

Financial Chronicle

Credit card spend records 26% growth to Rs 2L crore

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Transaction value per card remains at about Rs 3,100: RBI

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INDIANS are spending big money on their credit cards. Online consumption, particularly in travel and lifestyle spaces, numerous deals and the convenience of plastic money have fuelled a boom in credit card spending with the total expenditure topping Rs 2 lakh crore in the 11 months of 2015, as per the latest RBI data. In the same period of 2014, credit card spends totalled about Rs 1.65 lakh crore. This translates to a growth of 26 per cent, almost double the pace of debit card spends.

"Most people with a monthly income of over Rs 75,000 get credit cards. Our research has shown that Indians use their credit cards the most for travel related expenses, including hotels and air or train fares. This fits in with the trend we have observed; travel credit cards offer the most benefits to Indian consumers," says Craig Casazza, credit card analyst of ValuePenguin, a New York based personal finance research firm.

Commenting on the growth of credit card spends in India, Vijay Jasuja, CEO, SBI Card, said, "Over the past few years, safety features on the cards have strengthened, adding to consumer confidence in using plastic money.

The growing popularity of e-commerce, coupled with the ease of completing online transactions using credit cards, has also acted as a catalyst for the growth of credit card spends. "Capitalising on this trend, players in the credit card industry have introduced attrac-



Plastic money

- As per last count, there were 2.24 crore outstanding credit cards. Monthly credit card spends in India are at present over Rs 21,000 crore. This is compared to Rs 15,000-17,500 crore in 2014.

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tive rewards and offers on online spending. At SBI card, we've seen spends on cards spike each time we've rolled out an offer for the consumers with online partners such as Amazon, Flipkart and Snapdeal, to name a few," Jasuja said.

According to latest RBI data, as per last count there were 2.24 crore outstanding credit cards compared to 2.01 crore some 12 months ago. Per credit card transaction value remains at about Rs 3,100. While debit cards are used for day-to-day transactions, credit cards are increasingly being used for high value spendings.

According to Arjun

Chowdhry, head of cards and unsecured lending, Citibank India, a key differentiator in this regard is the ability to offer relevant solutions that cater to the specific needs of a defined target segment. For example, Citi innovated to create India's first airline agnostic card, PremierMiles, for the frequent flyer to earn and redeem miles across multiple airlines. "Our strategy has led to us being the clear leader in retail spends per card amongst the large players who service over a million card customers. In addition, we have seen encouraging growth in credit card spends fuelled by online consumption, particu-

larly in travel and lifestyle. We are focussed on providing the most relevant and exclusive propositions to our customers with leading online e-commerce platforms in the categories of ticketing and travel, dining and lifestyle," Chowdhry said.

Monthly credit card

spends in India are at present over Rs 21,000 crore. This is compared to Rs 15,000-17,500 crore in 2014.

Anil Ramachandran, head, retail unsecured assets and commercial payments products, IndusInd Bank, feels customers are clearly moving towards the convenience of paying through a credit card. "We are also witnessing market forces, such as the booming e-commerce sector, driving customers towards plastic payments for online fulfilment. Enhanced security measures have given customers the confidence to use their credit cards more frequently, and we are seeing customers using their cards not just for discretionary spends, but also for day-to-day non-discretionary spends," Ramachandran added.

Citibank India said it provides special and innovative privileges, such as early and exclusive booking windows, instant discounts, as well as instant reward point redemptions and EMIs. "Our approach is to create propositions that ensure customers can derive the maximum benefit from their credit card, based on their spending behaviour," pointed out Chowdhry.

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