

Card Issuance Outpaces Utilisation, 2026 Average Monthly Spend Tops Rs 2 Lakh Crore



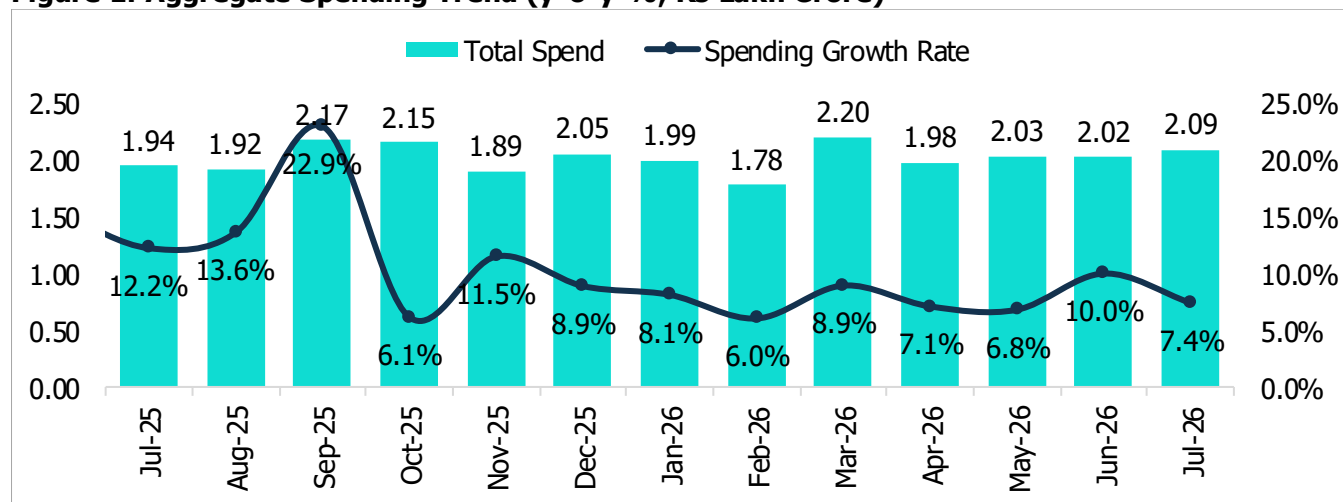
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Synopsis

- Spending momentum remains intact, but utilisation is emerging as the key monitorable. Credit card spends recovered to Rs 2.09 lakh crore in July 2026, while the card base expanded at its fastest pace in over a year, crossing 12.3 crore.
- The resulting divergence between card growth at 10.1% y-o-y and spending growth at 7.4% y-o-y has led to softer per-card spends, indicating that penetration gains are outpacing usage.
- While private banks (PVBs) regained some market share during the month, the broader structural trend remains favourable for Public Sector Banks (PSBs), whose growth is increasingly extending beyond SBI.
- Looking ahead, CareEdge expects credit card spending in August 2026 to remain in the range of Rs 2.04-2.09 lakh crore. Additionally, with festive demand expected to strengthen from September and card penetration continuing to deepen, industry growth remains healthy.
- However, future performance will depend more on customer activation and spending engagement than on issuance alone.

