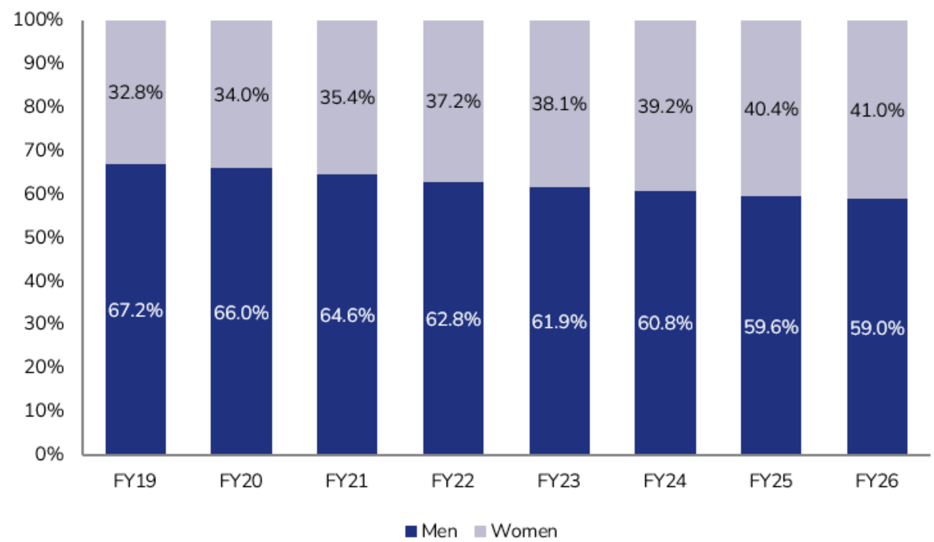
Exhibit 7: Men – Number of accounts and deposit value



Source: RBI, JM Financial

Men's bank accounts grew just 0.8% YoY to 1,543mn in FY26, while deposit values grew 8% YoY to INR 79.3tn, lagging women's growth of 3.3% and 12.2%, respectively.

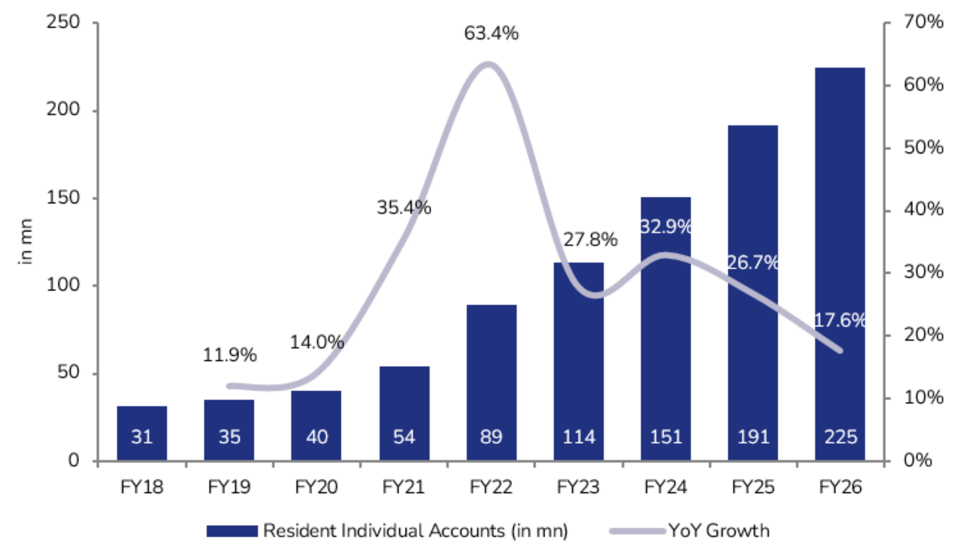
Exhibit 8: Split of women versus men in total number of accounts



Source: RBI, JM Financial

Women's share of total bank accounts increased further to 41% in FY26 from 40.4% in FY25, continuing the gradual shift in account ownership towards women.

