

Credit cards enter the 3.0 era, and China CITIC Bank is the first

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China CITIC Bank Credit Card Center revealed that in the future, it will further increase investment in information technology, embrace the trend of digital economy, give full play to the enabling effect of financial technology, focus on scientific and technological innovation, promote the deep integration of new technologies such as big data, cloud computing, artificial intelligence, and the Internet of Things with business scenarios, promote the transformation and development of digitalization, intelligence and ecology, provide users with convenient, efficient, personalized and warm consumer financial services, and move towards the road of high-quality development.



On March 25, China CITIC Bank released its 2020 performance report. As of the end of the reporting period, China CITIC Bank issued a total of 92.6214 million credit cards, an increase of 11.16% over the end of the previous year, with a credit card transaction volume of 2,437.688 billion yuan and a credit card business income of 61.498 billion yuan, a year-on-year increase of 1.64% (from these statistics, Citic Bank publicly announced an annual estimated total transaction amount of CNY \$26289 per user and a total annual financial profit of CNY \$667 per user).

At present, China's banking industry is carrying out financial technology to empower financial business, and credit cards as retail business are especially at the forefront of technology applications. In 2020, China CITIC Bank deployed mobile terminals and launched the "China CITIC Bank Huawei Card" co-branded credit card for the first time in the industry, combining Huawei's scenario and ecology to create a new digital credit card to provide users with a more convenient, intelligent and safe card application and card application experience.

China CITIC Bank Huawei Card has broken away from the dependence on physical cards, making smartphones a credit card carrier, moving from physical to electronic. If the physical card of Diners Club is regarded as the era of credit card 1.0, the credit card is bound to third-

party payment is the 2.0 era, and the 3.0 era of credit card and mobile phone are combined into one, China CITIC Bank Huawei Card is the first to become a landmark product in the credit card 3.0 era.

The "main force" of consumer finance

Benefiting from the iteration of digital technology and the guidance of financial regulatory policies, Chinas consumer finance industry has experienced more than ten years of vigorous development. The consumer finance industry brings consumers a fast, convenient and flexible consumption experience, helping consumers enjoy the improvement of their quality of life through consumer credit, while realizing their reasonable planning for current income and lasting income.

At present, there are many participants in the consumer finance market, and the industry structure tends to be integrated, among which the bank credit card business is a mature consumer finance model and is the "main force" of consumer finance.

At present, the institutions that provide consumer credit in the market are roughly divided into three categories: commercial banks, licensed consumer finance companies and Internet platforms. Commercial banks participate in consumer finance business with personal consumer loans and credit card business, mainly serving customers with good credit, and have advantages in capital costs, risk management, customer quality, etc. Licensed consumer finance companies serve customers with medium credit and help them obtain effective financial services in small transactions and market segments. Internet platforms such as Huabei, borrowing, Baitiao, etc., mainly rely on their own scenarios and channels, focusing on specific markets and segments, and providing products and services for sinking users.

Commercial banks are paying more and more attention to consumer finance, and more and more banks are gradually taking consumer finance as a key area of business expansion, and the scale of credit card and personal loan business of commercial banks has grown steadily. However, the growth rate of Chinas credit cards has been declining rapidly in recent years, and how to increase card issuance and credit card transaction volume has become a must-answer question faced by banks.

According to the "Overall Operation of the Payment System in 2020" released by the Peoples Bank of China, as of the end of 2020, the number of credit cards and loans in use totaled 778 million, a year-on-year increase of 4.26%. The per capita holding of credit cards and lending cards was 0.56, a year-on-year increase of 3.91%.

According to previous data from the central bank, as of the end of 2019, the number of credit cards and lending cards in use totaled 746 million, a year-on-year increase of 8.78%; The per capita holding of credit cards and lending cards was 0.53, a year-on-year increase of 8.36%. As of the end of 2018, the number of credit cards and loans in use totaled 686 million, a year-on-year increase of 16.73%; The per capita holding of credit cards and loan cards was 0.49, a year-on-year increase of 16.11%. As of the end of 2017, the number of cards issued in use of credit cards and loans totaled 588 million, a year-on-year increase of 26.35%. The per capita holding of credit cards and loan cards was 0.39, a year-on-year increase of 25.82%.

Source: Peoples Bank of China

Consumption drove GDP down by 0.5 percentage points in 2020. The reason for the decline in GDP driven by consumption is the decline in consumer spending. In 2020, the per capita consumption expenditure of residents in the country was 21,210 yuan, down 1.6% from the previous year, and after deducting price factors, the actual decrease was 4.0%. For consumer finance, the balance of RMB consumer loans of all financial institutions was 495668 billion yuan, an increase of 5,599.4 billion yuan. Among them, the balance of personal short-term consumer loans was 8,777.4 billion yuan, an increase of 717.7 billion yuan; The balance of personal medium and long-term consumer loans was 407894 billion yuan, an increase of 4,881.7 billion yuan.

At present, consumption still needs to be boosted. According to the central banks "Questionnaire Survey Report on Urban Depositors in the First Quarter of 2021", 22.3% of residents tend to "consume more", down 1.0 percentage points from the previous quarter; 49.1% of residents prefer to "save more," down 2.3 percentage points from the previous quarter; 28.6% of residents prefer to "invest more", up 3.3 percentage points from the previous quarter.

On the other hand, in recent years, the bank credit card market has been crowded out by Internet consumer financial products such as "Huabei" and "Baitiao", especially among young consumers, and banks have made many attempts to win the young market in the Internet era, such as cooperating with traffic stars and cooperating with traffic platforms favored by young people to issue co-branded credit cards.

However, financial regulators have accelerated the pace of regulatory consistency in financial business, providing new opportunities for bank credit cards. Regulatory requirements The consumer finance business provided by Internet financial institutions will be included in the supervision, and the Interim Measures for the Administration of Online Microfinance Business (Draft for Comments) have been promulgated, which will promote the trend of consumer finance returning to licensed financial institutions and further optimize the competitive environment for the development of commercial banks, especially credit cards and consumer credit business.