September Credit Card Spending Down 5.9% Despite 10.5% Growth in Card Base

October 28, 2026 I BFSI Research

Synopsis

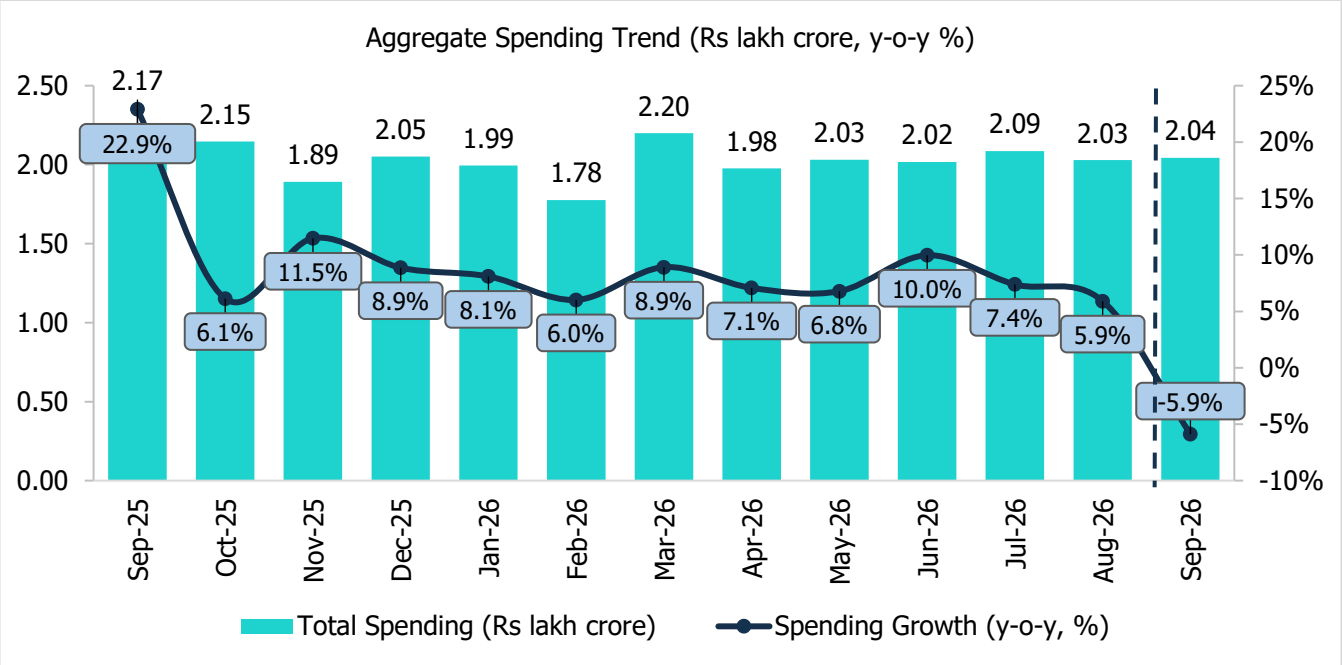
- Credit card spending fell 5.9% year-on-year (y-o-y) to Rs 2.04 lakh crore in September 2026, the first decline since February 2021. The main reason is last year's high base. In September 2025, spending jumped 13.3% over August after the GST rate cuts took effect and festive online sales began in the last week of the month. This year, the festive sales start in October.
- Online spending fell 12.5% from a year ago, while point-of-sale spending grew 7.2%. As a result, online's share of total spending fell 469 bps to 61.70%.
- Private banks' share rose 44 bps m-o-m to 73.78%, led by the largest private bank, whose spending grew 7.7% y-o-y while the other large issuers saw declines. Public sector banks' share fell 34 bps m-o-m to 20.41%. Spending at PSBs other than SBI grew 26.3% y-o-y.
- The card base grew 10.5% year-on-year, but spending per card fell 14.8%. Transactions rose 23.2%, while the average transaction size fell 23.6% to Rs 3,343. This is partly because more card payments are now made through UPI. The other reason is that the large festive purchases seen last September did not repeat.
- CareEdge expects spending to rise to Rs 2.28–2.38 lakh crore in October as festive sales begin.

