

# Credit Cards: A Sectoral Analysis

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### ABSTRACT

**Background:** *India, being one among the fastest growing economies in the World, yet there exists an enormous gap in having access to formal credit when compared to advanced countries. Banks and financial institutions are continuously striving to fill this gap with the aid of introducing new payment merchandise and units that would make accessibility to credit less difficult. Historically, formal credit was only restricted to financial products like home, car and private loans, but now it's been shifted to instruments such as credit cards. Credit cards have witnessed big scale issuance and increase in usage. Despite the fact that, traditionally India has been a debit card marketplace, the boom in credit card market has modified this narrative and credit cards have been prominently used in recent times.*

**Objective:** *This paper aims at sectoral analysis of the credit card industry in India by considering top three credit card issuers i.e., HDFC bank, SBI Cards, and ICICI Bank.*

**Methodology:** *In order to study the credit card industry in India, its growth and usage, secondary data from various sources were analysed. A SWOT analysis was conducted to depict the strengths, weakness, opportunities and threats of credit card industry.*

**Findings and Conclusion:** *Sectoral analysis of HDFC, SBI and ICICI bank indicates that usage and growth of credit cards in India has tremendously increased over the years. However, India has a long way to go and potential to explore the credit card market. Security issues has always been a concern in the credit card market. Credit cards have proved to be convenient in managing ones expenses, at the same time it needs to be used carefully in order to avoid debt traps, in case of over spending.*

**Paper Type:** *Case Study based research analysis on credit cards industry by highlighting about 3 major credit card issuers i.e., HDFC bank, ICICI Bank and State Bank of India.*

**Keywords:** Banking, Credit cards, Growth rate, Sectoral analysis, SWOT analysis

### 1. INTRODUCTION :

E-Payments have an significant impact on the economy along with deterring robbery and other cash related crimes. With the development of information technology, it is now simple to make electronic payments for goods and services without using actual cash. The use of cashless transactions has many benefits [1].

According to a study conducted for Visa by Moody Analytics, one of the top independent suppliers of economic forecasting, states that the usage of debit and credit cards and other E payments devices has increased adding US \$ 1.5 billion to India's gross domestic product.

Card use is considered to boost the efficiency of the economy and contribute significantly to economic growth. (India Infoline News Service, February 20, 2013). Credit Cards have become one of the frequently used and held financial instruments by Indian households. Credit cards enable purchases over the phone and increasingly, the internet, as well as providing the ease of cashless transactions. Credit cards give customers the option to postpone payments, which enables them to budget their spending to make up for short-term cash flow problems. However, it should be noted that using the revolving credit feature on a credit card often results in paying high rates of interest on both the outstanding debt and any new charges made on the card as well, making it a fairly expensive kind of credit [2].

Following market liberalization in the 1990s, when more and more private banks were established and public banks modernised to meet international standards, the credit and debit card market in India gathered momentum. The number of credit and debit cards increased and by 2025, it was predicted that there would be about 44 million credit cards in circulation. The benefits of "buy now, pay later" persuaded a large portion of Indians within the growing middle class to possess a credit card (Statista Research Department, 2021).

### 1.1 Evolution of Credit cards

In the 1800s, American merchants gave their clients credit so they could pay at a later time, and this is when credit cards were first invented. The phrase "credit card" was first used in 1887 by Edward Bellamy in his book "Looking Backward." A few US department stores and energy firms started providing credit cards in the early 1990s. The Charg-It card from Brooklyn's Biggins Bank, with headquarters in New York, followed. Following this, Diners Club was founded in 1951 with an investment of \$1.5 million and around 42000 members, and American Express Cards were introduced in 1958. Beginning in 1959, Amex was the first to offer plastic cards, followed in 1966 by the first general-purpose Bank of America launched credit cards [3].

In recent years, we see a significant increase in credit card usage due to the growth of E-commerce. It is expected that by 2034 the Indian e-commerce market will have surpassed that of the US to take second place in the global e-commerce rankings. The sector is anticipated to rise from 2,69,076.5 crore in 2017 to 13,97,800 crore by 2027, in part because of India's rapid increase in internet penetration. The convenience of online shopping has increased credit card use in India, as they possess numerous benefits such as cash backs, rewards, discounts, gifts on E-commerce platforms etc. As of March 2019, E-commerce transactions accounted for 45% of credit card expenditures and 39% of credit card usage, according to RBI data [4].

