

Credit Card Spending Cools Down in December

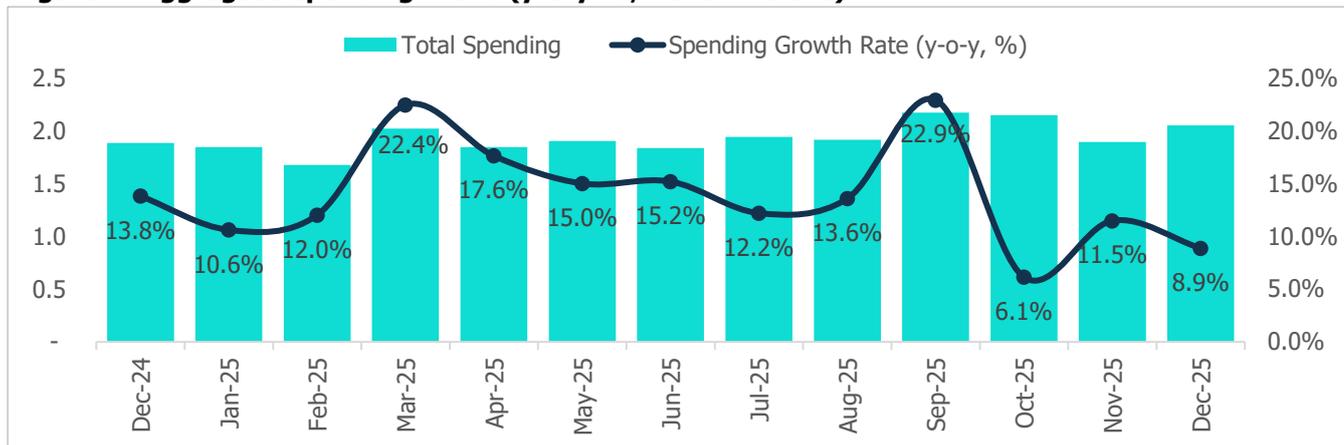
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Synopsis

- In December 2025, credit card spending rose by 8.9% year-on-year (y-o-y) and 8.4% month-on-month (m-o-m) to Rs 2.05 lakh crore, driven by year-end discretionary demand and sustained e-commerce spending. However, in December 2025, this growth was slower than 13.8% observed in the same period last year, attributed to the base effect.
- Private Sector Banks (PVBs) retained their dominance in the credit card spending market with a 72.5% share in December 2025, albeit with a 375-basis point decline y-o-y. Meanwhile, Public Sector Banks (PSBs) continued to increase their share to 22.2% from 17.7% during the same period, primarily led by State Bank of India (SBI), whose credit card spending rose significantly by 41.3% y-o-y.
- The credit cards market continues to remain concentrated among a few large players, with three large PVBs and five Large PSBs accounting for ~80% share. PVBs continue to dominate premium cards and fee-based income.
- The total number of outstanding credit cards grew from 10.8 crore in December 2024 to 11.6 crore in December 2025, reflecting a steady increase in card penetration. Additionally, PVBs' average spending per card in December 2025 was Rs 18,072, a 4.0% y-o-y decrease. Meanwhile, PSBs experienced a significant 27% increase, with per-card spending rising to Rs 16,500 as newer cardholders increased utilisation.

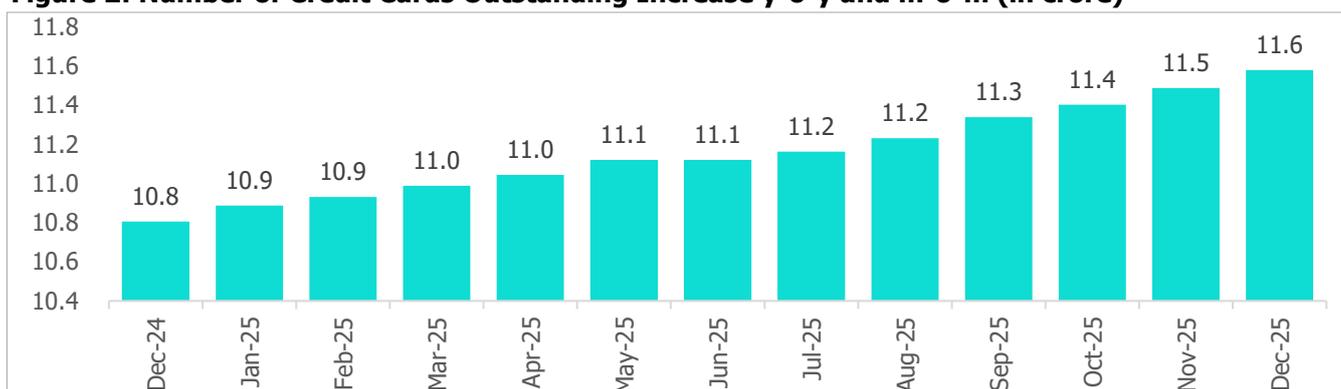
Credit Card Spending Growth Rate Reduces