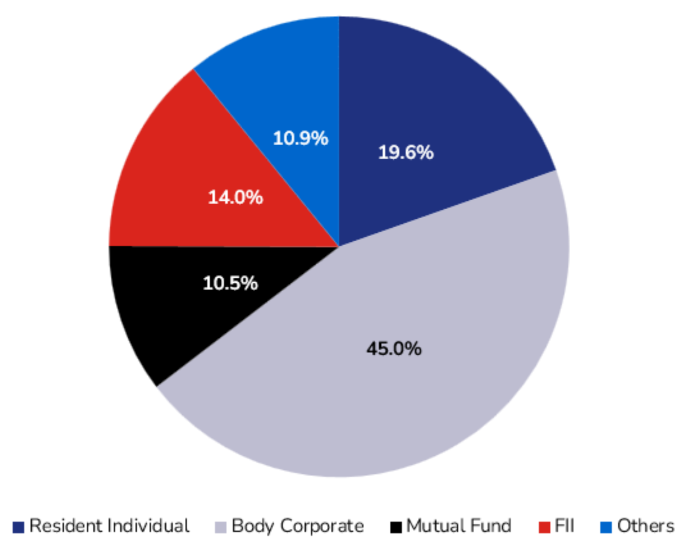
Exhibit 9: Resident individual demat accounts have seen healthy growth since FY21



Source: NSDL, CDSL, JM Financial

Resident individual demat accounts grew 17.6% YoY to ~225mn in FY26, an increase of ~34mn accounts. While the post-pandemic expansion in retail equity participation remains intact, the YoY growth has moderated.

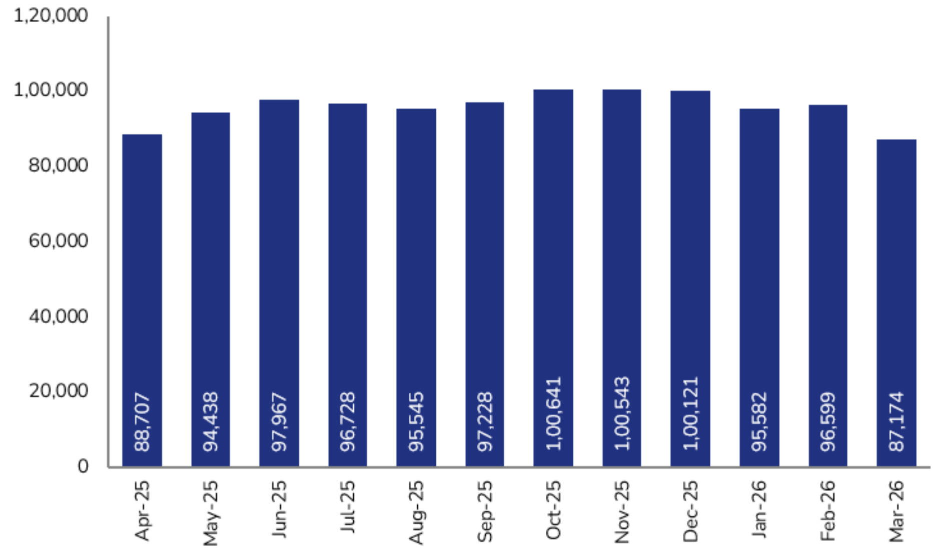
Exhibit 10: Demat AUM share for Mar'26



Source: NSDL, CDSL, JM Financial

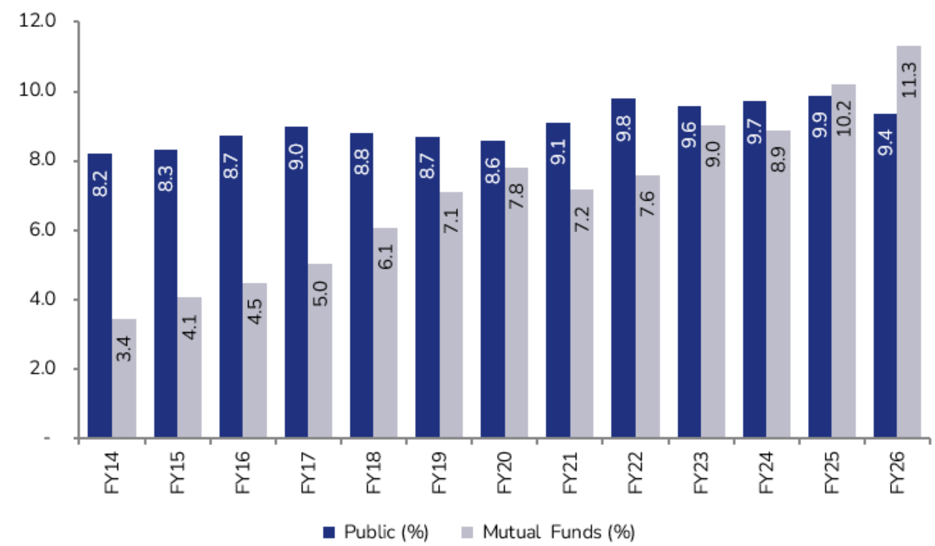
Individuals held the second highest share of AUM in Mar'26 at 19.6%. Body Corporates held the highest share at 45%.