Key Highlights

Rs 2.04 lakh cr	61.0 cr	12.53 cr	Rs 3,343	Rs 16,305
CARD SPENDING	CARD TRANSACTIONS	CARDS OUTSTANDING	AVERAGE TICKET SIZE	SPEND PER CARD
-5.9% y-o-y	+23.2% y-o-y	+10.5% y-o-y	-23.6% y-o-y	-14.8% y-o-y

Credit Card Spending Falls 5.9% y-o-y as Festive Sales Move to October

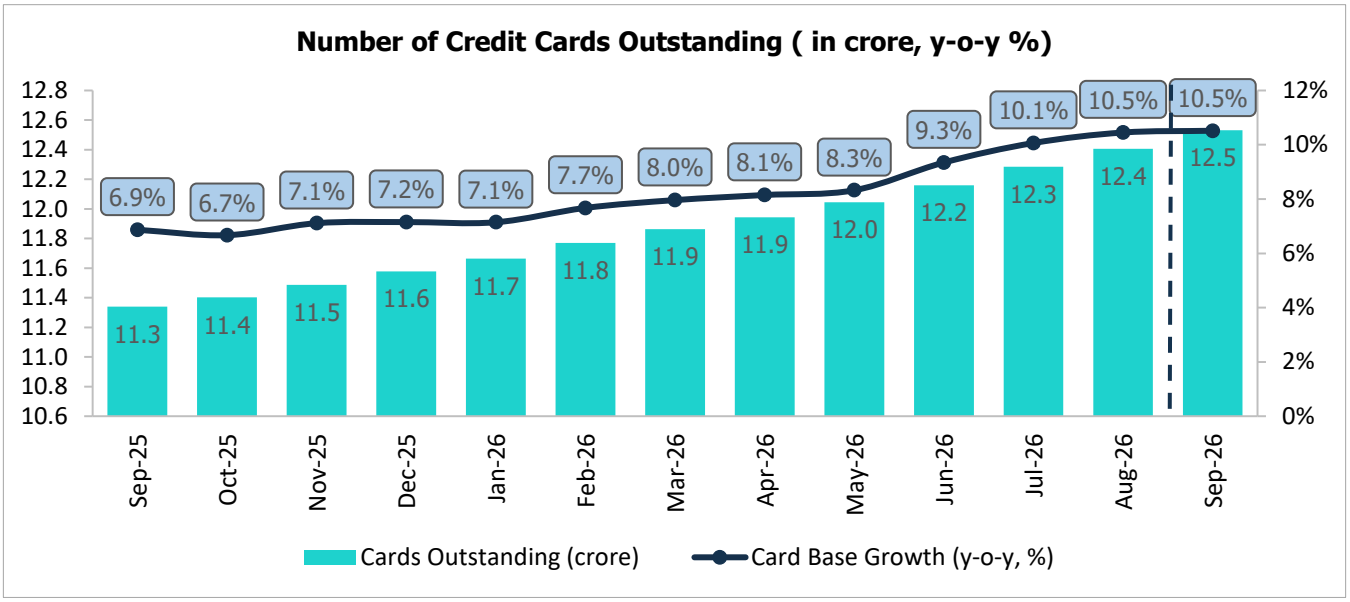
Credit card spending fell 5.9% y-o-y to Rs 2.04 lakh crore in September 2026, the first y-o-y decline since February 2021. The decline was mainly due to a high base. In September 2025, spending rose 13.3% m-o-m, as the GST rate cuts took effect and festive online sales began in the last week of the month. This year, festive sales start in October. Taken together, spending in August and September was broadly flat y-o-y (down 0.4%), suggesting most of the September decline came from the shift in festive sales. Growth had, however, slowed before September, to 6.7% y-o-y in July–August from 7.9% in Q1FY27. In their Q2FY27 results, large issuers linked the weaker y-o-y spending to the festive season shifting from September to October. In H1FY27, spending rose 4.9% y-o-y to Rs 12.18 lakh crore. Growth slowed to 2.1% in Q2FY27 from 7.9% in Q1FY27, mainly because of the September decline. In September, spending fell 9.3% y-o-y at PSBs and 6.2% at PVBs, while it rose 9.2% at FBs and 92.4% at SFBs on a small base. Spending is likely to rise in October and November due to festive sales.



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

Card Base Grows 10.5% y-o-y to 12.53 Crore

The card base rose 10.5% y-o-y to 12.53 crore in September 2026, the fastest growth since November 2024. Banks added 12.62 lakh cards during the month, against 11.96 lakh in August. In Q2FY27, the largest private bank issued 1.4 million new cards, up 19% from Q1FY27, and SBI Card added over 1.1 million new accounts, up 18% from a year ago. Banks remain keen to lend to retail customers. Bankers reported stronger demand for retail and personal loans and some easing in loan terms. They expect demand to remain strong in Q3FY27, which should support card issuance through the festive quarter. PSBs' card base grew faster than PVBs', rising 11.0% y-o-y to 3.02 crore. PSBs excluding SBI grew 23.1% to 0.70 crore, and the SBI Group grew 7.7% to 2.32 crore. PVBs' card base grew 9.7% to 8.83 crore. FBs' base fell 7.8% to 0.42 crore, as a foreign bank transferred its card portfolio to a domestic private bank.



