

Credit card usage vaults; banks rake in the moolah

G NAGA SRIDHAR

0



credit-cards

Card-issuers witness steep rise in the number of users, value of transactions

HYDERABAD, JULY 18

Customers are increasingly preferring to swipe their credit cards for various types of transactions. There has been a steep hike in the number of cards outstanding, volume of transactions and their value. The pace of increase has been faster in the last one year compared to the preceding period.

As per Reserve Bank of India (RBI) data, the number of cards outstanding increased from 2.98 crore in 2016-17 to 3.74 crore as on March 31, 2018. The increase was more in the last financial year as the number of cards was 2.45 crore in 2015-16.

The value of transactions surged from ₹2,43,700 crore (₹2,437 billion) to ₹4,62,300 crore (₹4,626 billion).

The volume of transactions, too, grew to 141.3 crore in the last fiscal year, compared to 109.3 crore in the previous year.

The same trend of faster growth in these parameters has been continuing during March-April 2018, too.

Strategy

Leading credit card players have been focussing on expanding card portfolio to cash in on the increasing demand and expanding their credit-card customer base. SBI Cards is issuing about two lakh new cards every month, even as the total number of cards issued stood at 65.9 lakh as on June, 2018.

ICICI Bank, for example, is targeting a 40 per cent growth in credit cards, which has been included as part of a “third anchor” of its growth strategy by 2020.

The CAGR growth for the bank in the credit cards segment was 30 per cent for the last four years. It was second only to personal loans in growth.

According to a senior official, “The bank will continue to grow the unsecured credit card and personal loan portfolio, primarily driven by a focus on cross-selling to its existing customers.”

For HDFC Bank, too, advances under credit cards grew to ₹36,115 crore as on March 31, 2018, against ₹25,995 crore.

The drivers for this growth are many. With increasing recourse to Cibil records, banks are now more confident to expand unsecured credit lines such as credit cards.

Even those who have a history of default can now get cards by opening a fixed deposit to the card limit they are looking for as banks have also been issuing fixed deposit-linked credit cards.

From a customer point of view, the regulatory framework is user-friendly.

According to the revised guidelines of the RBI, a customer will have zero liability in respect of a fraudulent transaction if there is contributory fraud or negligence on the part of the bank, irrespective of whether or not the transaction is reported by the customer. There is also protection against third-party breach.

Published on July 18, 2018

TOPICS

[credit cards and debit cards](#)

RELATED

[Debit card tangle](#)

Banks' strict compliance of rules can hit customers

Previous Story

Bank credit rises by 12.78%, deposits by 8.33%

Next Story

Bankbazaar to invest ₹30 crore to scale up its international biz

**Get more
of your
favourite**

news delivered to your inbox

Subscribe

Promoted Content



Reasons Why You Must Buy Term Insurance By The Age of 30

Coverfox



Semi Furnished Apartment with no wall sharing Near Velachery 68.71 lakh onwards

Apartments at Pallavaram Chennai



New Zealand Farm the Size of Monaco Expected to Fetch \$10M

Mansion Global