Exhibit 11: Monthly individual demat AUM in FY26 (INR bn)



Source: NSDL, CDSL, JM Financial

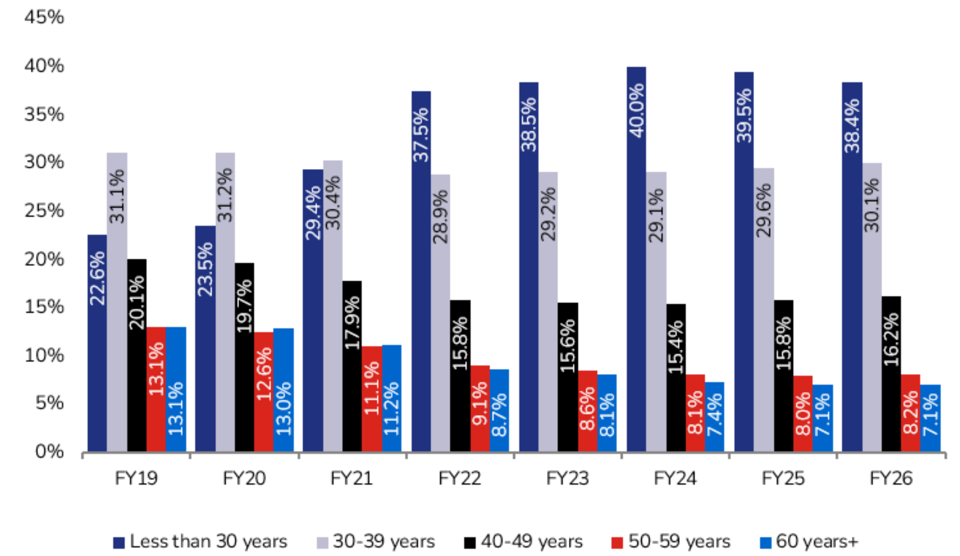
Exhibit 12: Public versus mutual fund shareholding in the Indian equity market



Source: Capitaline, NSDL, JM Financial; Note: Public shareholding is used as a proxy for direct equity ownership; the public category includes non-promoter shareholders beyond individuals.

Mutual funds are increasingly gaining share versus direct/public ownership, with MF shareholding rising 110bps YoY to 11.3% in FY26, while public shareholding fell 80bps to 9.4%. MF ownership has now more than tripled from 3.4% in FY14, highlighting a growing preference for equity ownership through mutual funds over direct ownership.

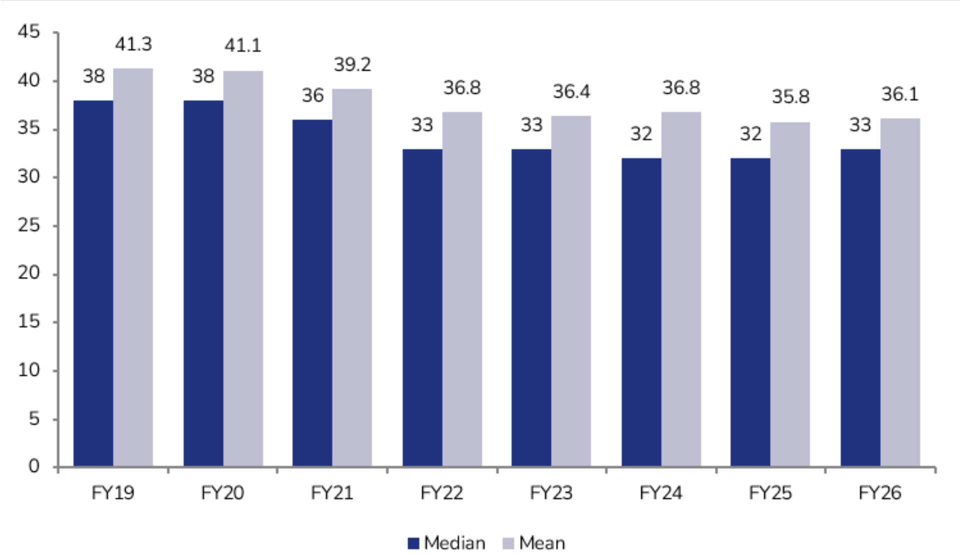
Exhibit 13: Distribution of registered investor base by age



