

E-commerce sales will drive credit cards spends in September, says report

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Are you going to shop online using your credit card this festive season?Canva

- Rising inflation has dampened overall credit card spends in August, but experts say they will bounce back in September thanks to festival sales.
 - Overall, Indians spent over ₹1 lakh crore for the sixth consecutive month, and the average dues have continued to rise.
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- Indians also spent three times as much using credit cards versus debit cards while buying things on e-commerce websites.

Credit card users have spent over ₹1 lakh crore now for the sixth consecutive month. In August, credit card users spent ₹1.13 lakh crore in August, down from ₹1.17 lakh crore in July.

This is despite a decline of 2 million in terms of active credit cards in August – the fall is due to RBI’s new guidelines. Trends suggest that people will continue to swipe more credit cards and their spending will hit the ₹1.2 lakh crore mark in September.

The spends in September are expected to be buoyed by festive sales across e-commerce and offline retail platforms, after ecommerce spends fell in August.

“Upcoming e-com festive sales (Big Billion day and Great Indian Festival) are likely to revive the e-com mix (% of total spends) back to Apr-Jul '22 levels,” said a report by ICICI Securities.

A rise in prices and Indians’ love for travel has set the perfect tone for an increase in overall credit card outstandings.

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

Indians being tired of not going out anywhere for two years due to the Covid-19 pandemic has helped boost demand in the hospitality sector, according to a report by ratings agency CARE.

“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 ARRs in FY23,” the CARE report said.

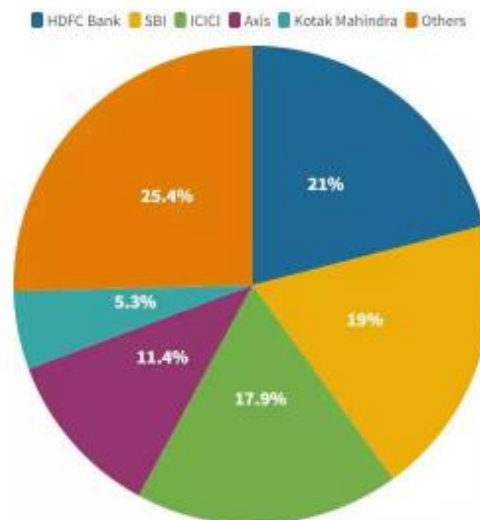
Dues per card continued their upward trajectory, too. “Receivables, in terms of CC outstanding per CIF at industry level, have trended from ₹18,000 as of December 2021 to ₹20,100 for January to May 2022 and increased to ₹20,300 in July 2022,” the ICICI Securities report added.

Here’s a snapshot of the Indian credit card industry

HDFC Bank continues to lead the market in total credit cards and spends.

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

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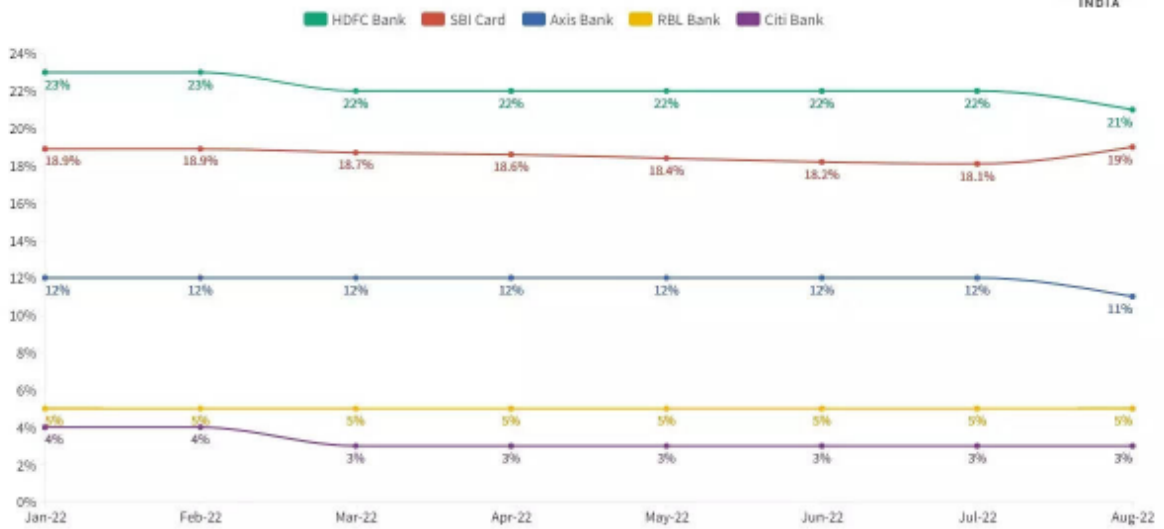


