

Credit Card Spending Gets Year-End Boost

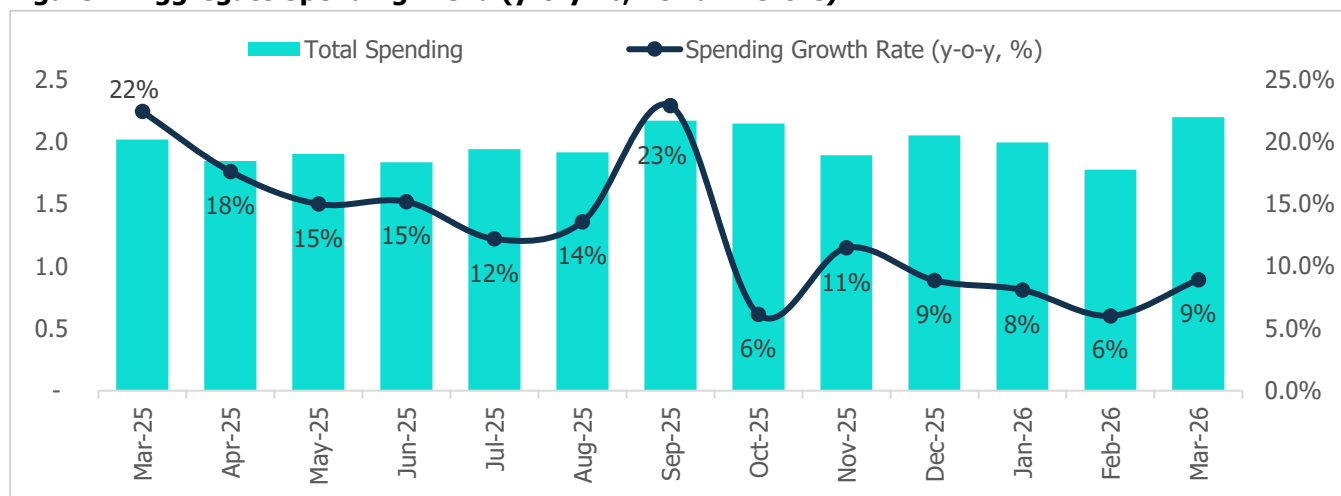
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Synopsis

- March 2026 saw a marginal recovery in credit card spending on a sequential basis, with spending increasing by 23.8% m-o-m to Rs 2.20 lakh crore, in line with typical fiscal year-end seasonality and supported by resilient e-commerce demand. However, y-o-y growth remained subdued at 9.0% versus 22.4% in March 2025, primarily due to the base effect. For FY26, spending growth moderated to 12.0% y-o-y to reach Rs 23.6 lakh crore, compared with a stronger 21.1% expansion in FY25, suggesting a gradual normalisation in credit card usage.
- Private sector banks (PVBs) continue to lead the credit card spending landscape, accounting for 72.6% of total spends in March 2026; however, their share has been on a softening trajectory, with a 315-bps y-o-y moderation. In contrast, public sector banks (PSBs) are steadily gaining ground, supported by deeper penetration into tier-2 and tier-3 markets, which is driving incremental customer acquisition. PVBs experienced a 4.0% y-o-y decline in average spends per card to Rs 18,948, indicating some moderation in high-value discretionary usage. Meanwhile, PSBs continue to report a healthy 17% increase in per-card spending to Rs 16,847, reflecting improved customer engagement and the increasing use of UPI-based credit.
- The credit card base expanded from 11.0 crore in March 2025 to 11.9 crore in March 2026, reflecting continued deepening of card penetration across the system. Despite this broad-based expansion, the market structure remains highly concentrated, with a limited set of dominant issuers, primarily three large private sector banks and five major public sector banks, together accounting for nearly 80% of the total cards in circulation, underscoring their strong distribution capabilities and entrenched market position.