Source: NSE Market Pulse, JM Financial

<30-year age group remained the most dominant investor profile in FY26 although its share moderated to 38.4% in FY26 from 39.5% in FY25, with increased participation from the 30–59 age groups.

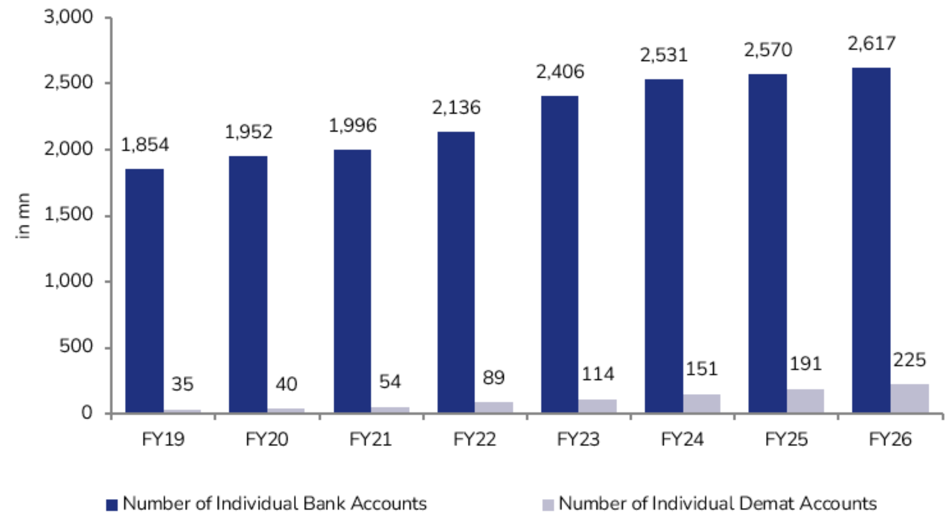
Exhibit 14: Mean and median age of individual investors



Source: NSE Market Pulse, JM Financial

The median age of individual investors increased to 33 years in FY26 from 32 years in FY25, while the mean age rose to 36.1 years from 35.8 years, a modest reversal in the declining age trend.

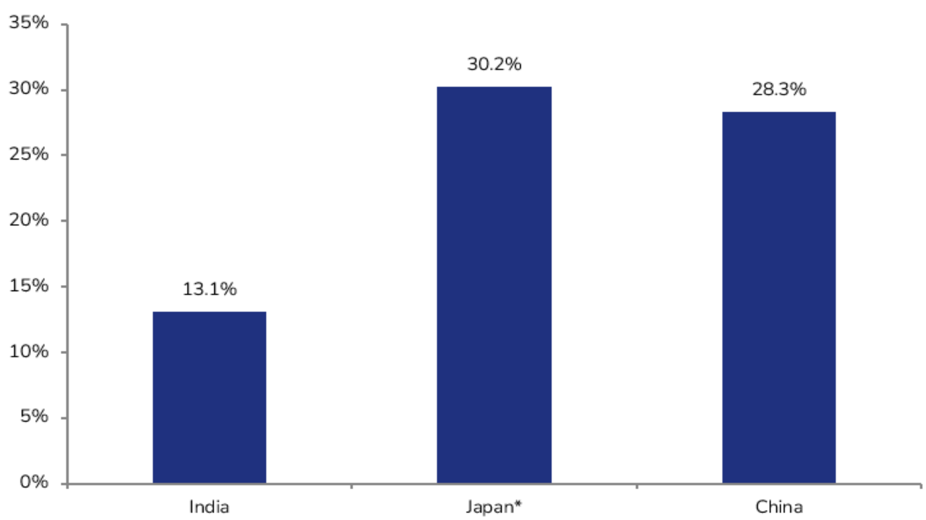
Exhibit 15: Bank accounts far exceed demat accounts