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

Private Banks' Share of Card Spending Rises 44 bps to 73.78% in September

PVBs' share of spending rose 44 bps m-o-m to 73.78% in September 2026, the third consecutive monthly increase, though it was 38 bps lower y-o-y. The increase came mainly from the largest private bank, whose share rose 165 bps m-o-m to 31.94%. It was the only one of the four largest issuers whose spending grew y-o-y (7.7%). Spending at the other two large private banks fell 26.2% and 11.0% y-o-y, as both had a strong September last year. One of them said in its Q2FY27 results that spending had been weak, as the festive season moved from September last year to October this year. Other PVBs' share rose 53 bps y-o-y to 15.36%, although their spending fell 2.3% y-o-y. The fall came from one mid-sized bank that is reducing its unsecured loans. Excluding this bank, spending at other PVBs grew 10.6%. PSBs' share fell 34 bps m-o-m to 20.41%, down 81 bps y-o-y. The decline came from the SBI Group, whose share fell to 17.10% from 17.44% in August. In its Q2FY27 results, SBI Card reported 6% y-o-y growth in retail spends. Spending at PSBs excl SBI grew 26.3% y-o-y, raising their share to 3.30% from 2.46% a year ago. This growth has come largely from smaller towns, where RuPay-linked cards are gaining use. The top five banks accounted for 78.97% of spending, against 81.82% a year ago.

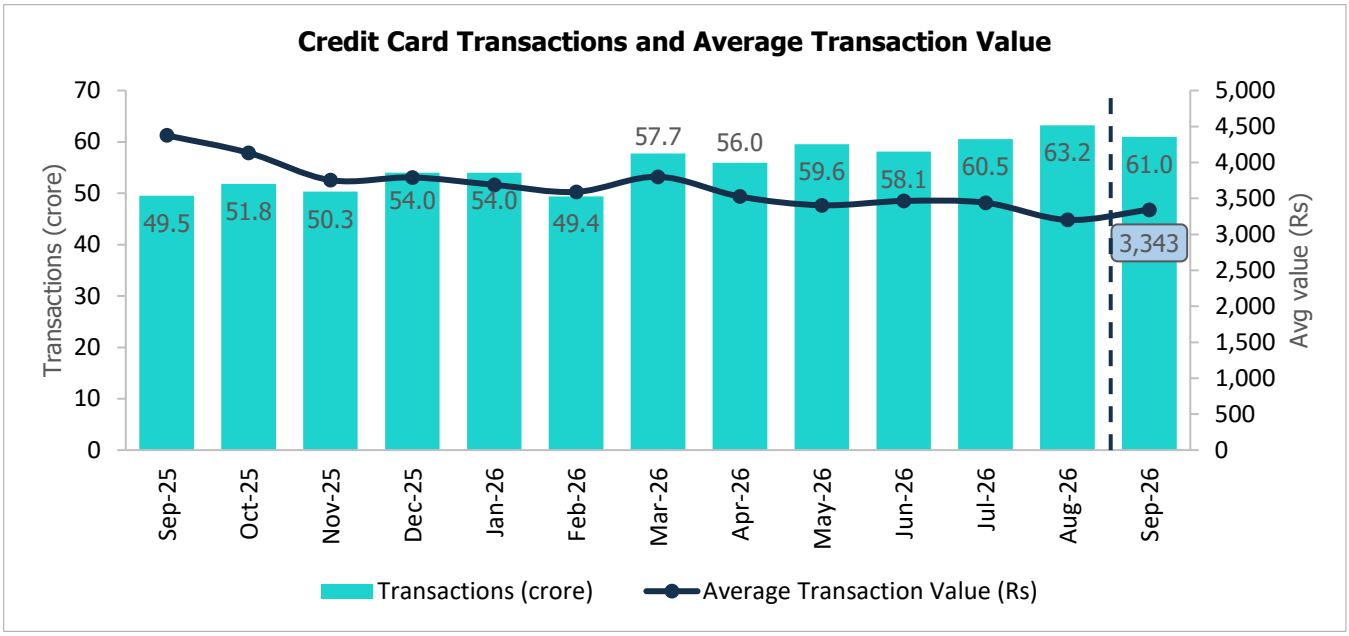
Share of Credit Card Spending by Bank Group, (%)

