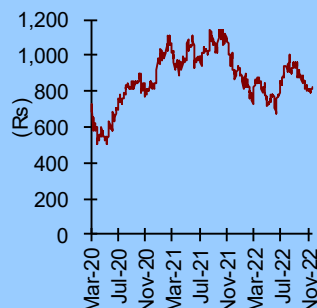


Monthly update

SBI Card (BUY)



INDIA

Credit cards

Continued growth in CC spend should increase revolver mix, eventually

Industry-wide Oct'22 credit card (CC) spend was up 6% MoM to Rs1.3trn and, as per trends, Nov'22 spends are expected to be Rs1.2trn. Expectations will remain that continued increase in spends will ultimately lift the revolver mix. Ratio of 'credit to debit card' spend was 2x as of Oct'22 (highest since Apr'19 when it was 1.0x).

- ▶ **Market share in terms of spend was 18% for SBIC in Oct'22 vs 19% in Sep'22 and 19.2% in FY22.** The same for HDFC Bank increased sharply by 250bps MoM to 29% as of Oct'22 vs 26% in FY22.
- ▶ **Industry CIF inched up by 1.67mn to 79.4mn in Oct'22 vs a decline in Aug/Sep'22:** SBIC's market share in terms of CIF increased marginally to 19.1% in Oct'22. HDFC Bank's CIF market share fell from 21.1% to 20.8% while that for Axis (including Citi) remained flat at 14.6%. The fall in CIF in Aug/Sep'22 can be attributed to the new RBI guidelines ([Link](#)), which state that if a credit card has not been used for more than one year, the process to close the card shall be initiated after intimating the cardholder. Oct'22 should therefore represent the true number.
- ▶ **POS mix on the rise:** POS spend grew at a robust pace of 20% MoM and e-com spend declined 3% MoM in Oct'22. Mix of POS spend increased to 42% in Oct'22 vs an average of 38% between Apr'22-Sep'22 while the share of e-com declined to 58% vs an average of 62% between Apr'22-Sep'22.
- ▶ **CC spend per card per month increased by 5% MoM for industry in Oct'22 while SBIC saw decline of 1% MoM.** SBIC spend per card per month was Rs15,537 in Oct'22 vs an average of Rs14,168 between Apr'22-Sep'22.
- ▶ **Industry credit card outstanding to trailing 12-month spend declined from ~15% levels seen between Apr'21-Apr'22 to 13.4% in Sep'22.**
- ▶ **SBIC's receivables market share increased sequentially in Q2FY23.** SBIC receivables market share increased from 21.7% in Q1FY23 to 22.6% in Q2FY23, but was lower compared to 23% in Q2FY22.
- ▶ **Recent product developments for Nov'22:**
 - SBIC has revised its processing fees for CC-related transactions. For example, processing fee of Rs99 + taxes will be levied on rent-related transactions. Processing fee on all merchant EMI transactions has been revised to Rs199 + taxes from Rs99 + applicable taxes ([Link](#)).
 - Axis Bank has partnered with Flipkart to launch a *Super Elite Credit Card*. This card offers higher rewards (in the form of super coins), which can be redeemed on other purchases. It will have an annual fee of Rs500, which will be waived if total annual spend increases to Rs200k ([Link](#)).
 - Axis Bank has also partnered with *Vistara Infinite Credit Card*. This offers up to five complimentary business-class air-tickets on spending over certain thresholds ([Link](#)).
 - Citi has adopted the method of implied consent to move customers to Axis Bank. In an email dated 18th Nov'22, the bank mentioned that several transactions, which if undertaken on or after 21st Nov'22, would be construed as consent to move to Axis Bank ([Link](#)).
 - *Tata Neu – HDFC Bank Credit Card* have teamed up to launch cobranded credit cards in two variants, viz. *Tata Neu Plus HDFC Bank Credit Card* and *Tata Neu HDFC Bank Infinity Credit Card*. The 'plus' variant is an entry-level card for new-to-credit customers and the 'infinity' variant is the premium card with benefits across different categories ([Link](#)).