In this regard, this paper focuses on studying the credit card industry, its usage and growth during recent times. By considering the top three credit card issuing banks i.e HDFC, SBI Cards and ICICI, the study aims to make an analysis of the benefits of credit cards and its role in enhancing the use of cashless transactions fostering digital payments, and thus the growth of the economy. A SWOT analysis is also conducted to depict the strengths, weaknesses, opportunities and threats of credit cards industry.

## 2. LITERATURE REVIEW :

The review of literature is undertaken by referring electronic databases. Most of the Journal articles are referred from Google Scholar. In addition, other database such as Moody's Analytics: Economic and Consumer Credit Analytics report, blog articles and such other sources available on the world wide web are used to conduct a brief review of literature relating to the characteristics and relevance of banking system, how technology can play a very vital role in the banking industry. Also articles highlighting the benefits of using credit cards and its role in enhancing trade and economic growth are also highlighted in the below table.

**Table 1:** Related work on Characteristics of Ideal Banking system, technology in banking and benefits of using credit cards.

S. No.	Author/s	Objectives	Findings	References
1.	Characteristic s of Banking System	To understand Ideal Banking System and its realisation opportunity	States the characteristics of an ideal banking system. Banks should be able to provide global reachability, should provide highest quality services at affordable cost, anytime service and technology based in all its services.	2021 [5] [6]
2.	Technology in Banking	Undertaken to research the development of banking technology using 5G technologies.	discusses the advancement in technology in the banking industry and how such innovation can lead to change in the future.	2015 [7]

3.	Benefits of using Credit Cards	To study Consumer Rationality and Credit Cards	Customers that use credit cards benefit from a grace period to pay later and easy access to emergency funds.	1995 [8] [9]
4.	Benefits of using Credit Cards	To analyse the impact of Electronic Payments on Economic Growth	The study states that an increase in card usage leads to economic growth. This was evidenced in the following countries and an increase in GDP was seen. United Arab Emirates 0.23% Poland 0.19% Australia 0.19% Chile 0.23% Hungary 0.25% Ireland 0.2%	2013 [10]
5.	Benefits of using Credit Cards	To assess, over a five-year period, the effects of greater card penetration on consumption across 56 countries and regions.	Card usage increased consumption by an average of 0.7 percent between 2008 and 2012 across the 56 countries/regions included as concluded in this study.	2016 [11]
6.	Electronic Payments and Economic Growth	To elaborate the Electronic Payment System and its impact on economic Growth.	discovered that using electronic payments will enhance trade and economic growth.	2013 [12]

### 3. OBJECTIVES :

- (1) To understand the credit card industry.
- (2) To study the growth of the credit card industry in India.
- (3) To determine the use of credit cards and its impact on economic growth.
- (4) To analyse the credit card segment of top 3 banks in India i.e HDFC, SBI and ICICI bank.
- (5) To conduct SWOT analysis of the credit card industry.
- (6) To suggest innovative measures for the growth of credit cards industry.

### 4. METHODOLOGY :

The study is conducted with an objective of studying the credit card industry in India. The study is based on secondary data. Top 3 Credit card issuing banks i.e HDFC, SBI cards and ICICI are selected for analysis. The study is undertaken by referring electronic databases such as Google Scholar, Reports by the Reserve Bank of India and other renewed organisations, renewed Journals articles from Social Science Research Networks (SSRN), Research Gate and such other sources from the world wide web. Also Newspapers articles from The Economic Articles, Banks Websites, Blogs such as Forbes advisor, Paisabaazar etc are referred to understand the present scenario of credit card industry and the overall opinion about the same, on the electronic media. To explore the strengths, weakness, opportunities and threats of credit cards industry, SWOT analysis has also been conducted.

### 5. CREDIT CARD ISSUING BANKS AND COMPANIES & TYPES OF CREDIT CARD :

Various banks and companies issue credit cards. Some of the prominent credit card issuers in India are HDFC Bank, State Bank of India, American Express, ICICI Bank, Citi Bank, Standard Chartered Bank, IndusInd Bank and many others. These Banks and companies issue various types of credit cards based on their suitability for shopping and travel, Rewards and shopping, movies and dining, cash back etc.

More specifically, the Indian Credit Card Industry divides credit cards into Secured & Unsecured Credit Cards, Standard Credit Cards, Charge Cards and Retail Credit Cards (Latino Community Credit Union, 2013). Credit cards are divided into General Purpose and Private Label cards by the Reserve Bank of India. Other credit card types are also issued in India depending on the purpose. Most Indian financial institutions that offer credit cards do so using all-purpose cards. For clarity on the services provided and the criteria for eligibility depending on income, banks categorise these credit cards as Platinum, Gold, or Classic. Banks classify these credit cards as Platinum, Gold or Classic in order to distinguish between the services offered and the requirements for eligibility based on income. Banks also issues add-on cards to an immediate family member of the cardholder.