Bank-Group	Sep-25	May-26	Jun-26	Jul-26	Aug-26	Sep-26	bps (y-o-y)	bps (m-o-m)
Large PVBs	59.33	56.83	56.11	56.69	57.62	58.42	-91	80
Other PVBs	14.83	15.68	14.89	15.44	15.72	15.36	53	-36
PVBs	**74.16**	**72.51**	**71.00**	**72.13**	**73.34**	**73.78**	**-38**	**44**
Large PSBs	20.87	21.49	23.04	21.72	20.23	19.90	-97	-33
Other PSBs	0.34	0.45	0.48	0.47	0.52	0.50	16	-1
PSBs	**21.21**	**21.95**	**23.52**	**22.20**	**20.75**	**20.41**	**-81**	**-34**
FBs	**4.10**	**4.68**	**4.62**	**4.72**	**4.89**	**4.75**	**65**	**-13**
SFBs	**0.52**	**0.86**	**0.86**	**0.95**	**1.03**	**1.06**	**54**	**3**

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)

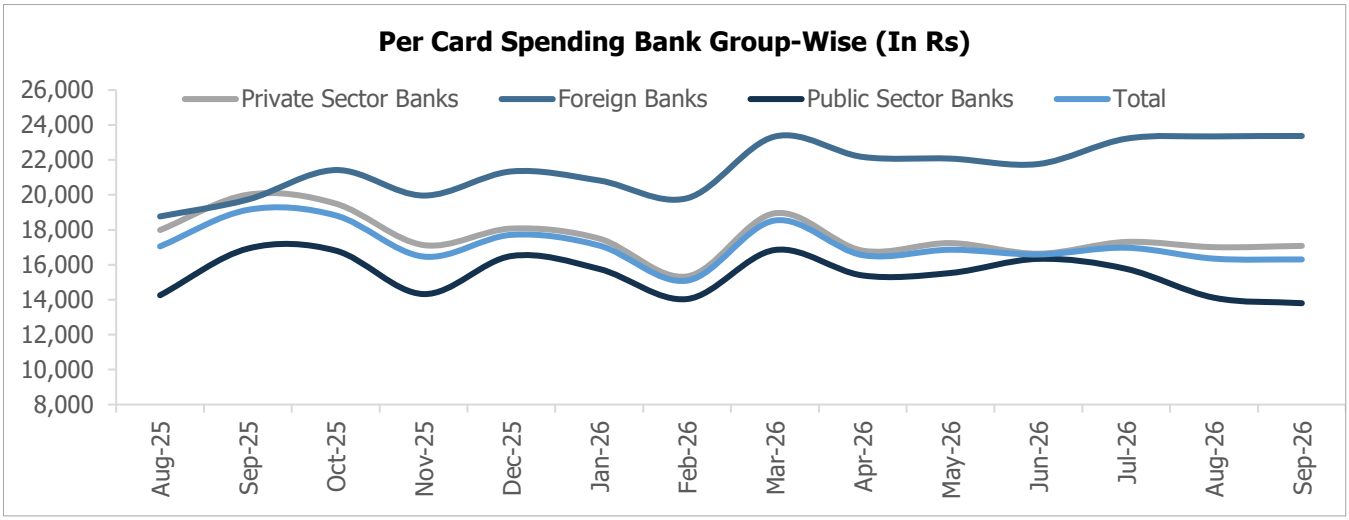
Card Transactions Rise 23.2% y-o-y, While Spending per Card Falls 14.8%

Spending per card fell 14.8% y-o-y to Rs 16,305 in September 2026, as spending fell while the card base continued to grow. It has now declined y-o-y for three consecutive months. Most of this month's fall is due to the high base, as spending per card had risen 12.2% m-o-m in September 2025. Cardholders made 61.0 crore transactions in September, up 23.2% from a year ago. Each card was used about 4.9 times in the month, against 4.4 times a year ago. Transactions fell 3.5% m-o-m and daily transactions were broadly unchanged. The average transaction size fell 23.6% y-o-y to Rs 3,343, though it rose from Rs 3,201 in August. The fall was sharper for online payments (28%) than for PoS payments (13%). Two factors explain this. First, September 2025 included high-value festive purchases made online, which moved to October this year. Second, a growing share of card payments is made through UPI, where payment sizes are smaller. SBI Card, for instance, reported UPI-linked spends of Rs 21,300 crore in Q2FY27, about a fifth of its total spends. NPCI has deferred the planned MDR on UPI payments above Rs 2,000 at large merchants, earlier due from October 15, to after Diwali. The average card transaction, at Rs 3,343, is above this limit, while the average UPI payment, at about Rs 1,220 in September, is below it.