Research Analysts:

Ansuman Deb

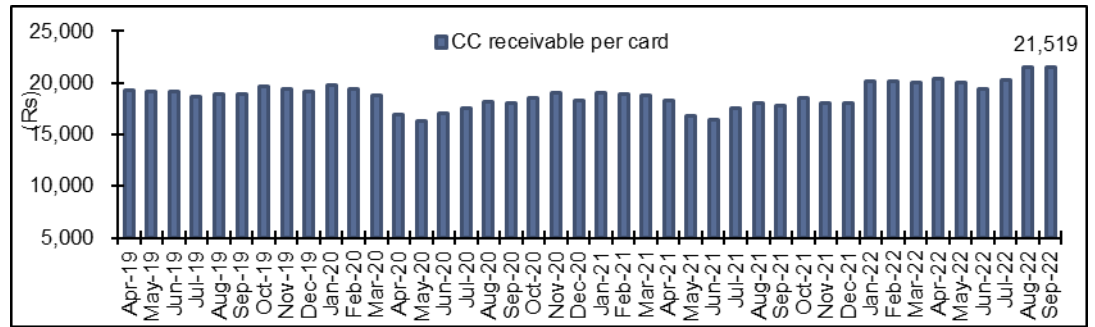
ansuman.deb@icicisecurities.com
+91 22 6807 7312

Kunal Shah

kunal.shah@icicisecurities.com
+91 22 6807 7572

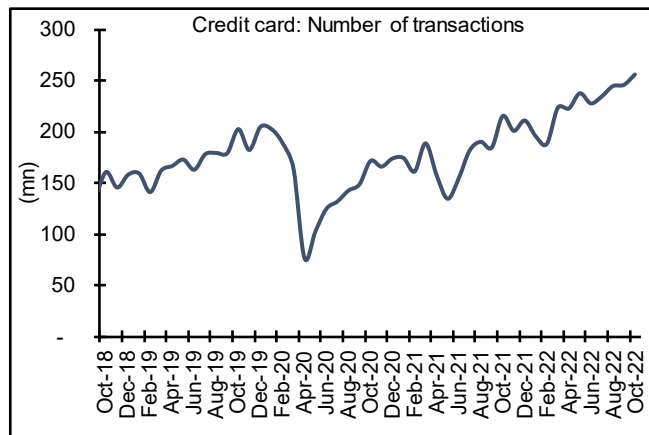
Ravin Kurwa

ravin.kurwa@icicisecurities.com
+91 22 6807 7653

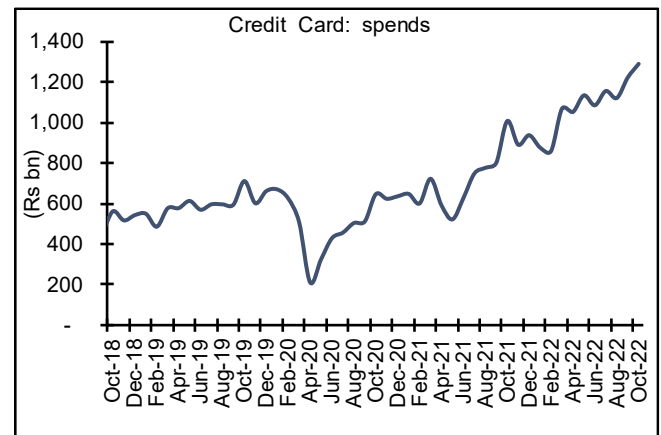
Chart 1: Credit card receivables per card is gradually rising

Source: RBI, I-Sec research

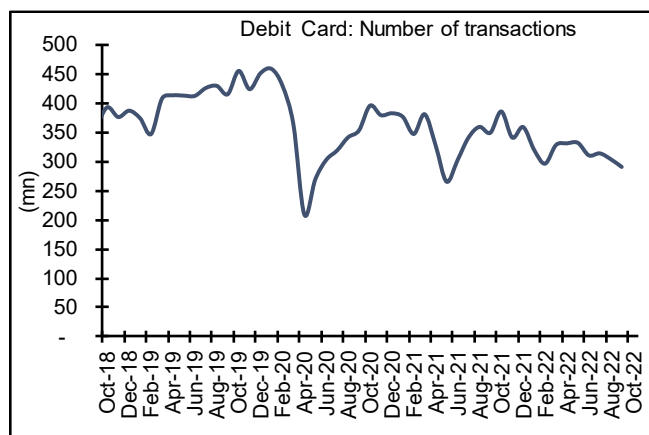
Credit card payments maintain upward momentum, on both volumes and value