Figure 1: Aggregate Spending Trend (y-o-y %, Rs Lakh Crore)



Source: RBI, CMIE, CareEdge Calculations, Note: Includes 40 Banks (09 PSBs, 18 PVBs, six FBs and seven SFBS)

In December 2025, credit card spending rose by 8.9% y-o-y and 8.4% m-o-m to Rs 2.05 lakh crore, attributed to year-end discretionary demand, year-end offers and sustained e-commerce spending. Meanwhile, this growth was slower than 13.8% in the corresponding period last year, attributed to the base effect.

Figure 2: Number of Credit Cards Outstanding Increase y-o-y and m-o-m (in crore)

Source: RBI, CMIE CareEdge Calculations, Note: Includes 40 Banks (09 PSBs, 18 PVBs, six FBs and seven SFBS)

The total number of outstanding credit cards increased to 11.6 crore as of December 2025, registering a 7.2% y-o-y and 0.8% m-o-m growth. Issuance momentum was driven by PVBs, which recorded 7.4% y-o-y growth, aided by their stronger marketing capabilities and co-branded partnerships with e-commerce and fintech platforms. Further, this growth was supported primarily by aggressive y-o-y issuance growth in Other PVBs. Meanwhile, PSBs reported a 7.3% y-o-y increase in credit card issuances in December 2025, slightly lower than PVBs, with the increase primarily driven by the SBI group, which expanded its card base by 8% y-o-y to 2.18 crore cards.

Market Share Remains Concentrated with Large Issuers, Private Players Continue to Dominate

Figure 3: Market Share of Spending of Credit Cards for Different Bank Groups (%)

Bank-Group	Dec-24	Mar-25	Sep-25	Nov-25	Dec-25	bps (Y-o-Y)	bps (m-o-m)
Large PVBs	58.4	58.4	59.3	58.4	57.3	-113	-107
Other PVBs	17.9	17.3	14.8	15.5	15.2	-262	-24
PVBs	76.3	75.7	74.2	73.8	72.5	-375	-130
Large PSBs	17.3	18.4	20.9	20.4	21.8	452	143
Other PSBs	0.4	0.4	0.3	0.4	0.4	-2	-2
PSBs	17.7	18.7	21.2	20.8	22.2	450	140
FBs	5.3	5.0	4.1	4.7	4.6	-66	-12
SFBs	0.7	0.5	0.5	0.6	0.6	-9	2

Source: RBI, CareEdge Calculations, Note: Includes 40 Banks (05 Large PSBs, 04 Other PSBs, 03 Large PVBs, 15 Other PVBs, six FBs and seven SFBS)

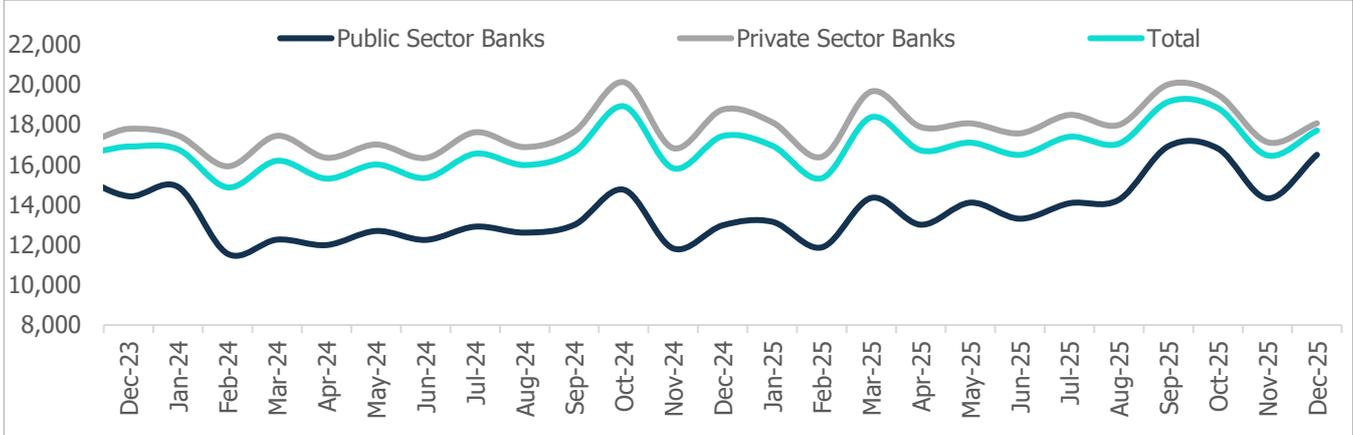
The credit card market remains structurally concentrated, with the top five to eight issuers accounting for over 80% of total spending, reflecting the dominance of large players with wider distribution networks and merchant ecosystems that continue to attract a larger share of incremental volumes. In this context, PVBs' overall market share has continued to decline, falling by a cumulative 375 bps y-o-y, largely driven by small and mid-sized PVBs, while larger PVBs have broadly retained their share. The erosion among other PVBs reflects selective moderation in issuance and limit enhancements and a consequent tightening of underwriting standards.

