

Credit card volumes up, but value of transactions drops

Impacted By Fall In Big-Ticket Buys After Note Ban: Bankers

Mayur.Shetty@timesgroup.com

Mumbai: While demonetisation has driven up card usage, there has been a drop in the overall value of credit card transactions, say bankers.

Credit card transactions are seen as a proxy for consumer confidence.

Bankers are optimistic that values will pick up in the second half of December as consumers resume paying for fuel and airline tickets with cards.

Vijay Jasuja, MD, SBI Cards, the second largest credit card issuer, told **TOI** that there has been an overall decline in credit card spends due to a drop in high-value discretionary spending like jewellery and consumer durables. "This is despite a 30-35% jump in the number of card transactions due to increa-

“ Besides lower spend on (consumer) durables, card spend was also down on fuel and categories where old notes were allowed

VIJAY JASUJA | MD, SBI CARDS

sed usage for daily needs such as groceries," said Jasuja.

Others in the industry have seen a similar trend. "There has been a sharp drop in EMI sales —discretionary purchases, usually of consumer durables. We cannot understand the reason as this segment would have nothing to do with demonetisation," said Rajeev Agrawal, MD, Innoviti, which processes payments for retail stores.

“ There has been a sharp drop in EMI sales – these are discretionary purchases usually of consumer durables

RAJEEV AGRAWAL | MD, INNOVITI

So far, the focus has been on the surge in debit card usage. People who were earlier using debit cards only at ATMs are now paying with cards. Besides, existing debit and credit cardholders are making sub-Rs 300 payments using cards.

"Card spend was also down on fuel and categories where old notes were allowed. Card usage for fuel will pick up as old notes are no longer accepted, and in-

centives for card payments will help. Since, it were big-ticket sales like consumer durables that got converted into EMIs, our EMI business is also down around 15%," said Jasuja.

According to sources at ICI-CI Bank, debit card transactions have picked up after demonetisation but not to the extent witnessed by public sector banks. At the same time, the average value of credit card transaction in November dropped. Card transactions are now showing up for coffee payments as low as Rs 80.

"Card transactions keep growing week after week but there is a sharp drop in values. The overall national trend of debit cards disproportionately driving the increase in the number of transactions is even more sharply noticeable in tier-2 and tier-3 towns," said Agrawal.