Source: NSDL, CDSL, RBI, JM Financial

While the number of bank accounts owned by individuals far exceed the number of demat accounts owned by individuals, individual demat accounts grew 17.8% YoY to 225mn in FY26 versus 1.8% YoY growth in bank accounts to 2,617mn, narrowing the bank-to-demat ratio from 13.5x to 11.6x.

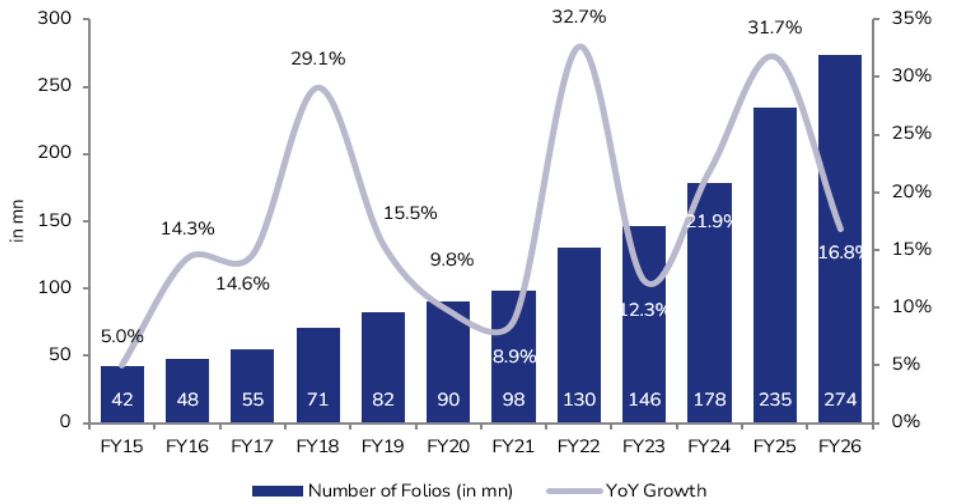
Exhibit 16: Account-based retail participation



Source: NSDL, CDSL, Japan Securities Dealers Association, CEIC, JM Financial; *2024 data

India lags behind peers in terms of number of demat/brokerage accounts relative to the population.

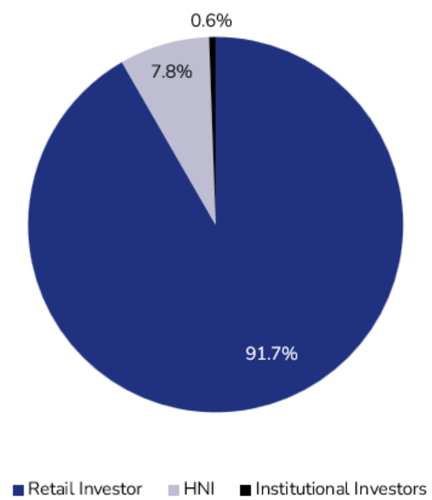
Exhibit 17: Mutual fund folios have grown at a CAGR of 19% over FY15–26



Source: AMFI, JM Financial

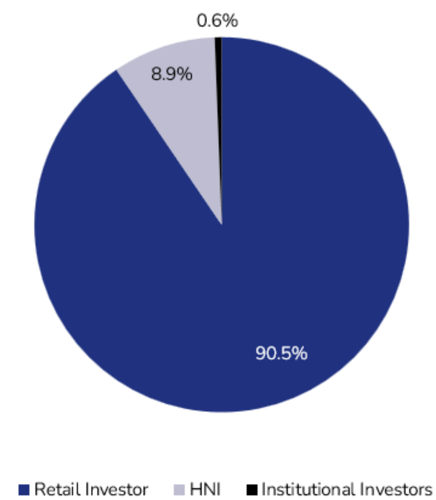
Mutual fund folios grew 16.8% YoY to 274mn in FY26, moderating from 31.7% YoY growth in FY25. Retail investors continued to dominate at 90.5% of folios in FY26, while HNI share increased to 8.9% in FY26 from 7.8% in FY25.

