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Indians' love for travel is so strong that it's boosting credit card spends

Rounak Jain | Aug 30, 2022, 07:00 IST



Indians are increasingly using credit cards for travel Canva

■ **Holiday and wedding season, a decline in Covid cases and an appetite for revenge**

- Overall, Indians spent over ₹1 lakh crore using credit cards for the fifth consecutive month.
- Indians also spent 1.8x more using credit cards than debit cards, utilizing the 45-48 days interest-free credit period.

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It's been months since lockdowns have officially ended, and summer vacations are long gone. But Indians are not done travelling. In fact, most of them are continuing to spend on travel and hospitality — by swiping their credit cards.

According to data released by the Reserve Bank of India (RBI), credit card spends remained above the ₹1 lakh mark for the fifth consecutive month.

In fact, total credit card spends surged nearly 7% in July when compared to June. Indians used credit cards to pay for things worth ₹1.17 lakh crore in July, when compared to ₹1.09 lakh crore in June.

“Revival in air travel, hospitality sector as well as increasing inflation outlook set a positive backdrop to credit card spend as well as receivables.” stated a report by



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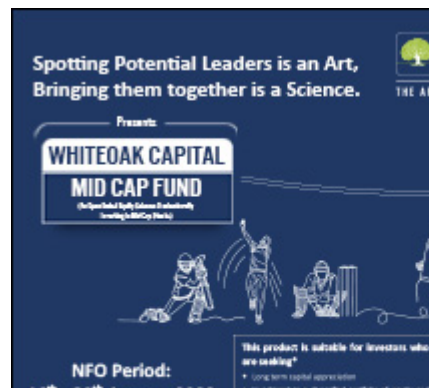


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Earlier, a report by ratings agency CARE had underlined the revival in the airline and hospitality sectors, with several reasons justifying the surge in demand – ranging from a decline in Covid cases to the holiday and wedding season, and Indians just being tired of not going out anywhere for two years.

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“FY22 has been a promising year for the sector wherein the revival in the occupancy and RevPAR has led to green shoots for the industry players. The decline in Covid cases, resumption of international flights from March 2022, and strong leisure and wedding demand are the positive factors that should lead to growth in occupancy and ARR in FY23,” the CARE report said.

The dues are going up, too



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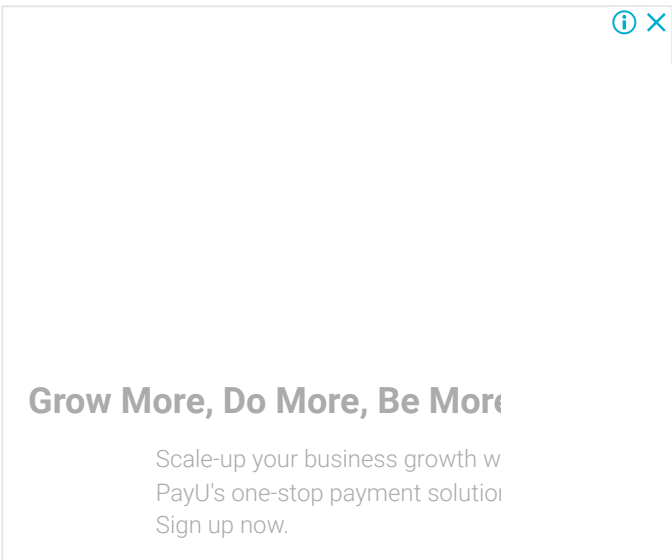
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The ICICI Securities report also adds that there has been an increase in the average credit card dues as well, when compared to December last year.

“Receivables, as measured in terms of CC outstanding ‘per card in force’ (CIF) at industry level, have trended from ₹18,000 as of Dec 21 to ₹20,100 for Jan-May 22 and ₹19,400 in June 22.

Overall, the amount of credit card spends when compared to debit cards stood at 1.8x – for every ₹10,000 spent using debit cards, Indians spent ₹18,000 using credit cards. This suggests that Indians are prioritizing credit cards over debit cards, utilizing the interest-free period of 45-48 days that credit cards offer.

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HDFC Bank continues to be the market leader

HDFC Bank continued its leadership in the credit card space, leading by a healthy margin both in terms of the number of cards as well as the total spends.