Spending Recovery Continues, but Growth is Normalising

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



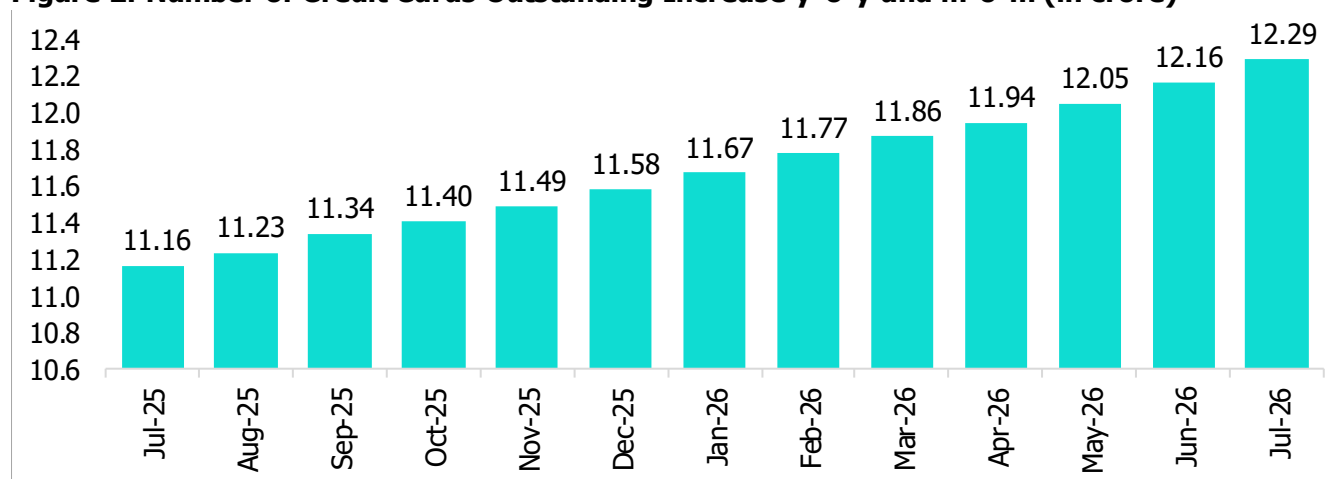
Source: RBI, CMIE, CareEdge Calculations. Note: Includes 40 Banks (08 PSBs, 19 PVBs, 06 FBs and 07 SFBS)

- Credit card spending rebounded to Rs 2.09 lakh crore in July 2026, rising 7.4% y-o-y and 3.4% m-o-m, marking the highest monthly spend since March 2026 and exceeding the Rs 1.98-2.03 lakh crore range observed over the preceding three months. Cumulative spending for April-July FY27 increased 7.8% y-o-y to Rs.8.11 lakh crore, reflecting sustained momentum in consumer spending.
- While y-o-y growth moderated from 10.0% in June 2026, the slowdown primarily reflects an elevated base rather than weakening demand. The sequential recovery in spending suggests consumption activity remained healthy, even as growth rates normalised.

- Private and foreign banks drove the monthly recovery, with spending increasing 5.0% and 5.7% m-o-m, respectively. However, PSBs continued to outperform on a y-o-y basis, recording 22.3% growth compared with 11.1% for foreign banks (FBs) and 3.0% for PVBs, indicating that market share gains by PSU issuers remain structurally intact despite month-to-month volatility.
- The improvement in card spending was supported by a favourable consumption backdrop. Gross GST collections grew 15.4% y-o-y, the strongest pace in 14 months, while automobile retail registrations increased around 26% y-o-y, underscoring resilient consumer demand and continued economic activity.
- The July performance points to a normalisation in growth rather than a slowdown in demand. While PVBs led the sequential recovery, PSBs continue to gain traction structurally, supported by stronger growth rates and expanding customer adoption. When read alongside the consumption indicators, the data indicates a constructive outlook for credit card spending in the run-up to the festive season.

Card Issuance is the Bigger Story

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



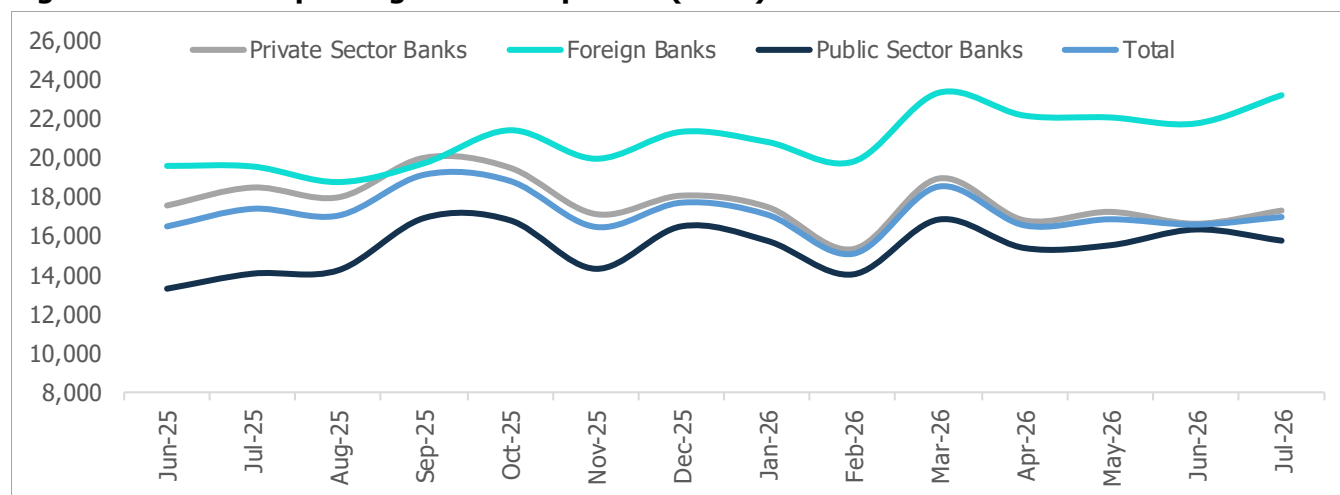
Source: RBI, CMIE CareEdge Ratings Calculations. Note: Includes 40 Banks (08 PSBs, 19 PVBs, six FBs and seven SFBS)