Exhibit 18: Ownership of mutual fund folios in FY25



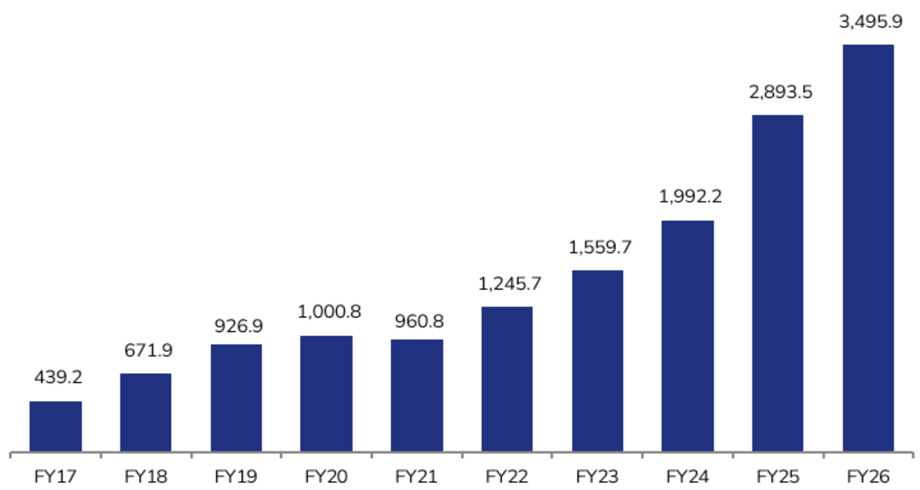
Source: AMFI, JM Financial

Exhibit 19: Ownership of mutual fund folios in FY26



Source: AMFI, JM Financial

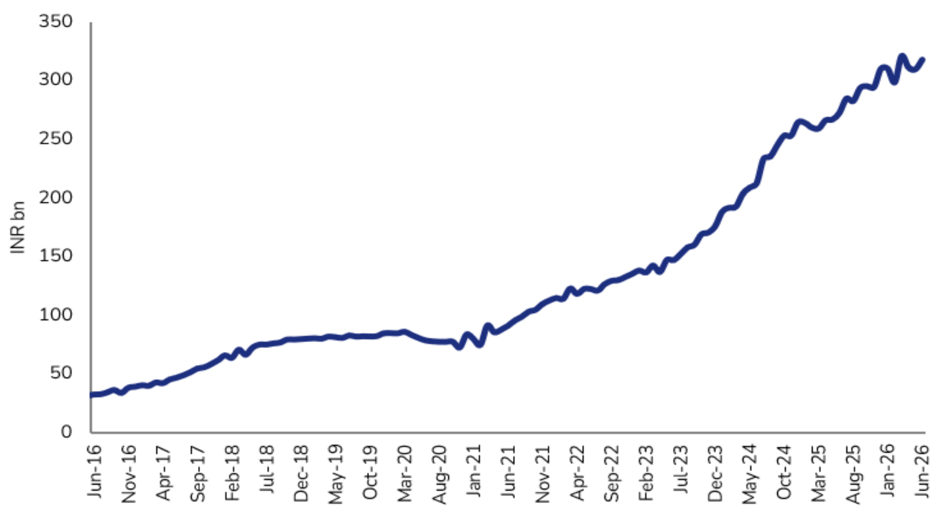
Exhibit 20: Annual SIP contributions (INR bn)



Source: AMFI, JM Financial

SIPs continue to act as a stable retail inflow mechanism, with annual SIP contributions rising 20.8% YoY to INR 3,495.9bn in FY26.