In December 2025, PSBs experienced a sequential 140 bps increase in their spending market share, largely driven by large PSBs, supported by higher utilisation of their existing card base, particularly in mass retail categories. Seasonal year-end consumption and greater penetration into government-linked and salaried accounts further supported this growth. On a y-o-y basis, PSBs continued to gain significant share, supported by their wider customer reach in tier-2 and tier-3 cities. However, PSBs' overall presence in credit card spending remains lower, with a

spending market share of 22.2%, largely driven by a few large PSBs, while smaller PSBs contribute marginally (around 0.4%). In contrast, PVBs continue to dominate premium cards and fee-based income.

PSBs Gain On Per Card Spending While PVBs Utilisation Normalises

Figure 4: Per Card Spending Bank group-wise (In Rupees)



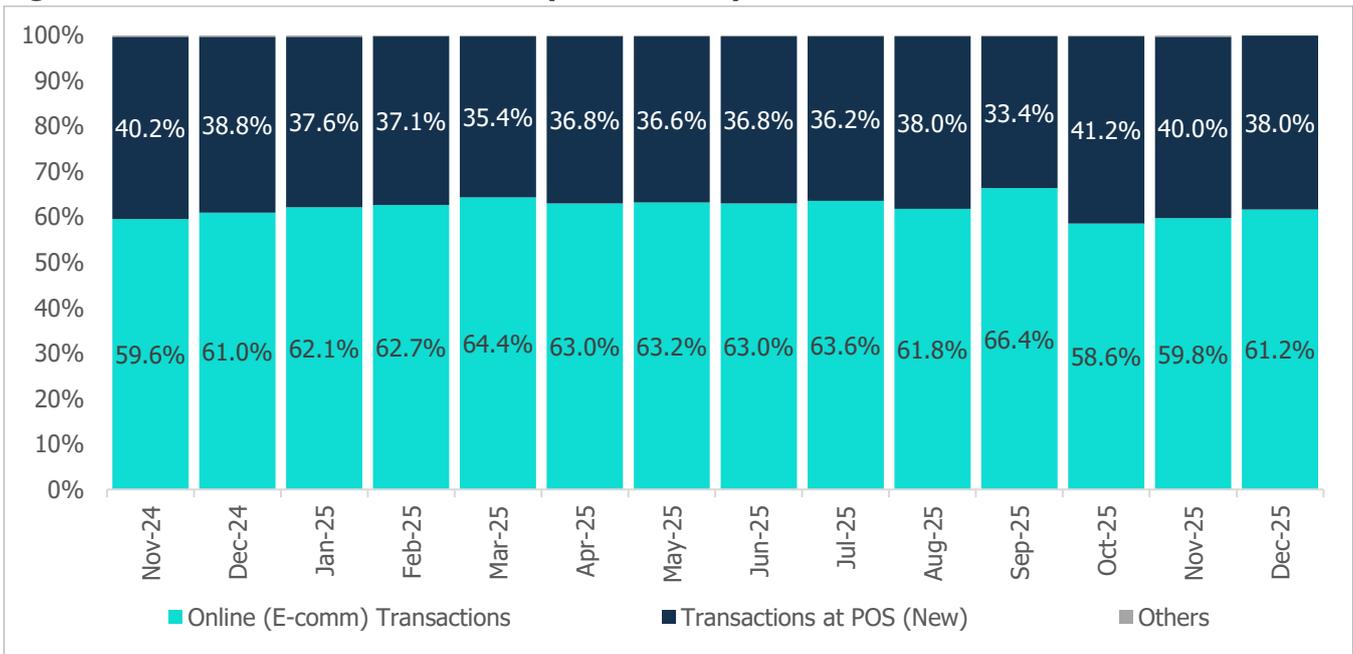
Source: RBI, CMIE, CareEdge Calculations

Overall, per-card spending rose to Rs 17,712 in December 2025, up 8.0% m-o-m, supported by year-end promotions, e-commerce sales, and travel-related outlays, though y-o-y growth remained modest at 2.0%.