- The outstanding credit card base rose to a record 12.29 crore cards in July 2026, registering 10.1% y-o-y growth, the fastest pace in the past 15 months. Net additions remained robust at 12.7 lakh cards, exceeding the 11.4 lakh added in June and extending the acceleration in card issuance to a fourth consecutive month. The sustained momentum indicates that issuers are focusing on customer acquisition and market penetration.
- PVBs remained the primary drivers of industry expansion, with their card base growing 9.8% y-o-y to 8.69 crore, supported by strong digital onboarding capabilities and extensive retail distribution networks. While PSBs reported a relatively lower growth of 8.9% y-o-y, the composition of growth is becoming increasingly broad-based. Notably, PSBs excluding SBI recorded a stronger 15.5% y-o-y increase, significantly outpacing SBI's 7.1% growth, which could indicate some diversification of card issuance.
- In contrast, FBs continued to rationalise their credit card portfolios, with the outstanding card base declining 6.5% y-o-y to 0.42 crore. The contraction reflects an ongoing strategic shift away from scale-driven card issuance toward higher-yield, affluent customer segments. The announced transfer of a select retail card portfolio to a domestic PVB further reinforces this trend of portfolio optimisation over market share expansion.
- The July data highlights the divergence between penetration and utilisation trends. While card issuance is accelerating, growth is being driven by customer acquisition rather than spending intensity. The broadening

participation of non-SBI PSBs represents a notable structural development, while FBs continue to prioritise profitability and customer quality over card volumes.

Utilisation Growth is Weakening

Figure 3: Per Card Spending Bank Group-Wise (In Rs)



Source: RBI, CMIE, CareEdge Ratings Calculations

- Per-card spending recovered sequentially to Rs 16,976 in July 2026, up 2.3% m-o-m, reflecting the improvement in aggregate card spends. However, it remained 2.4% lower on a y-o-y basis as the credit card base expanded faster (10.1%) than overall spending (7.4%). This divergence suggests industry growth is increasingly driven by customer acquisition, while the spending intensity of new cardholders has yet to converge with that of the existing customer base.
- Across bank groups, spending intensity trends remained divergent. Per-card spending for PVBs stood at Rs 17,308, declining 6.4% y-o-y but improving 4.1% sequentially, indicating pressure from rapid card additions. In contrast, PSBs reported per-card spending of Rs 15,767, up 12.0% y-o-y despite a 3.5% m-o-m decline. Consequently, the spending intensity gap between PVBs and PSBs widened to Rs 1,541 in July from just Rs 295 in June, indicating that the apparent convergence seen in the previous month was largely driven by temporary factors rather than a structural shift in spending behaviour.
- FBs continued to exhibit the highest spending intensity, with average spends of Rs 23,216 per card, up 18.7% y-o-y. The increase reflects an increasingly premium customer mix, as portfolio rationalisation and a shrinking card base have concentrated spending among higher-value cardholders. This highlights FBs' ongoing strategic emphasis on profitability and customer quality over scale.
- Looking ahead, per-card spending is expected to strengthen as festive-season demand gathers pace. However, the sustainability of this recovery will depend on issuers' ability to activate recently acquired customers and translate a rapidly expanding card base into higher transaction volumes. While UPI continues to constrain card usage in lower-ticket transactions, the industry outlook remains favourable, with spending intensity likely to improve alongside festive consumption and greater engagement of new cardholders.