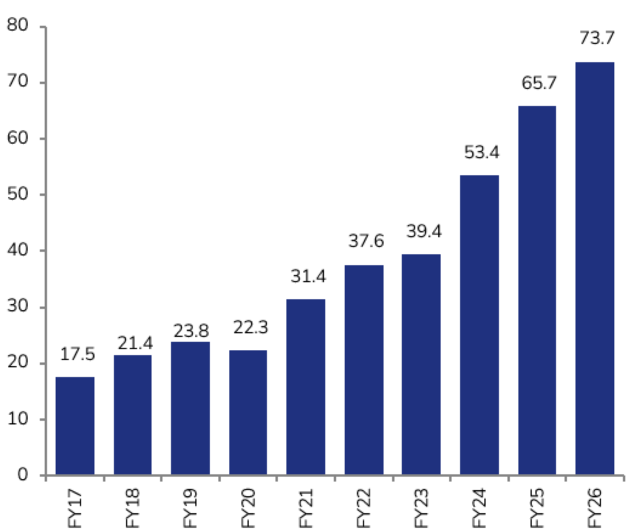
Exhibit 21: Monthly SIP flows from Jun'16 to Jun'26



Source: AMFI, JM Financial

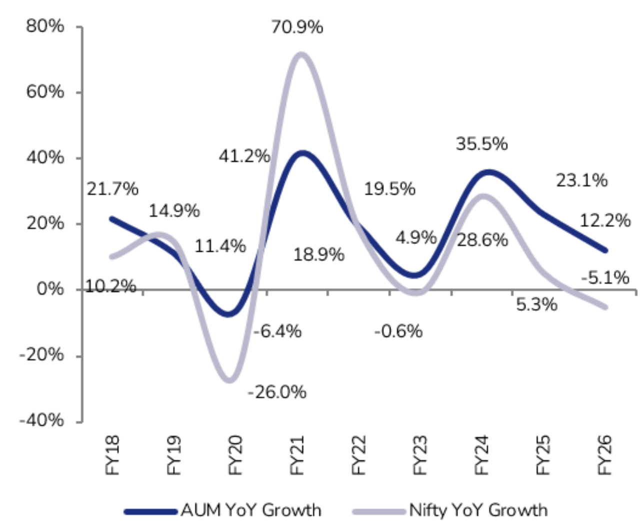
Monthly SIP flows have risen from INR 33.1bn in Jun'16 versus INR 317.8bn in Jun'26.

Exhibit 22: Mutual fund AUM (INR tn)