Chart 2: Credit card transaction volumes

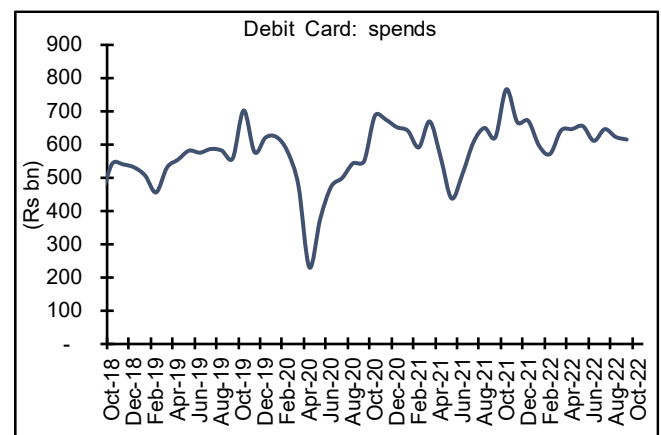
Source: RBI, I-Sec research

Chart 3: Credit card transaction value

Source: RBI, I-Sec research

Chart 4: Debit card transaction volumes

Source: RBI, I-Sec research

Chart 5: Debit card transaction value

Source: RBI, I-Sec research

Table 1: CC spends mix – Offline mix increasing

Industry	(Rs bn)				Mix		
	Total	POS	e-com		POS	e-com	Others
Mar-22	1,071	388	683		36%	64%	0%
Apr-22	1,055	398	657		38%	62%	0%
May-22	1,055	398	657		38%	62%	0%
Jun-22	1,088	405	683		37%	63%	0%
Jul-22	1,159	418	741		36%	64%	0%
Aug-22	1,124	449	674		40%	60%	0%
Sep-22	1,226	453	773		37%	63%	0%
Oct-22	1,293	541	752		42%	58%	0%

Source: RBI, I-Sec research

Table 2: CC spends market share trend: HDFC strengthens its leadership

	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22
HDFC Bank	25%	25%	26%	27%	28%	28%	27%	28%	29%	27%	29%
SBI Card	20%	20%	19%	19%	19%	19%	17%	17%	17%	19%	18%
ICICI Bank	21%	21%	20%	19%	20%	19%	20%	20%	18%	19%	17%
Axis Bank	8%	9%	9%	9%	9%	8%	9%	9%	9%	11%	9%
Ratnakar	4%	5%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Citi bank	4%	4%	4%	4%	4%	4%	4%	4%	4%	3%	4%
Amex	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	2%
HSBC	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%

Source: RBI, I-Sec research

Table 3: CIF market share trend largely stable

	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22
HDFC Bank	23%	23%	23%	22%	22%	22%	22%	22%	21%	21%	21%
SBI Card	19%	19%	19%	19%	19%	18%	18%	18%	19%	19%	19%
ICICI Bank	18%	18%	18%	18%	17%	17%	17%	17%	18%	17%	17%
Axis Bank	12%	12%	12%	12%	12%	12%	12%	12%	11%	11%	11%
RBL Bank	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Citi bank	4%	4%	4%	3%	3%	3%	3%	3%	3%	3%	3%
Amex	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
HSBC	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Standard Chartered Bank	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	1%
Others	14%	14%	15%	16%	16%	17%	17%	18%	18%	19%	19%

Source: RBI, I-Sec research

Table 4: Spend per transaction

Rs	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22
HDFC Bank	4,338	4,387	4,557	4,972	5,166	5,214	5,154	5,518	5,299	5,527	5,912
SBI Card	4,530	4,566	4,487	4,759	4,681	4,803	4,499	4,633	4,689	5,212	4,999
ICICI Bank	4,832	4,908	4,854	4,850	4,798	4,785	4,984	5,050	4,341	4,855	4,505
Axis Bank	3,602	3,771	3,983	4,037	3,762	3,656	3,818	3,768	3,864	4,089	3,575
RBL Bank	4,693	4,830	4,766	4,688	4,505	4,619	4,650	4,804	4,782	4,904	5,129
Citi bank	3,072	3,137	3,203	3,358	3,308	3,366	3,371	3,457	3,540	3,453	3,659
Amex	6,329	5,853	6,287	7,102	7,047	6,803	6,982	7,099	7,280	7,609	7,959
HSBC	4,029	4,181	4,182	4,277	4,169	4,239	4,321	4,361	4,382	4,457	4,018
Total	4,445	4,482	4,566	4,787	4,731	4,781	4,771	4,934	4,590	4,982	5,049

Source: RBI, I-Sec research

Table 5: Spend per card on the rise

Rs	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22
HDFC Bank	15,046	13,637	13,698	17,370	17,428	18,488	16,987	18,475	18,867	19,844	22,834
SBI Card	14,253	13,266	12,041	14,965	14,145	15,117	13,235	13,426	13,351	15,736	15,537
ICICI Bank	16,233	15,109	13,775	16,100	15,877	16,516	16,127	17,131	14,511	17,342	16,133
Axis Bank	9,464	9,301	9,140	10,645	10,030	10,217	10,527	10,251	10,973	14,967	12,636
RBL Bank	12,127	11,505	10,732	12,076	11,272	12,101	11,396	11,806	11,562	11,838	13,165
Citi bank	15,826	14,119	13,870	17,153	16,653	17,732	16,490	16,466	16,845	15,865	18,747
Total	13,756	12,610	12,122	14,734	14,171	14,956	13,978	14,575	14,200	15,743	16,468

Source: RBI, I-Sec research

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