Private Banks Regain Some Ground, while PSB Momentum Broadens Beyond SBI

Figure 4: Market Share of Spending of Credit Cards for Different Bank Groups (%)

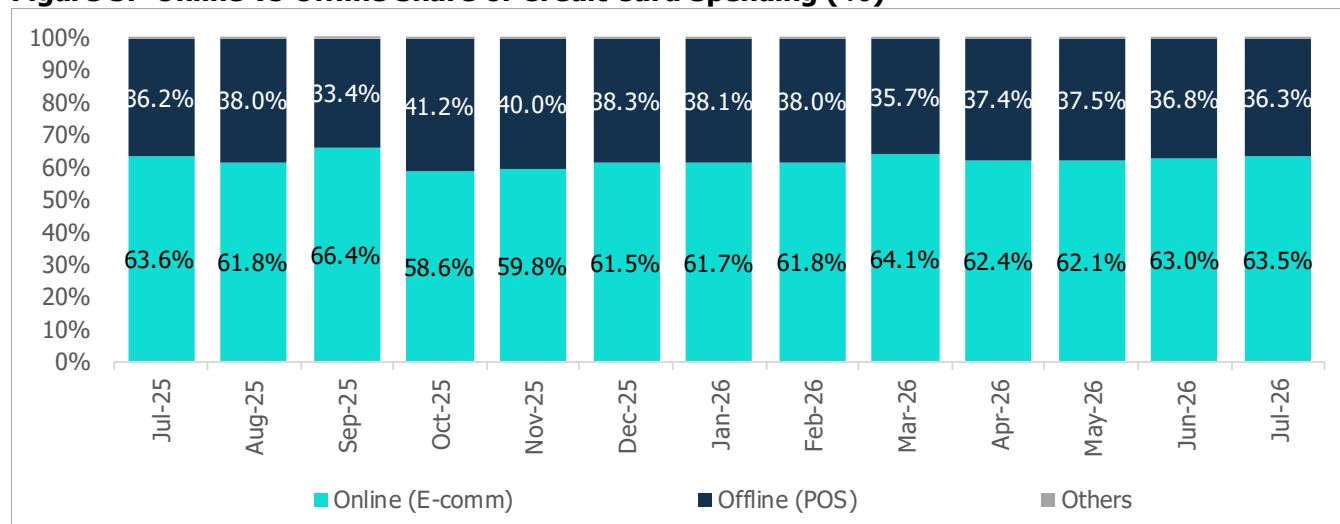
Bank-Group	Jul-25	Mar-26	Apr-26	May-26	Jun-26	Jul-26	bps (Y-o-Y)	bps (m-o-m)
Large PVBs	58.2	57.7	57.1	56.8	56.1	56.7	-147	58
Other PVBs	17.2	14.8	15.1	15.7	14.9	15.4	-176	54
PVBs	75.4	72.6	72.1	72.5	71.0	72.1	-323	113
Large PSBs	19.1	21.7	21.6	21.5	23.0	21.7	258	-132
Other PSBs	0.4	0.4	0.5	0.5	0.5	0.5	9	-1
PSBs	19.5	22.1	22.1	21.9	23.5	22.2	267	-132
FBs	4.6	4.6	4.9	4.7	4.6	4.7	15	10
SFBs	0.5	0.7	0.9	0.9	0.9	0.9	41	9

Source: RBI, CareEdge Ratings Calculations. Note: Includes 40 Banks (five Large PSBs, three Other PSBs, three Large PVBs, 16 Other PVBs, six FBs and seven SFBs)

