

# LET'S SOLVE A GUESSTIMATE



# **PROBLEM STATEMENT**

**Estimate The  
Market Size Of  
Credit Card  
Users In India.**

# INTERVIEW THREAD

**Interviewee:** Okay, so our problem is estimation of credit cards in India. Credit cards in India are given out by banks and recently also by fintechs like Paytm, Onecard etc. Do I consider both of them?

**Interviewer:** You can consider the banks only for this problem.

**Interviewee:** Okay. So for the sake of the same, I will consider that 90% of the cards are given from the banks end and I will use this distribution at the very end. Is that a fair distribution?

**Interviewer:** Yes, that sounds good.

**Interviewee:** Okay. Banks have expanded their reach in rural areas as well. So, we can consider the high income segments from rural sector as well. Is that a fair assumption to take?

**Interviewer:** Yes, you can.

**Interviewee:** Assuming the population of India to be 140 Cr. Initially, I will consider only the age groups who use credit cards which would be 21-55 years, that forms approximately 60% of the population.

Further, the working population in India is 60% who can use a credit card. Thus population in consideration=  $0.6 \times 0.6 \times 140 = 50.4 \sim 51$  Cr.

**Splitting Urban:** Rural in the ratio 30:70, we get rural population at 36 Cr and Urban population at 15 Cr.

**Interviewee:** Now, using an Income basis, we can assume that in rural areas, only high income i.e. 10% of the population, will have credit cards which is 4 Cr. approximately.

While for urban India, the following would be the split based on income :

1. **Low-income class:** 40% of the population = 6 Cr
2. **Middle-income class:** 50% population = 7.5 Cr
3. **High-income class:** 10% population = 1.5 Cr

We can assume that the Low-income class will not have any credit cards. For the middle-income class, penetration of credit cards = 30%. For the high-income class assuming 80% of people have credit cards out of which 60% have 1 credit card and 40% have 2 credit cards.

Number of credit cards =  $(0.3 \times 7.5) + (0.6 \times 1.5 \times 1) + (0.4 \times 1.5 \times 2) = 4.35$  Cr

**Interviewee:** Total number of credit cards = 4 Cr + 4.35 Cr = 8.35 Cr (Rural + Urban)

Now, as far as I know the validity for credit cards is around 5-7 years. What should be the validity I should consider to understand early issue of credit cards?

**Interviewer:** You can take an average 5 year period of validity.

**Interviewee:** Okay. Assuming a credit card is valid for five years.

The number of credit cards issued in 1 year =  $8.34/5 = 1.67 \text{ Cr} \sim 1.7 \text{ Cr. (approx.)}$

