

The Hindu

Consumers live it up this festive season

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FIREWORKS

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MUMBAI: Increased debit and credit card spends and a robust demand for cash in the festival season indicate a partial recovery in consumer spending, though 'acche din' are still somewhat distant for an economic recovery.

Credit card spends, for example, showed an increase of 43 per cent over the two-day weekend before Diwali as compared to 10 per cent last year, according to payments and transactional services player Worldline.

While transactions were higher at 36 per cent this year, demand for cash during the festive season registered a 15-20 per cent growth — an estimated Rs 60,000-65,000 crore more than the previous year.

Credit cards saw low growth last year while debit cards grew by 30 per cent, according to Worldline. Card transactions grew by 36 per cent this year.

"This is a clear indication of very healthy growth vis-a-vis last year," said Deepak Chandani, CEO (South Asia and Middle-East), Worldline.

These numbers are over and above transactions carried out on e-commerce sites, he added. Banks have shored up their unsecured loan portfolios (personal loans and credit cards), with

Credit card spends up 43% during Diwali weekend; transactions jump 36%

the retail sector driving loan growth in the absence of corporate demand for credit.

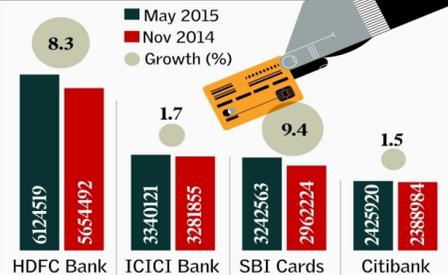
According to RBI data, credit card outstanding grew by a healthy 22 per cent for the year till September while personal loans grew by 23 per cent as compared to the overall credit in the banking system, which stood at 8.5 per cent for this period.

The e-commerce surge has pushed growth in credit card numbers and several banks have tied up with e-commerce sites to offer discounts. Growth has been a cumulative result of various factors, said Vijay Jasuja, CEO, SBI Card.

Increasing awareness about the convenience of credit cards, greater confidence in safety features and processes introduced by credit card companies, besides the benefits of credit card usage in the form of rewards and cash backs are some of these.

The country's credit card base has crossed the 20-million mark, last seen before the 2008 financial crisis.

NO. OF CREDIT CARDS



CREDIT CARD OUTSTANDINGS IN 2015



SOURCE: RBI