Source: RBI • August, 2022

Credit card market share August 2022 Business Insider India / Flourish

However, SBI Card is closing the gap in terms of credit cards in force.

SBI Card is closing in on HDFC Bank for the crown of the market leader in terms of total cards BUSINESS INSIDER INDIA

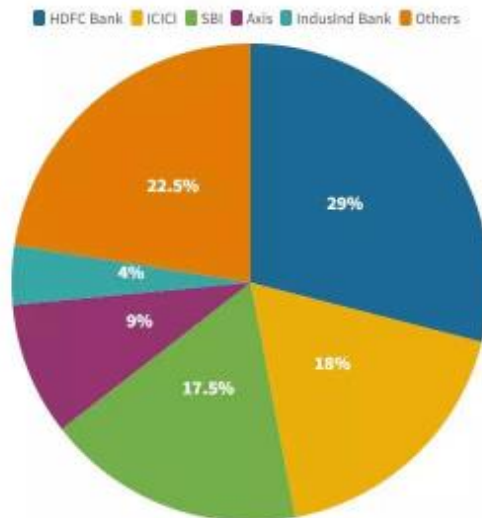


Source: RBI, ICICI Securities

Credit cards in force Business Insider India / Flourish

Despite accounting for only 21% of the total credit cards in use, HDFC Bank users spent 29% of the total money.

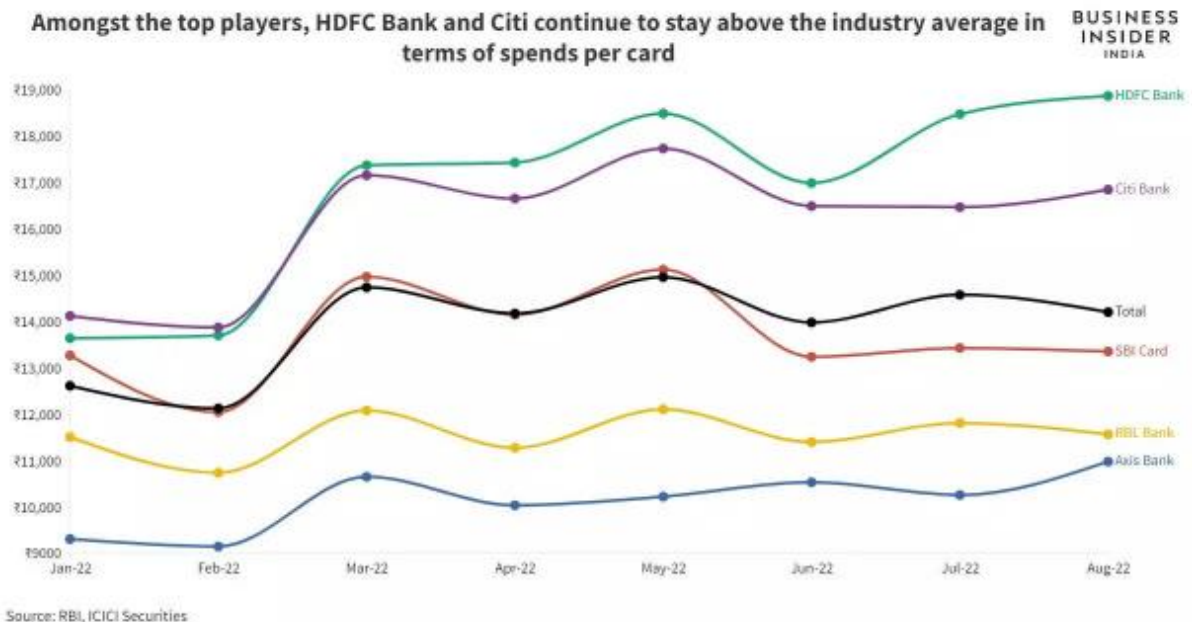
Every ₹1 out of ₹2 credit card spends were made using a HDFC Bank or ICICI Bank credit card BUSINESS INSIDER INDIA