Credit Card Spending Growth Rate Marginally Inches Up

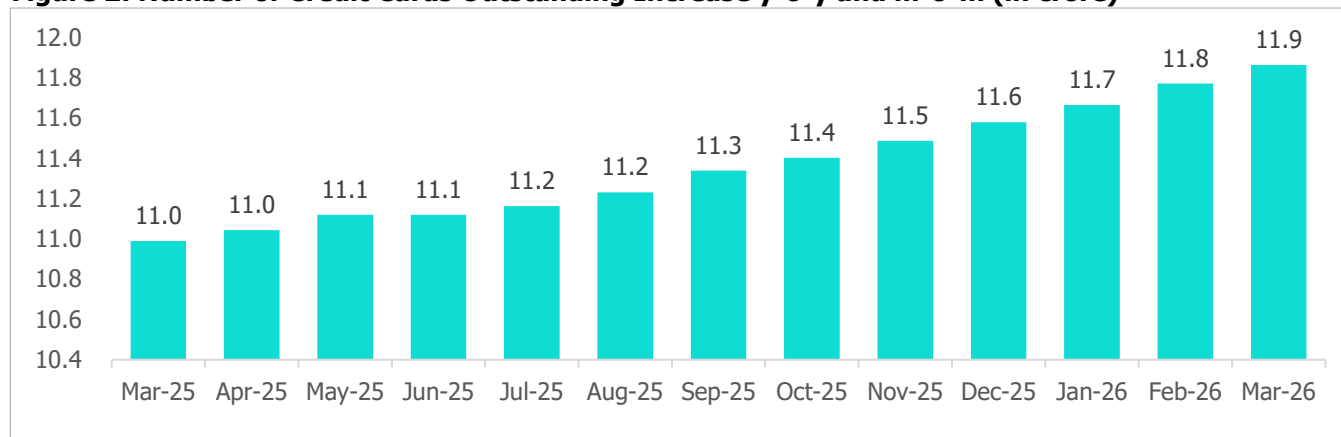
Figure 1: Aggregate Spending Trend (y-o-y %, Rs Lakh Crore)



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

In March 2026, credit card spending rose by 9.0% y-o-y to Rs 2.20 lakh crore due to sustained e-commerce spending. Meanwhile, it witnessed a significant uptick, rising 23.8% m-o-m, driven by seasonal fiscal-year-end spending. Meanwhile, this growth was slower than 22.0% in the corresponding period last year, due 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 outstanding credit card base rose to 11.9 crore as of March 2026, registering a growth of 8.0% y-o-y and 0.8% m-o-m. The expansion was primarily driven by PSBs, which recorded a robust 11.3% y-o-y increase, supported by their deeper distribution reach and increasing traction through co-branded partnerships with e-commerce and fintech players. Within the PSB segment, the SBI Group continued to anchor growth, with its outstanding card base rising by 6.1% y-o-y to 2.21 crore cards
- Meanwhile, PVBs reported a relatively moderate growth of 8.3% y-o-y, indicating a more calibrated expansion strategy amid evolving risk considerations. Within this, growth momentum remained selective, with traction concentrated among certain players rather than being broad-based, reflecting steady scaling of its retail franchise and improved execution capabilities.
- In contrast, foreign banks continued to rationalise their card portfolios, with outstanding cards declining by 5.4% y-o-y. This contraction partly reflects strategic recalibration, including portfolio rundowns and structural shifts such as portfolio transfers, leading to migration of card bases towards domestic players.