- The credit card industry remains highly concentrated, with the top five issuers accounting for 79.2% of total spends in July 2026, largely unchanged from a year ago. However, concentration within the leading cohort has increased, as the top three issuers expanded their share to 64.3% from 63.2% a year earlier, highlighting the growing dominance of the largest franchise players.
- PVBs regained 113 bps of spending share sequentially to 72.1%, partially reversing the decline recorded in June. While their market share remained 323 bps lower on a y-o-y basis, the weakness was largely driven by a single issuer. Excluding this bank, spending across the broader private sector ecosystem remained healthy, indicating that competitive positioning among PVBs remains largely intact despite headline share erosion.
- PSBs witnessed a moderation in spending share to 22.2% from 23.5% in June; however, they continued to maintain a substantial 267-bps y-o-y gain. The sequential decline was primarily attributable to the normalisation of spending volumes at SBI following elevated corporate spending in the previous quarter. Encouragingly, growth momentum among non-SBI PSBs remained robust, with spending increasing 24.0% y-o-y and 5.2% m-o-m. This suggests that PSU banks' market share gains are becoming increasingly broad-based.
- The improving traction of PSBs appears to be underpinned by deeper penetration in Tier-2 and Tier-3 markets, extensive branch-led distribution capabilities, and growing adoption of RuPay and UPI-linked credit cards. Meanwhile, FBs recorded their first YoY market share improvement in nearly a year, with share increasing 15 bps to 4.7% despite a declining card base. The trend underscores their strategy of focusing on higher-spending, affluent customers rather than pursuing scale. Small finance banks (SFBs) also continued to gain traction, albeit from a low base, increasing their market share by 41 bps YoY to 0.95%.
- Competitive dynamics remain favourable for incumbent PVBs, but the most notable structural development is the broadening participation of PSBs beyond SBI. While month-to-month market shares may remain volatile, PSU banks are steadily strengthening their presence through wider geographic reach and increasing adoption of RuPay-linked offerings, positioning them as increasingly credible challengers in the retail cards ecosystem.

Digital Commerce Remains the Primary Spending Channel

Figure 5: Online vs Offline Share of Credit Card Spending (%)



Source: RBI, CMIE, CareEdge Ratings Calculations

- Online transactions continued to account for the majority of credit card spending, contributing 63.5% of total spends at Rs. 1.32 lakh crore in July 2026. E-commerce spends grew 7.2% y-o-y and 4.2% m-o-m, supported by major online sale events and card-linked promotional offers during the month.
- Offline (POS) transactions remained resilient, rising 7.6% y-o-y and 2.0% m-o-m to Rs. 75,740 crores, accounting for 36.3% of overall card spends. The broadly similar growth trajectory across online and offline channels suggests spending is expanding across consumption categories, with no material shift in the channel mix despite continued growth in digital commerce.
- PSBs continued to outperform on a y-o-y basis across both channels, with e-commerce and POS spending increasing 24.2% and 18.1%, respectively, significantly ahead of PVB growth. This indicates that recent gains by PSU issuers are broad-based and reflect improving customer adoption rather than strength in a specific transaction category.
- However, sequential trends were influenced by issuer-specific factors rather than underlying changes in consumer behaviour. The decline in PSB online spending largely mirrors the normalisation in spending volumes at the SBI Group following elevated corporate and large-ticket transactions in the previous quarter. Meanwhile, positive POS growth among PSBs and strong sequential growth in PVB e-commerce spending suggest that the underlying consumption environment remained healthy across channels.
- Looking ahead, both online and offline spending are expected to maintain a healthy growth trajectory, supported by rising digital commerce penetration, wider merchant acceptance, and the growing integration of credit cards with UPI. While UPI-linked cards are likely to drive transaction volumes, particularly in lower-ticket purchases, e-commerce and discretionary spending should remain the primary contributors to value growth during the upcoming festive season.

Conclusion and Outlook

Credit card spending recovered to Rs 2.09 lakh crore in July 2026, reflecting resilient consumption trends and a sequential improvement in spending activity. However, stronger growth in card issuance relative to spending suggests industry expansion is increasingly driven by penetration rather than utilisation. With the outstanding card base growing 10.1% y-o-y compared with spend growth of 7.4%, per-card spending declined for the second consecutive month on a y-o-y basis, highlighting the need for issuers to improve customer activation and engagement. Competitive dynamics remain favourable for PVBs, which regained market share during the month, while sustained growth in non-SBI PSBs points to broader expansion of the PSU card franchise. Meanwhile, FBs continue to prioritise profitability over scale, focusing on affluent customer segments as evidenced by rising spend intensity despite a shrinking card base. Looking ahead, CareEdge expects credit card spending to remain broadly stable in the range of Rs 2.04-2.09 lakh crore for August 2026 before gaining momentum during the festive season. Key monitorables include the pace of activation of newly issued cards and the evolution of spend intensity amid rapid card additions. Issuers' ability to convert expanding card penetration into higher customer engagement and wallet share will be critical in determining the next phase of industry growth.

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