### 5.1 Features & Benefits of a Credit Card

Credit Cards possess many benefits such as

- (1) Welcome gift is offered by many banks in the form of bonus reward points, vouchers, discounts, etc to a new card applicant.
  - (2) Reward programs allow the cardholder to earn reward points on every transaction they make using their cards.
  - (3) Card holders also receive a fuel surcharge waiver on spending a specific amount of money on fuel every month.
  - (4) Many credit cards offer cash back benefits.
  - (5) Lifestyle benefits such as offers on dining, wellness ,shopping, entertainment, etc
  - (6) Travel benefits such as air miles, airport lounge access, airline offers, travel insurance, hotel offers etc.
  - (7) Provides comprehensive insurance policy that provides coverage against air accident, lost baggage, lost card etc
  - (8) EMI Conversion is an feature on credit cards that allows the holders to convert their credit card transactions into monthly installments
  - (9) Owning a credit card helps to build a healthy CIBIL score by making timely payments on the card.
- In Addition to this balance transfer, cards being globally accepted and add-on cards are also some of the features of credit cards [13].

## 6. GROWTH OF CREDIT CARD INDUSTRY :

According to the report "Customers Priorities - Credit Card Users in India," the industry for credit cards is predicted to expand at a CAGR of more than 25% between 2020 and 2025 due to the rising tendency of buying now and paying later. Banks are currently concentrating on semiurban and urban areas due to the rising tendency in order to increase market share. However, with barely 3 credit cards per every 100 individuals in India compared to 32 in the USA, there appears to be a higher opportunity for penetration.

However, we see that the growth in 2020 has slowed considerably due to the impact of COVID -19. Due to the lockdowns and travel restrictions major purchases such as flight tickets, hotel accommodation and fast food were limited on credit cards, which hit the industry hard in 2020 [14].

According to CRIF Bureau, the industry's portfolio was 1,24,390 crores as of December 2019, growing by 44% year over year. The growth was 6% higher than the year-over-year growth seen in December 2018. In December 2019, there were 50.1 million active cards in use, an increase of 25% year over year. The average outstanding debt on each card increased by 16 percent over the course of a year in December 2019.

**Table 2: Average Outstanding Balance Per Card**

	Dec 2017	Dec 2018	Dec 2019
Portfolio Outstanding (Cr)	62,721	8,64,166	1,24,390
Portfolio Growth (%)		38	44
Active Cards (in millions)	30.9	40.3	50.1
Growth card Base (%)		30	25
Balance Per Card	20,305	21,463	24,816

Source: CRIF Bureau, India [15]

A once-elite-only product, the credit card has become widely available to a wide range of people. The rise in transaction volume over time, together with a typical slope in transaction value, implies that customers are using cards more frequently as well as for lower value transactions.

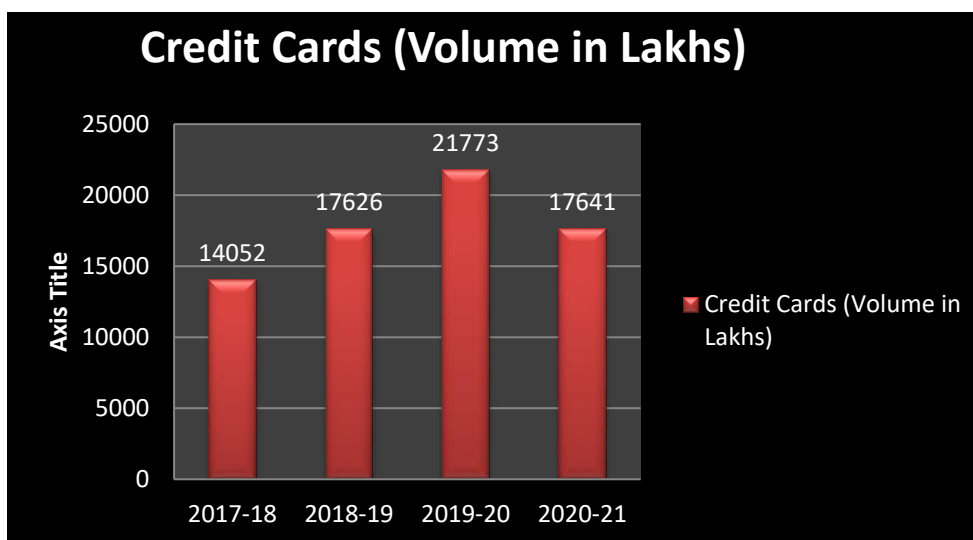
### 6.1 Rising Card Usage and Spends:

The payment systems saw a significant increase in volume of 26.2% from 2020 to 2021. Value-wise, the contractionary trend that began in the previous year (-1.2%) got more pronounced and saw a drop of 13.4%, primarily because of slower growth seen in the Real Time Gross Settlement (RTGS) system and a decline in transactions involving paper-based instruments. In 2020–21, the percentage of digital transactions in the overall volume of non-cash retail payments climbed to 98.5 percent from 97.0 percent. The early phase of the nationwide lockdown brought about by the COVID-19 pandemic saw a reduction in payments. Nevertheless, the value and volume of payments picked up subsequently with gradual relaxations of lockdown. The number of card transactions carried out through credit cards during 2020-21 decreased by 19 % when compared to an increase of 23.5% during the last year. In 2020-21 , the value of credit transactions also decreased by 13% when compared to an increase of 21.1% in the previous year [15].

**Table 3:** Rising Card Usage and Spends

	2017-18	2018-19	2019-20	2020-21
<b>Credit Cards (Volume in Lakhs)</b>	14052	17626	21773	17641
<b>Credit Cards value (Rs in Crores)</b>	458965	603413	730895	630414

Source: RBI, Annual Report 2020-21[16]



**Fig. 1:** Year Wise Number of Credit Cards Issued by the Banks

According to the Reserve Bank of India's data, the number of people using credit cards surged 13% year over year in 2019 to 18,98,490K. Due to the substantial discounts offered by e-commerce businesses, many customers are tempted to use credit cards rather than debit cards. Utility bill payments, lifestyle expenditures, entertainment, and other common uses for credit cards are all on the rise thanks to the convenience of converting EMIs (CRIF Bureau, 2020). Credit cards were in use for 50.1 million people as of December 2019, with private sector banks holding the highest share (69%), followed by public sector banks and foreign banks. Credit Cards are gaining popularity. The amount of customers who choose credit cards each year is evidence of this. In just 4 years, the number of borrowers choosing a credit card for the first time has tripled, reaching 64.4 lakhs in FY 2018–19. It is observed that as of september 2019, largest share of credit card holders i.e., 37.1% fall in the age group of 36-50 years. Customers in the age group 26-35 years occupy 35.8% of the card base, followed by above 51 years age group at 21.2%. Younger customers belonging to age group only occupy 5.8% of the borrower base. These balances stood at ₹ 2820 crores [17].

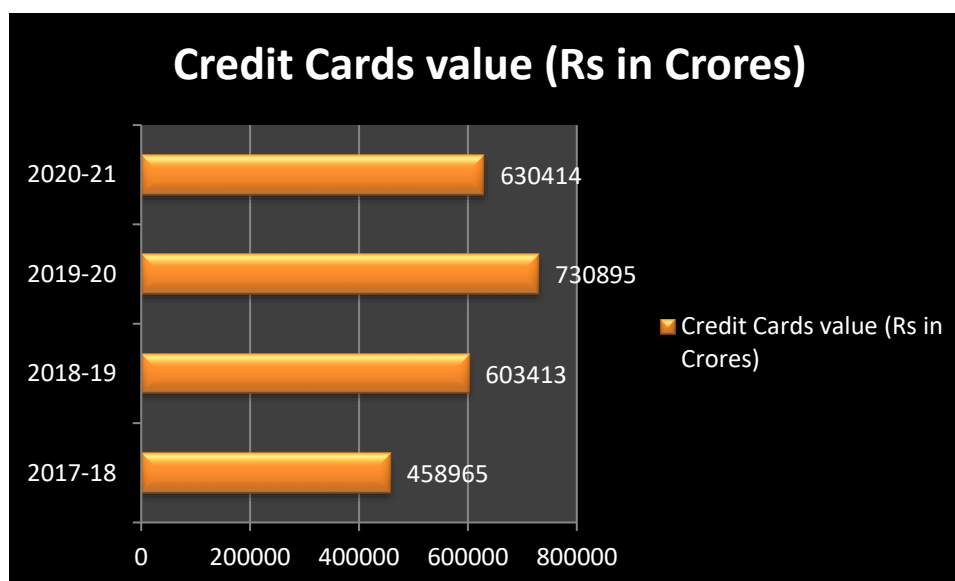


Fig. 2: Year wise Value of Credit Cards issued by Banks

**7. CREDIT CARDS SCENARIO IN THE TOP 3 BANKS IN INDIA :**

**7.1 HDFC:**

HDFC bank credit cards provide a convenient way of making any purchases from shopping to purchasing one's favourite gadget to buying a new AC for a home to booking flights and hotels and more or settling exorbitant bills when you don't have immediate funds at your disposal. The Bank provides a host of value added services with the credit cards such as: loan against credit card (LACC), Smart EMI, Exclusive savings on shopping via Smart Buy, Make all payments with PayZapp [15].