Source: RBI, CMIE, CareEdge Ratings Calculations

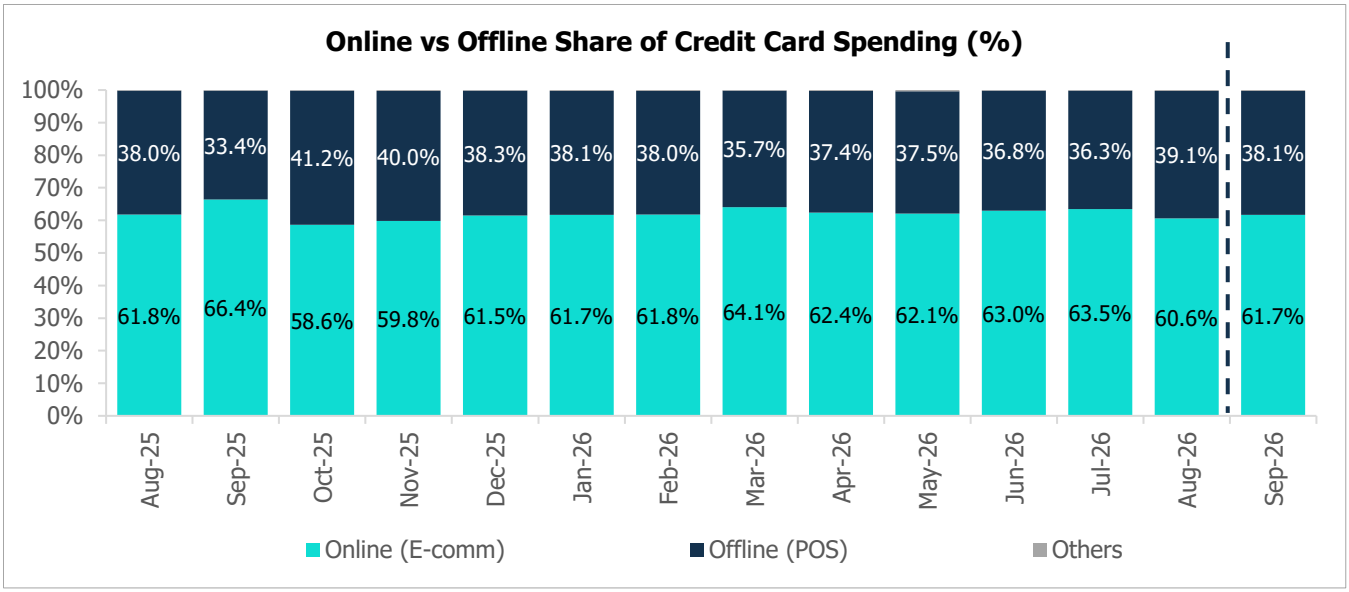
PVBs' spending per card was Rs 17,081, down 14.6% y-o-y, and PSBs' was Rs 13,800, down 18.5%. Foreign banks remained highest at Rs 23,371, up 18.4%.



Source: RBI, CMIE, CareEdge Ratings Calculations

Online Spending Falls 12.5% y-o-y While PoS Spending Rises 7.2%

Online spending fell 12.5% y-o-y to Rs 1.26 lakh crore in September 2026, while PoS spending rose 7.2% to Rs 77,751 crore. As a result, the share of online spending fell 469 bps y-o-y to 61.70%. The fall in online spending reflects the same high base, as online spending had risen 21.7% m-o-m in September 2025 when festive online sales began. PoS spending has grown faster than online spending y-o-y in every month since January 2026. Weak air travel, which is booked mostly online, also held back online spending. Online spending fell 25.3% y-o-y at PSBs and 10.4% at PVBs and rose 8.7% at FBs. Compared with August, online spending rose 2.5%, entirely because of the largest private bank; excluding this bank, it fell 2.2%.



Source: RBI, CMIE, CareEdge Ratings Calculations

CareEdge Ratings' View

As per Saurabh Bhalerao, Director, CareEdge Ratings, "Credit card spending was lower than last year in September, mainly because last September was unusually strong, as the GST rate cuts and festive online sales both began in its last week. This year, the festive sales begin in October. Spending growth had also slowed before September, so the decline is not only a matter of timing. Banks continue to add cards, and customers are using them more often, though for smaller payments. We expect spending to rise to Rs 2.28–2.38 lakh crore in October as the festive sales begin, and to stay strong in November with Diwali. Higher prices and the recent rate hike could, however, hold back festive spending. The key thing to watch is how well banks get the customers added over the past year to use their cards more."

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