At the bank group level, spending between PVB and PSB has narrowed. PVBs saw per-card spending moderate to Rs 18,072, declining 6.0% y-o-y, partly due to rapid expansion in the card base, as higher issuances, particularly among newer and mass-segment customers, lowered average utilisation. In contrast, PSBs recorded a sharp 27% y-o-y rise in per-card spending to Rs 16,500.

E-Commerce Drives the Swipe: Online Transactions on a Steady Rise

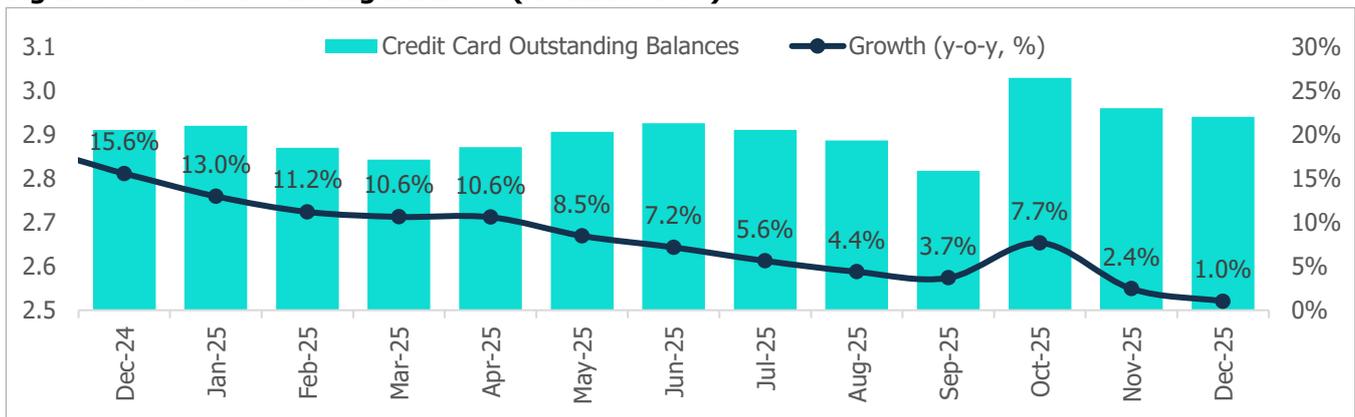
Figure 5: Online vs Offline Transactions (Rs lakh crore)



Source: RBI, CMIE, CareEdge Calculations

- Online (e-commerce) transactions continue to dominate credit card usage, accounting for more than 60% of total transactions over the period, with their share remaining stable over the year. In December 2025, total online e-commerce credit card transactions grew by 9.8% y-o-y, underscoring continued digital adoption. Notably, PSBs recorded a sharp 50.5% y-o-y growth, significantly outperforming PVBs at 2.3%, indicating rapid digital traction and improved customer engagement. In contrast, offline transactions grew more moderately, with PSBs increasing by 16.6% y-o-y and PVBs by 5.4%, suggesting that while offline spending remains relevant, incremental growth is increasingly concentrated in online channels.

Growth Rate in Credit Card Outstanding Balances Reduces
Figure 6: Total Outstanding Balances (Rs Lakh Crore)



Source: RBI, CareEdge Calculations

- The total outstanding credit card balances stood at Rs 2.94 lakh crore as of December 2025, compared to Rs 2.91 lakh crore in December 2024. The share of credit card outstanding balances in total retail loans continued to decline by 60 bps to 4.4% in December 2025, from 5.0% a year earlier, attributable to relatively faster growth in secured retail credit.

Conclusion

Credit card spending increased from Rs 15.6 lakh crore in YTFY25 to Rs 17.7 lakh crore in YTFY26, reflecting robust 13.4% y-o-y growth and underscoring the continued expansion of card-led consumption. However, momentum moderated toward December 2025, with monthly spending easing sequentially, reflecting a cooling in spending intensity following the sharp acceleration earlier in the quarter. The deceleration was driven primarily by softer per-card spends, even as outstanding balances continued to skew toward higher credit-limit cohorts. Going forward, credit card spending growth is expected to remain measured, supported by services-led demand, digital commerce, and deeper penetration into non-metro markets. That said, the pace of expansion is likely to be tempered by a more cautious lending environment, as the RBI’s concerns around rising unsecured retail credit have led to tighter underwriting standards and calibrated issuances.

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