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10,872.25 16.75



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Market Watch

Credit card usage rides on digital push, grows 27%

BY PRATIK BHAKTA, ET BUREAU | AUG 08, 2019, 07:33 AM IST

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BENGALURU: Credit cards in circulation touched 48.9 million in May from 38.6 million in the same period last year, data sourced from the Reserve Bank of India showed.

The 27% growth has thrown up new business opportunities, say payment industry executives.

India has primarily been a debit card market, with more than 824 million such cards in the system, as per RBI figures. [Unified Payments Interface \(UPI\)](#) and mobile wallets have grabbed the attention of policymakers, but the increase in the number of credit cards is not only an indication of growing digital payments but also the expansion of retail borrowers in the ecosystem.

"We are issuing nearly a million new credit cards per month and the number of unique credit card users could be in the range of 25 to 30 million, which shows the market has grown phenomenally well," said Madhusudanan R, founder, Yap, which offers a platform for all forms of payment solutions to banks, NBFCs and fin-tech companies.

The total transaction value on credit cards has also gone up. In 2018-19, consumers spent around Rs 6 lakh crore using their credit cards, 30% higher from the Rs 4.6 lakh crore in 2017-18.

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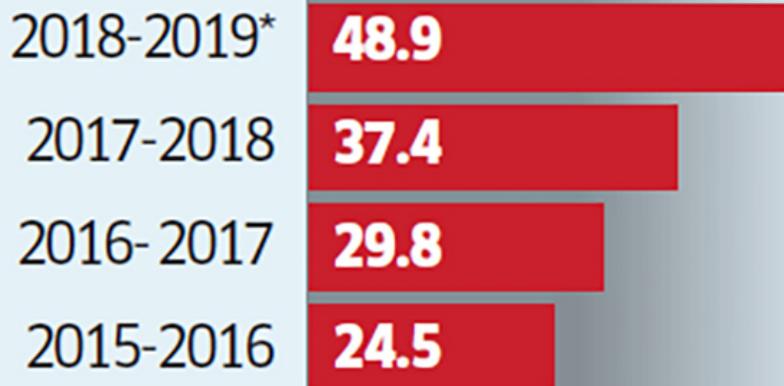
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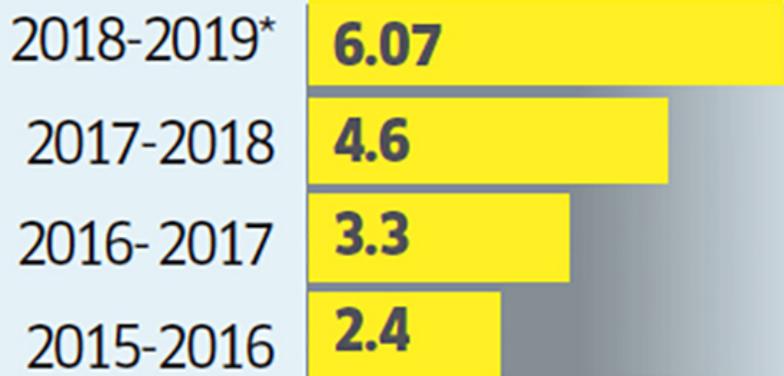
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Credit Wise

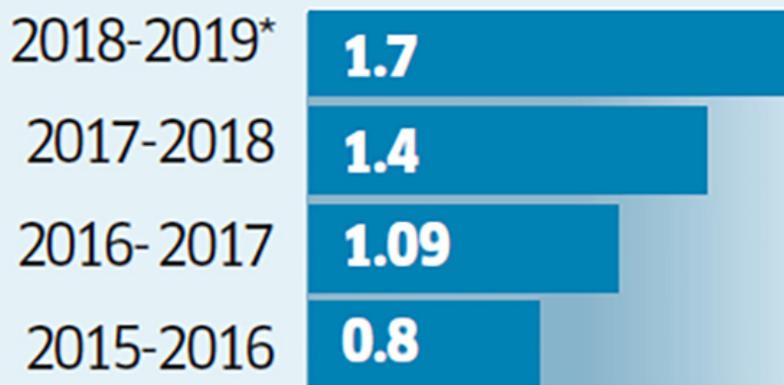
No of Cards (million) (*MAY 2019)



Amount transacted (₹lakh cr)



No of transactions (billion)



SOURCE: RBI

HDFC Bank has issued 12 million credit cards, while State Bank of India has more than 8.7 million cards in the system, followed by ICICI Bank and Axis Bank.

“Our growth has been possible due to our focus on bringing out innovative and industry-first products, cobranded partnerships, cashback programmes and technology. Since October 2017, we have focused on tapping SBI customers for new card acquisitions which has also ensured that our portfolio remains healthy in terms of delinquency,” said Hardayal Prasad, chief executive officer, SBI

Card.

Besides banks, many fin-techs are cashing in on the credit cards boom.

Cred, started last year by [Freecharge](#) founder Kunal Shah, is one of the biggest players in this space, while there are also a few early-stage companies such as Slice Pay and En-Kash. Large tech companies like Paytm, [Flipkart](#) and Ola too have started their own credit cards.

“We are offering our product to employees of startups, students of major colleges, generally consumers who are new to credit, and who will never be catered to by traditional banks,” said Rajan Bajaj, chief executive officer, Slice Pay. “We are using RuPay to settle card transactions and our banking partner is Yes Bank.”

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