Using the bank metric of 90%,

Number of credit cards from banks=  $0.9 * 1.7 \text{ Cr}$

Hence, the number of credit cards issued in India in 1 year = 1.53Cr

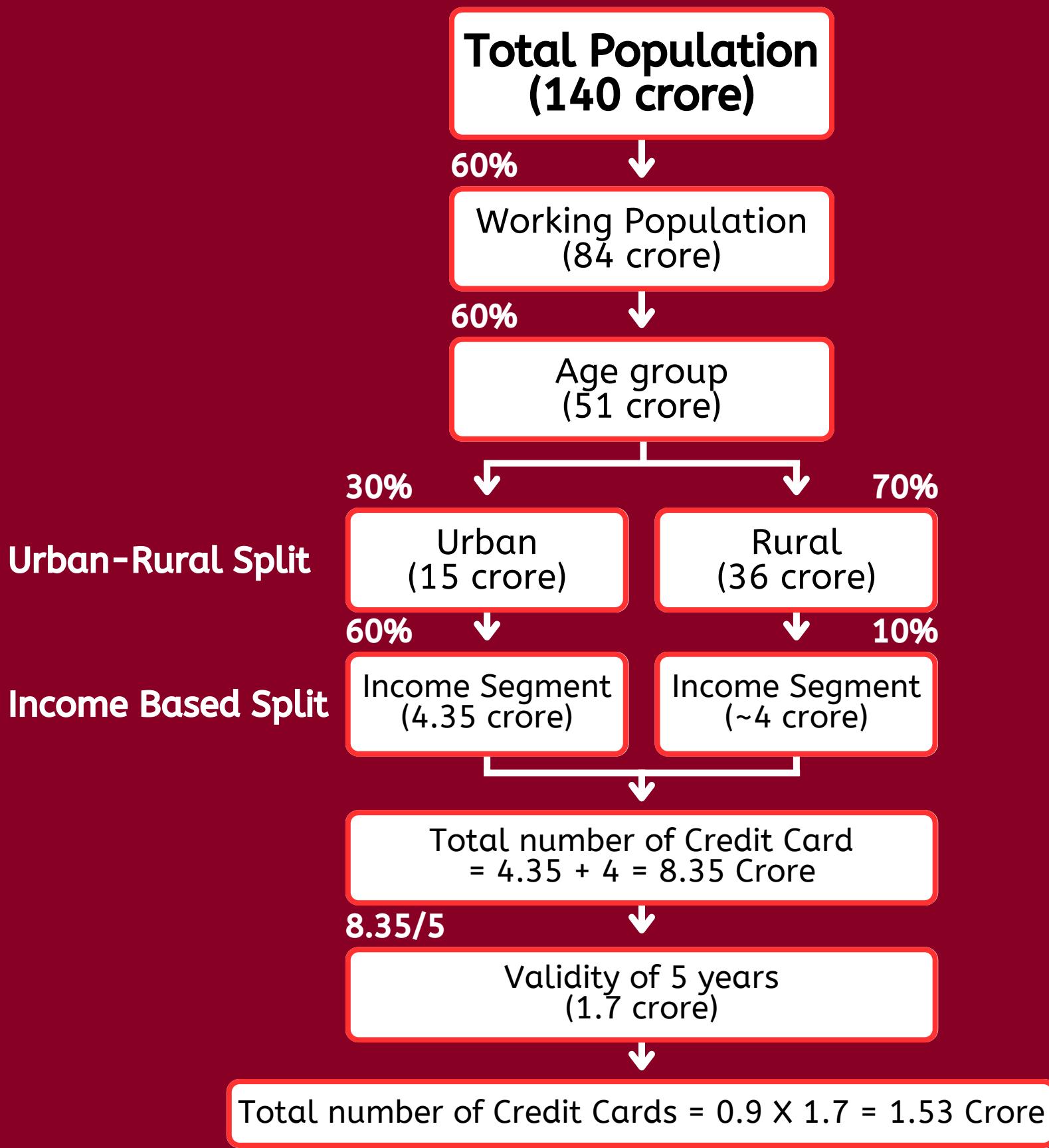
**Interviewer:** That seems fair, we can wrap it up here, it was great interacting with you.

**Interviewee:** Thank you so much.

**THAT'S A WRAP!**

# APPROACH

*Top Down (Demand-Side)*



# CALCULATIONS

| Population         | % Share | Total  |
|--------------------|---------|--|
| Working Population | 60%     | $0.6 \times 0.6 \times 140 \text{ Cr} = 51 \text{ Cr}$ |
| Age Group          | 60%     |  |

| Population | % Share       | Total     |
|------------|---------------|-----------|
| Urban      | 30% of 51Cr   | ~15 Crore |
| Rural      | 70 % of 51 Cr | ~36 Crore |

| Population | % Share   | Total      |
|------------|-----------|------------|
| Urban      | 60% of 15 | 4.35 Crore |
| Rural      | 10% of 36 | ~ 4 Crore  |

Per year issue=  $8.35/5 \sim 1.7$  Crore

|                          |            |            |
|--------------------------|------------|------------|
| Total no.of Credit cards | 90% of 1.7 | 1.53 Crore |
|--------------------------|------------|------------|

# **FINAL ANSWER**

*The estimated market size  
of credit card users in India is  
approximately 1.54 crore*

# CONSULTING FELLOWSHIP

McKinsey  
& Company

Mentors from

Deloitte. BCG



Dalberg

accenture

- 1 **2.5 or 6 months, 10 mentors, and 30+ hours of live mentorship on Consulting careers, CV making (including 1:1 edits), Guesstimates & Case Interviews.**
- 2 **Rigorous interview practise through real-time guesstimates solving & buddy teams for mock cases.**
- 3 **Placement Assistance through employee referrals by our MBB & Dalberg mentors. Regular job updates from consulting firms. Industry Breakdown for cases.**
- 4 **Live case project (& certificate) with a real life client & business problem. CV templates & interview preparation resources along with 1:1 Mentorship.**

**SIGN UP**

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the comments)