Every 3 out of 4 credit cards come from the top five issuers

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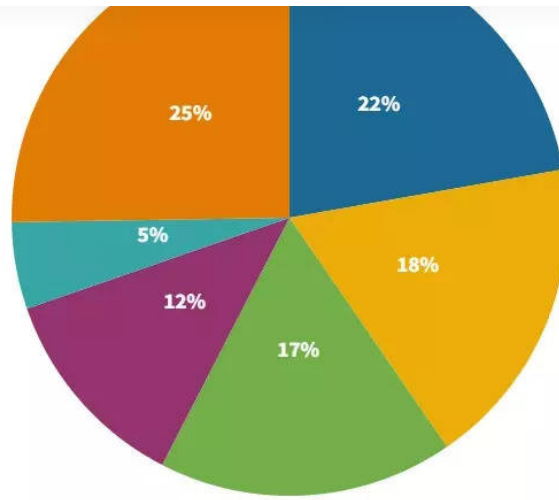


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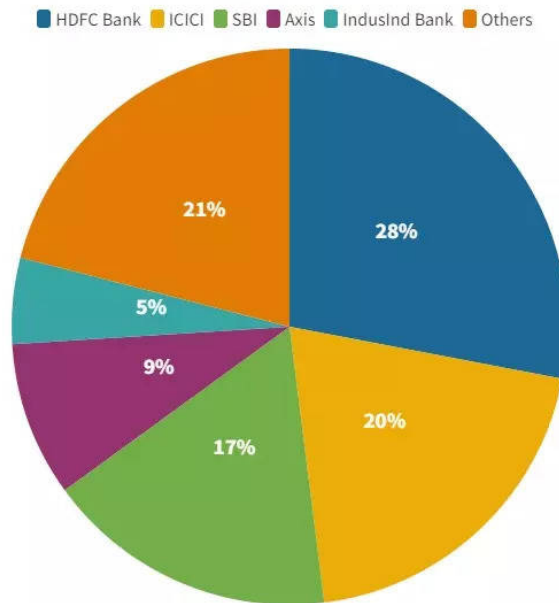
Source: RBI • July, 2022

Credit Card market share in July 2022 Business Insider India / Flourish

Despite accounting for only 22% of the total credit cards in use, HDFC Bank users spent 28% of the total money.

Every ₹1 out of ₹2 credit card spends were made using a HDFC Bank or ICICI Bank credit card

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Source: RBI • July, 2022

Credit Card spends market share in July 2022 Business Insider India / Flourish

However, HDFC Bank credit card users aren't the most lavish spenders – while **IndusInd Bank was once the leader in this metric**, it has now been dethroned by a similarly unassuming name – Bank of Baroda.

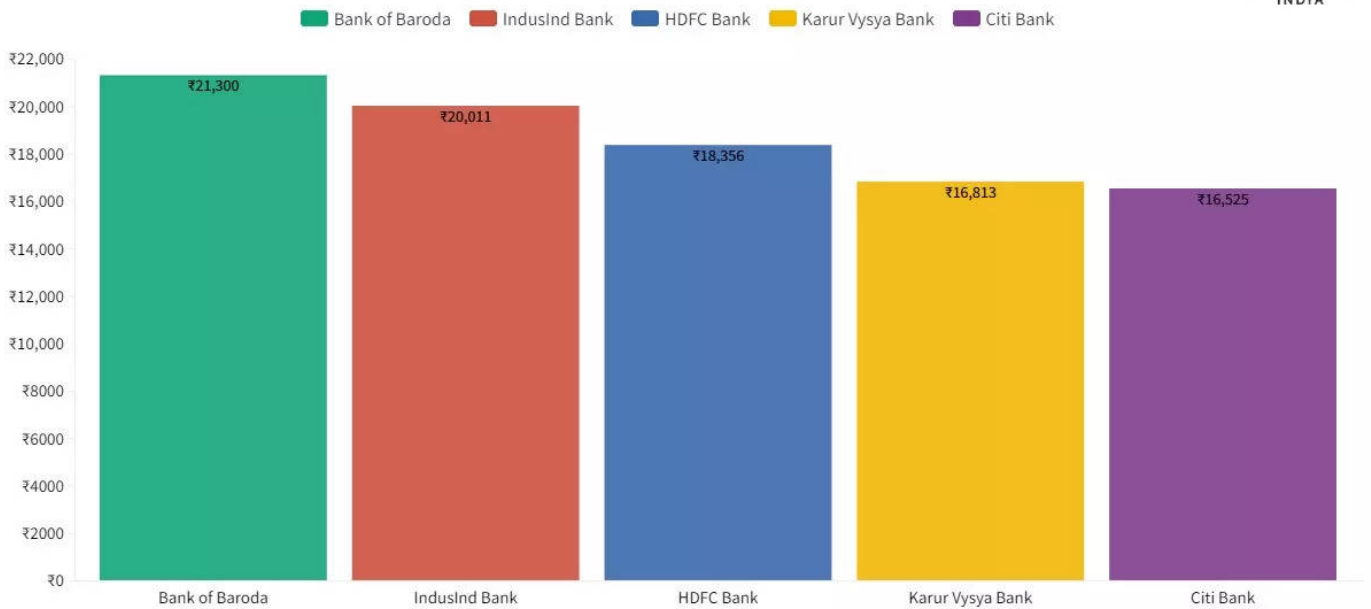
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Bank of Baroda's credit card holders are the most valuable, with only one big name in the top five

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Source: RBI • July, 2022 | Avg spends per card

Value per credit card in July 2022 Business Insider India / Flourish

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