

Number of credit cards seen at a record 30 million by March

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The number of credit cards on issue is set to exceed the record 28 million cards it hit in March 2008, bankers said. The banking system adds about 5-6 million cards every year, the lenders said.

As of 31 July, the outstanding number of credit cards was around 25.94 million, according to data from the Reserve Bank of India (RBI). The number rose 18% year-on-year.

“Adjusting for the attrition that usually happens and the current growth rate, in the last six months of this financial year, the banking system should add about 3 million new cards. It could increase, if bankers decide to push the pedal,” said Vijay Jasuja, chief executive officer, SBI Cards and Payments Services Ltd.

SBI Cards is one of the largest credit card providers in the country, with 3.86 million cards outstanding as of 31 July, according to RBI data. The company crossed the 4 million mark in September, according to Jasuja.

Private sector lender HDFC Bank Ltd, with 7.8 million cards, is the largest credit card provider in the country. Some



The banking system adds about 5-6 million cards every year, lenders said. iSTOCKPHOTO

other large banks include ICICI Bank Ltd with 3.87 million and Axis Bank Ltd with 2.87 million cards on issue. International lenders such as Citibank NA with 2.4 million cards and Standard Chartered Plc with over 1 million cards also have large credit-card portfolios.

As of 31 July, the number of outstanding credit cards was around 26 million, which, according to bankers, might reach 30 million by the end of this financial year.

While the number of cards has been on the rise, the debt availed against these cards has been growing at a rate of over 25% in the last few months.

In July, outstanding credit card loans hit Rs42,900 crore, a 30% year-on-year increase.

As of 31 August, credit card loans increased to Rs43,100 crore, up 27% year-on-year.

“The economy has grown quite a bit since the 2008-09 crisis period. E-commerce, which includes buying things online, booking travel tickets, movie tickets and hotels online, have all grown significantly in the last three years. This has obviously helped in increasing the credit card debt,” said Rajiv Anand, head of retail banking at Axis Bank.

According to Anand, while credit-card debt has increased, the level of risk on retail portfolios hasn't worsened, since improvements in credit bureau data have led customers to understand how their future loans may be affected if they don't pay their credit card bills on time.

Credit cards and personal loans formed 11% of the Rs1.43 trillion worth retail advances at Axis Bank as of 30 June. To reduce the risk on the bank's book, Axis Bank has been targeting its own customer base, Anand said.

“A number of large banks depend on selling cards to their own customers and cherry picking them based on eligibility, which is a prudent measure,” said Karthik Srinivasan, senior vice-president and co-head of financial sector ratings at Icra Ltd.