Market Concentration Persists, Led Primarily by Large Private Sector Issuers

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

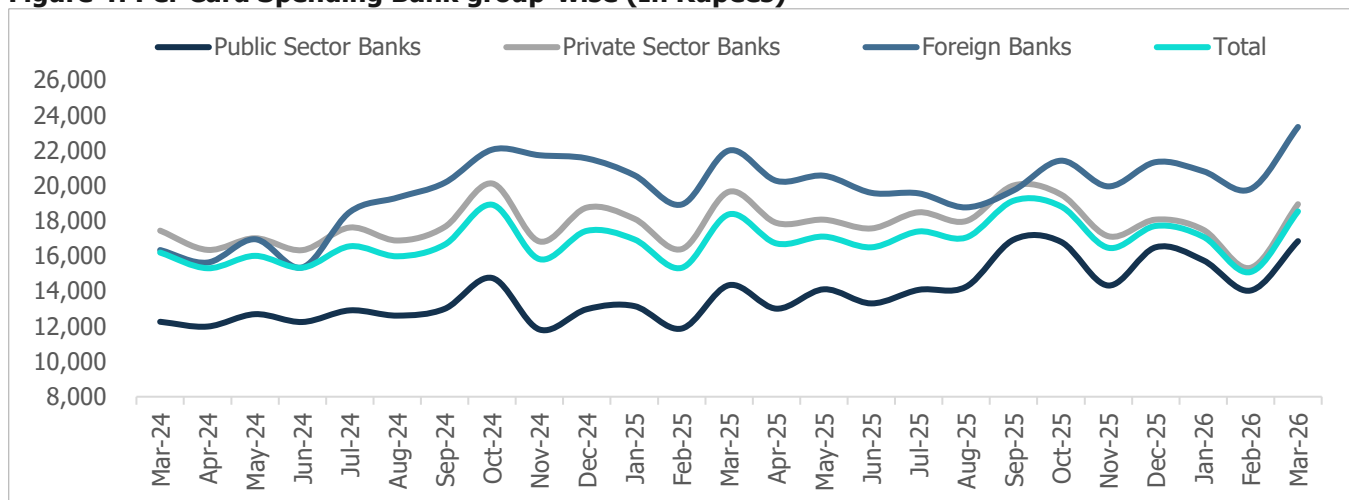
Bank-Group	Mar-25	Nov-25	Jan-26	Feb-26	Mar-26	bps (Y-o-Y)	bps (m-o-m)
Large PVBs	58.4	58.4	57.4	56.8	57.7	-71	98
Other PVBs	17.3	15.5	15.4	15.5	14.8	-245	-64
PVBs	75.7	73.8	72.8	72.2	72.6	-315	34
Large PSBs	18.4	20.4	21.5	21.7	21.7	331	0
Other PSBs	0.4	0.4	0.4	0.5	0.4	4	-7
PSBs	18.7	20.8	22.0	22.1	22.1	335	-9
FBs	5.0	4.7	4.6	4.9	4.6	-40	-24
SFBs	0.5	0.6	0.7	0.7	0.7	20	-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 issuers accounting for over 80% of overall spending, underscoring the dominance of large players. Against this backdrop, the overall market share of PVBs declined by 315 bps y-o-y, largely driven by a contraction in small- and mid-sized PVBs, while leading PVBs broadly maintained their share. The decline among other PVBs reflects a more selective approach to card issuance and credit limit enhancements, indicating tighter underwriting and moderated risk appetite.
- PSBs continued to strengthen their position in the credit card spending ecosystem, with their market share rising by 335 bps y-o-y in March 2026, primarily led by large PSBs. This improvement is attributable to their rising penetration in tier-2 and tier-3 markets, as well as the emergence of UPI-based credit. On a sequential basis, PSBs recorded remained flat. PSBs' overall share in card spending remains relatively subdued at 22.1%, with the contribution still concentrated among a handful of large players, while smaller PSBs continue to have a limited presence. Other PSBs saw a marginal y-o-y share uptick, from 0.4% to 0.5%, reflecting gradual, broad-based basing. In contrast, PVBs continue to retain dominance in high-value spending segments, driven by their entrenched position in premium cards and stronger fee-income generating customer profiles.