Source: RBI • August, 2022

Credit card spends market share August 2022 Business Insider India / Flourish

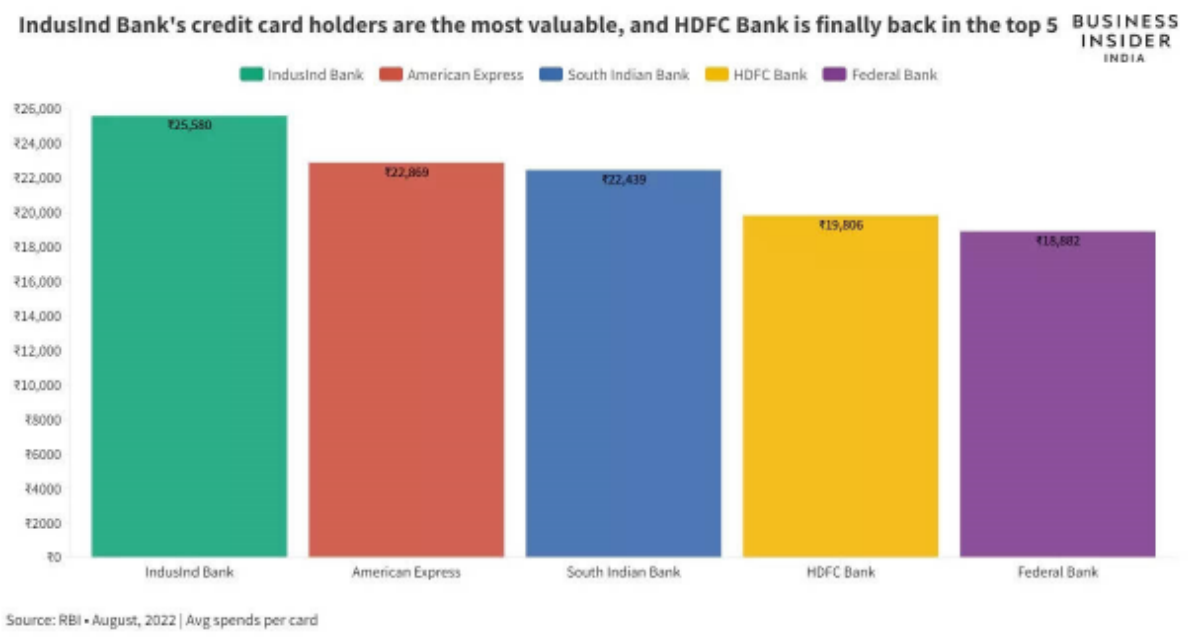
As far as spends are concerned, HDFC Bank continues to go from strength to strength.



Credit card spends per card trend Business Insider India / Flourish

However, HDFC Bank credit card users aren't the most lavish spenders – and two unassuming names are in a tug of war when it comes to this.

[IndusInd Bank was once the leader in this metric – it was dethroned by Bank of Baroda in July](#) – and now it has won back its throne again.



Credit card value per card Business Insider India / Flourish