



## Consumer Spending Trends 2025: India's Move Towards Digital Payments

by NS — December 13, 2025 in Finance 0

India's payments ecosystem is being reshaped significantly by digital transformation. A country once rooted in cash transactions has steadily pivoted itself to digital channels, driven by a powerful mix of innovation, digital infrastructure, and consumer confidence. The advent of UPI, paired with rapid smartphone penetration, and affordable internet access, has created the foundation for this shift. Consumers and merchants have adapted to changes and are embracing digital modes not just for big amount transfers but for everyday spending across retail outlets, online platforms, and departmental & grocery stores.

According to the RBI, in H1 2025, digital transactions accounted for 99.8% of total transaction volume and 97.7% of the value of all payments. UPI has been the key contributor to this expansion: in H1 2025, UPI processed 10,637 crore transaction volume, amounting to ₹143.3 lakh crore in value. As per reports, projections further indicate that UPI's value will grow at a 14.7% CAGR, reaching ₹532.6 lakh crore by 2029. Credit cards continue to play a vital role in India's payments industry. As per RBI October 2025 data, India has around 114.02 million credit cards in circulation. As per reports, this number is projected to double to about 200 million by FY30, supported by product innovation and wider acceptance – a clear sign of rising consumer confidence and adoption.

This momentum is further strengthened by the growing integration of RuPay credit cards with UPI—a shift that has meaningfully expanded the utility and everyday relevance of credit cards. Credit card spending patterns also reflect this expanding reliance. Credit card spends rose 19.6% in October 2025 year-on-year to ₹2.14 lakh crore, up from ₹1.79 lakh crore a year earlier, driven largely by strong e-commerce sales and festive-season purchases.

These numbers reflect the sheer scale, besides the increasing confidence and trust consumers place on India's digital payments ecosystem. According to SBI Card's insights, Indian consumers are evolving into digital natives, seamlessly merging aspiration with access, and embracing an omnichannel lifestyle, which is redefining modern consumption patterns.

### Online Spends Gain Momentum

As consumers increasingly prioritise speed, convenience, and seamless transactions, online spends continues to accelerate, underscoring the rise of digital-first consumer behaviour. At SBI Card the share of online spends in retail spends has grown to 62.5% in H1 FY26 compared to 58.4% in H1 FY25, reflecting digital purchasing becoming mainstream across both non-discretionary and discretionary categories.

### Travel, Hospitality and Experiences Lead Discretionary Spends Surge

Travel-related categories continue to witness strong growth, highlighting customers increased propensity towards experience-driven spends. For instance, SBI Card's Q2 FY26 data indicates that the total spends for the category including hotels, airline, railways, travel agents, entertainment & restaurant witnessed 79% YoY growth, supported by a significant surge in digital transactions. Specifically, online spends in this category recorded 111% and 125% YoY growth in Q1 and Q2 FY26, respectively, underscoring sustained momentum in travel and leisure demand. In line with this growing trend, SBI Card has strengthened its portfolio with travel-

centric offerings such as KrisFlyer SBI Card, IndiGo SBI Card, SBI Card Miles and BPCL Octane SBI Card, delivering enhanced rewards, exclusive travel benefits, and superior value to frequent travellers.

#### Lifestyle and Durables Show Hybrid Consumption Model

Spending trends for the category comprising consumer durables, furnishing & hardware, apparel & jewellery displayed healthy growth across both online and offline channels. SBI Card's Q2 FY26 data highlights total spends growth of 13% YoY for the category; PoS witnessed 16% growth and online witnessed 9% growth.

This data reflects the evolution of consumers into informed, channel-agnostic buyers who navigate between online and offline channels to buy their favourite TV, washing machine, mobile phone, home appliance, jewellery, of their favourite brands. SBI Card has partnered with leading players to offer co-branded credit cards to address evolving lifestyle needs of discerning customers including Titan SBI Card, Tata Neu SBI Card, Reliance SBI Card, among others.

#### Non-Discretionary Categories Momentum Towards Digital Channels

Driven by convenience, speed, and accessibility online spends continue steadily across non-discretionary category such as groceries (departmental stores), health, utilities, rental, and education. The rapid evolution of quick commerce and e-commerce platforms has further accelerated this transition. Mirroring this, SBI Card witnessed online spends growth of 7%-10% on non-discretionary spend categories, across Q1 and Q2 during FY26. SBI Card continues to design and offer curated credit card offerings including Flipkart SBI Card, PhonePe SBI Card, Paytm SBI Card, SimplyCLICK SBI Card, among others, tailored to address many such evolving needs.

#### UPI Linked Credit Adoption Expands, Driven by Tier 2 and Beyond

A significant shift is evident in the rising adoption of RuPay credit cards on UPI, particularly in the Tier 2 and Tier 3 markets. SBI Card data shows that 75% of UPI-active credit card customers and nearly 79% of UPI-credit spends originated from Tier 2+ cities, demonstrating deeper financial inclusion and digital credit penetration beyond metros. The rapid growth of RuPay credit-on-UPI has reshaped how consumers use credit—allowing QR-based credit usage even at small merchants. As per Q2 FY26 data, at SBI Card UPI spends on credit cards has grown 16% QoQ, led by segments such as departmental stores & groceries, utilities, fuel, apparel, and restaurants – indicating growing customer comfort with everyday credit-led payments. As India's leading pure-play credit card player, SBI Card has a strong portfolio of RuPay credit cards, and partnerships with leading players in the domain, including PhonePe and Paytm.