Per Card Spends Rise For the Month Driven by Seasonal Year-end Demand

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

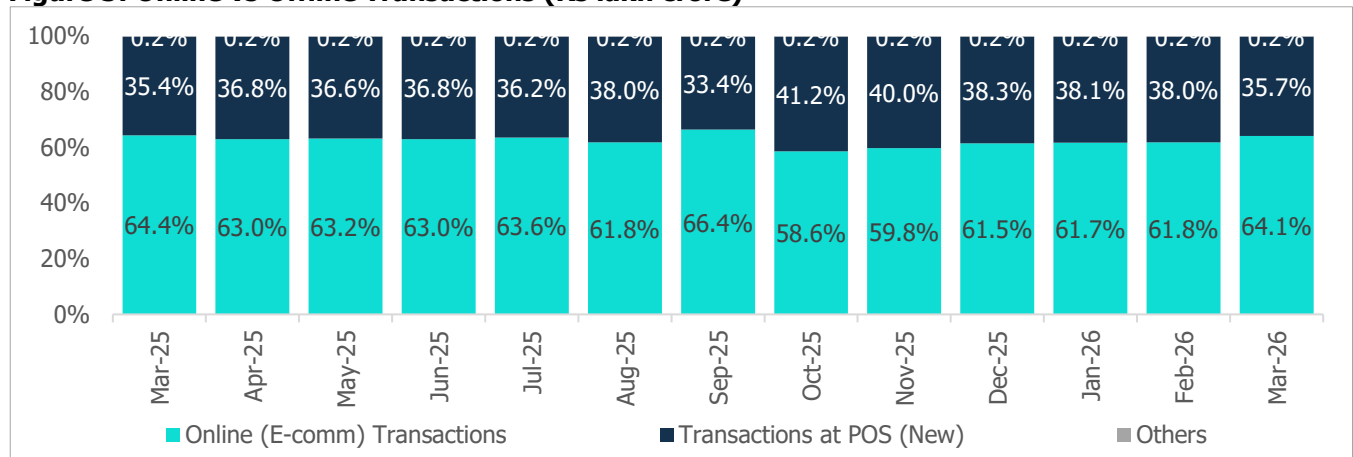


Source: RBI, CMIE, CareEdge Calculations

- Per-card spending exhibited a sequential uptick in March 2026, rising by 23.0% m-o-m to Rs 18,536, largely driven by fiscal year-end consumption as well as increasing traction in UPI-linked credit card transactions, particularly for small-ticket spends. On a y-o-y basis, however, growth remained muted at 1.0%, indicating normalisation amid a high base.
- At the bank-group level, the utilisation gap between PVBs and PSBs continued to narrow. PVBs reported per-card spending of Rs 18,948, down 4.0% y-o-y, reflecting dilution in average spend due to accelerated card issuance, especially across mass and newly onboarded customer segments, which typically exhibit lower initial utilisation.
- In contrast, PSBs continued to record their double-digit growth trajectory with a strong 17.0% y-o-y increase in per-card spending to Rs 16,847, supported by improving customer engagement and the growing integration of credit cards with UPI. This shift is gradually altering spending behaviour, with a portion of incremental transaction volumes accruing to issuers that have effectively leveraged the UPI ecosystem.

E-Commerce Expansion Sustains Growth in Online Card Transactions

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



Source: RBI, CMIE, CareEdge Calculations

- Online (e-commerce) transactions continued to anchor credit card usage in March 2026, maintaining a dominant share of over 61% of total spends, with the mix remaining broadly stable through FY26. E-commerce transactions grew by 8.4% y-o-y during the month, reflecting sustained digital adoption and steady traction in online consumption channels.
- At the same time, point-of-sale (POS) transactions registered a relatively stronger growth of 9.8% y-o-y, indicating a parallel recovery in offline spending. Despite this, incremental growth continues to remain structurally tilted towards online channels, reinforcing their dominance in the overall spending mix. The growth across both channels was largely driven by PSBs, which significantly outperformed peers. PSBs recorded a sharp 39.1% y-o-y increase in e-commerce transactions, highlighting rapid digital catch-up and improving customer engagement. Additionally, POS transactions for PSBs grew by 11.1% y-o-y, suggesting strengthening on-ground acceptance and usage.

Conclusion

Credit card spending increased from Rs 21.1 lakh crore in FY25 to Rs 23.6 lakh crore in FY26, registering a 12.0% y-o-y growth, indicating continued resilience in card-led consumption, albeit with moderation from the elevated growth seen in the previous year. Spending rebounded in March 2026, driven by typical fiscal-year-end seasonality. However, y-o-y growth remained relatively subdued due to a high base. The moderation in FY26 growth relative to FY25 reflects a combination of factors, including base normalisation after strong post-pandemic demand, dilution in per-card spending amid rapid card issuance (especially in mass and new-to-credit segments), and evolving payment behaviour with a gradual shift of small-ticket transactions towards UPI-linked instruments.

Looking ahead, the near-term outlook for credit card spending remains stable, with growth expected to remain moderate despite cyclical headwinds, such as the normalisation of discretionary demand and base effects. Structural drivers, including continued expansion in the card base (increasingly led by PSBs), rising UPI-linked credit card usage, and improving utilisation, are likely to support steady momentum as newer portfolio seasons unfold. However, private sector banks are adopting a more calibrated approach, with increased focus on profitability reflected in the rationalisation of rewards programmes, tighter underwriting, and selective customer acquisition, which may keep their growth measured.

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