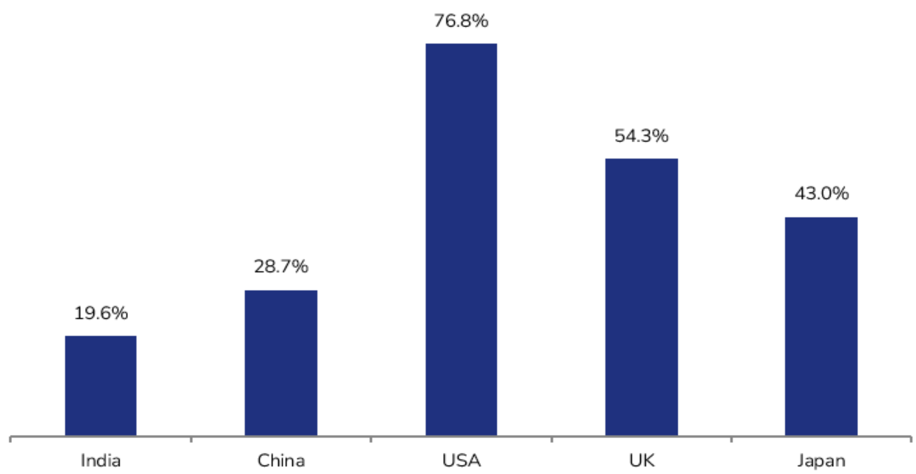
Source: AMFI, JM Financial

Exhibit 23: Mutual fund AUM YoY growth versus Nifty YoY growth



Source: AMFI, JM Financial

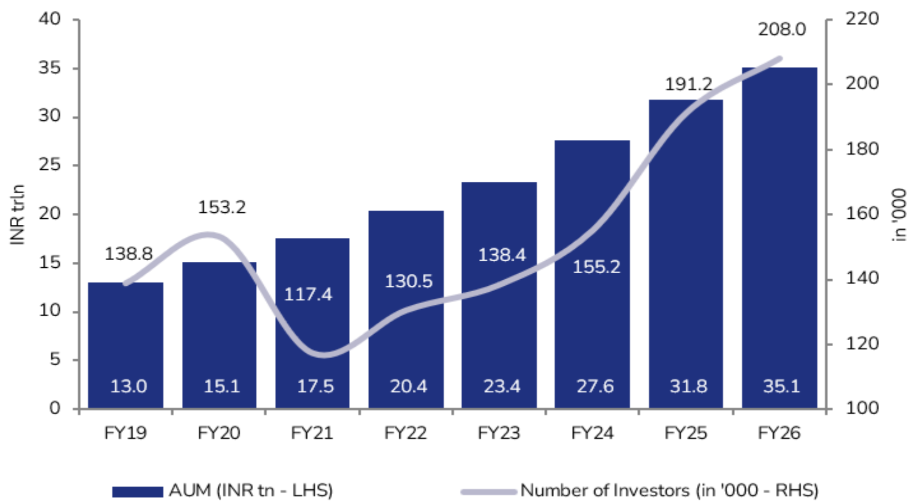
Exhibit 24: Mutual fund AUM to GDP ratio across countries (2025)



Source: AMFI, Asset Management Association of China, Investment Company Institute USA, The Investment Association UK, Japan Investment Trusts Association, World Bank, JM Financial

India's MF AUM to GDP ratio is lower than peers suggesting ample headroom for India's AUM-to-GDP ratio to expand, particularly as formal employment, financial literacy and disposable incomes rise.

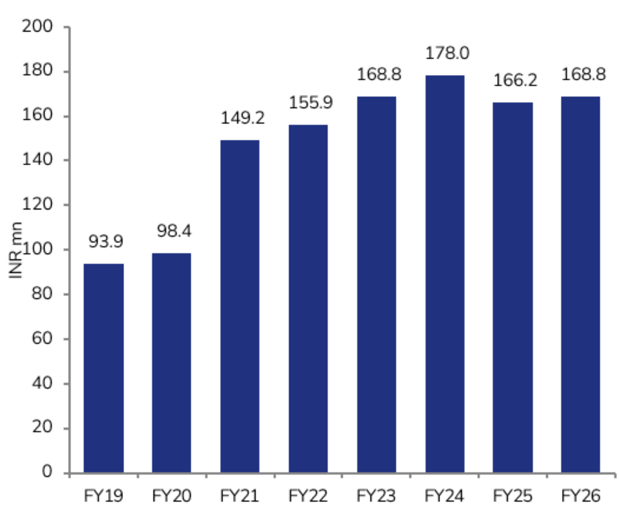
Exhibit 25: Discretionary PMS AUM and number of investors



Source: SEBI, JM Financial

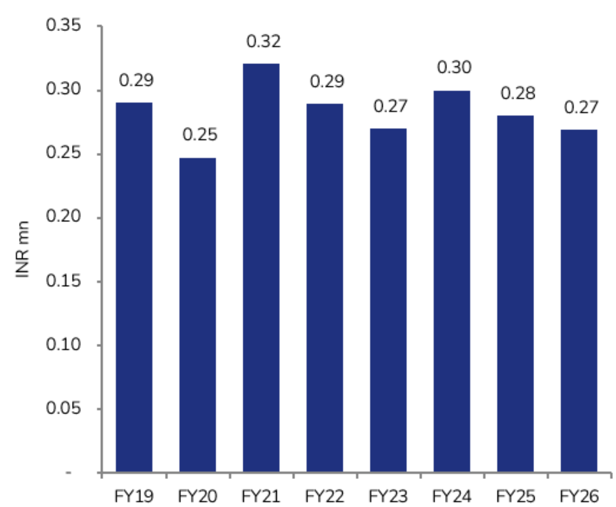
Discretionary PMS AUM grew 10.4% YoY to INR 35.1tn in FY26, while the number of investors increased 8.8% YoY to ~208,000.

Exhibit 26: Average ticket size in discretionary PMS (INR mn)



Source: SEBI, JM Financial

Exhibit 27: Average value per mutual fund folio (INR mn)



Source: SEBI, JM Financial

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Rating	**Meaning**
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ADD	Expected return >= 5% and < 15% over the next twelve months.
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SELL	Expected return < -10% over the next twelve months.

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