

Business Standard

SBI CARD REPORT

Credit card adoption rises in Tier-II, -III cities

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Credit card adoption is gradually expanding beyond India's metropolitan markets amid rising incomes, improving digital awareness, and expanding payments infrastructure, and supported by integration of RuPay credit cards with the Unified Payments Interface (UPI), according to a report by SBI Card.

Further, equated monthly instalment (EMI)-related spends have seen a double-digit growth in 2025-26 (FY26), compared to FY25. Integration of RuPay credit cards with UPI is further accelerating this trend by enabling customers in smaller cities to use credit seamlessly, even for their everyday spends, including small-ticket purchases.

According to SBI Card's data, around 77 per cent of UPI-active credit card customers, and nearly 81 per cent of UPI credit spends originate in Tier-2 and Tier-3 cities, highlighting strong adoption of digital credit in emerging markets, and reinforcing the role of credit card in supporting financial inclusion.

The second-largest credit card issuer and the largest pure-play credit card player in India said that over the past decade, rising incomes, expanding urbanisation, and an increasingly aspirational middle class reshaped how and where people spend. With around 118.6

million credit cards in circulation and over ₹23.62 trillion credit card spends in FY26, the ecosystem is witnessing a shift from expansion to utilisation.

According to SBI Card's FY26 data, retail spends reached the highest ever level of over ₹3.54 trillion, with 15 per cent year-on-year (Y-o-Y) growth where online spends contributed nearly 62.5 per cent to retail spends, reflecting the growing inclination for digital-first consumption across both non-discretionary and discretionary categories.

Salila Pande, managing director and chief executive officer (MD & CEO), SBI Card, said: "Rising income and aspirations, progressive policies, digitisation, and growing payments infrastructure are reshaping credit-card transactions. Customers are increasingly gravitating towards experiences, lifestyle-driven purchases, and seamless everyday transactions, reflecting a more confident and evolving mindset. At SBI Card, we remain focussed on further strengthening our product portfolio through meaningful partnerships and innovation, to address these evolving needs, while contributing to India's thriving digital payments landscape."

India's digital payment ecosystem has also evolved rapidly with UPI emerging as the backbone of everyday transactions. There is also growing adoption

of UPI-linked credit cards, which is expanding its role in everyday transactions. According to SBI Card's data for the fourth quarter of FY26, UPI-linked credit card spends grew by over 10 per cent quarter-on-quarter, led by segments such as departmental stores, groceries, utilities, fuel, apparel, and restaurants, indicating growing customer comfort and confidence.

SBI Card also saw that there was healthy double-digit growth in EMI-related spends in FY26 compared to FY25, with customers opting for EMI-based transactions as it makes purchases of gadgets, consumer durables, etc. affordable and convenient.

"The trend of spreading payments in instalments for high-value purchases is also extending beyond metros to Tier-2 and Tier-3 cities, reflecting deeper credit penetration and evolving spending patterns," SBI Card said.

Customers are also adopting a preference for multiple credit cards to cater to various spending requirements. For instance, SBI Card MILES for travel, SBI Card PULSE for wellness, BPCL SBI Card for fuel, Flipkart SBI Card for lifestyle spends, PhonePe for digital transactions, etc.

The rising adoption of such credit cards among digital-savvy customers reflects a growing inclination towards category-specific benefits, personalised rewards, and ecosystem-led value propositions. This trend highlights the evolution of customer behaviour towards more experience-driven card usage.