In the payments industry, HDFC holds a market share of 35–40%, while in the credit card industry, it holds a 25% stake. In December, the RBI instructed HDFC Bank, which produces approximately 150,000 credit cards each month, to cease issuing new cards until its technical difficulties had been fixed (The Economic Times, April 9, 2021). Data from the central bank shows that as a result, between December 2020 and March 2021, there were 1.5 crore fewer credit cards outstanding at HDFC Bank, a fall of roughly 3.23 lakh [18].

As per RBI statistics, the credit cards statistics of HDFC as on end of March 2020, were as follows:

**Table 4: Credit Card Statistics**

<u>HDFC</u>	<u>March 2021</u>	<u>March 2020</u>	<u>March 2019</u>	<u>March 2018</u>
<b>No. of Outstanding Cards as at the end of the month</b>	14985844	14499647	12486918	10686376
<b>No of transactions (Actuals) - ATM</b>	114450	181611	190903	193311
<b>- POS</b>	51962054	48248308	43869321	36041678
<b>Amount of transactions (Lakhs) - ATM</b>	7414	10865	11041	10422
<b>POS</b>	2106608	1506639	161072.8	122950.0

Source: HDFC, Annual Report, 2019 & RBI Statistics [19 & 20]

HDFC has made a leading presence in the payment business with 1.45 crores credit cards in 2020. Credit cards have constituted about 6 percent of the overall bank book. The bank has been able to deepen its credit customer base by launching cards catering to millennials. We also see an increase in number and amount of transactions at POS increasing from 2018 to 2021. However, the outstanding credit cards of HDFC Bank fell marginally to 1.51 crore at February-end this year from 1.53 crore as on December 31, 2020. Irrespectively it still continues to maintain its market leadership in the credit card segment. Despite the temporary stop imposed by RBI, HDFC Bank's credit card advances grew by 12.3 per cent to ₹64,674 crore for the quarter ended March 31, 2021, against ₹ 57,575 crore in the fourth quarter of 2019-20 [20].

**7.2 STATE BANK OF INDIA:**

During Oct 1998, State Bank of India and GE capital launched SBI card. SBI entered into the credit card business and reached a mark of 1 lakh cards issued in one year. Within 4 years of launch, SBI had 1 Mn card holders. In 2002, it collaborated with United Bank of India and launched UBI Global Card, UBI Advantage card and UBI International Card to tap the growing credit card market in India. The bank crossed 2 million customer milestone in 2006. As a result of its conversion from a "Private Limited to Public Limited Company," SBI Card's legal name was changed to SBI Cards and Payments Services Limited on August 20, 2019. The first pure play credit card business to debut on the Indian stock exchanges was SBI Card in March 2020. The largest pure-play credit card issuer in India is SBI Card, which has operations in over 145 Indian cities. As of March 2021, the company has over 11 million active cards and provided a broad range of premium, value-added payment goods and services ([www.sbicard.com](http://www.sbicard.com)). Customer centricity, supported by the values of trust and transparency, is core to SBI Card's operations.

Lower Interest Option, Encash, Money Simplified, Balance Transfer, Balance Transfer on EMI, Flexipay, Contactless, Insurance, Utility Bill Payments, Easy Access Channel are some of the benefits of SBI credit cards.

**SBI Cards and Payment Services Pvt. Ltd.- Credit Cards Business in India**

Due to the RBI's restriction on HDFC, along with ICICI, and Axis bank SBI also saw about a percentage point increase in market share, with the total number of cards reaching 11.6 million at the end of January compared to 11.4 million in December. Meanwhile, spends remained flat sequentially and grew to ₹ 12,177 crore against ₹ 12,134 crore at the end of December [21].

**Table 5: Credit Cards Business (Rs. in crore)**

Year	Total balance sheet equity (credit card business)	Total balance sheet assets
2018-19	2856.19	19257.82
2019-20	4954.58	25421.69
2020-21	5799.43	26815.50

Source: SBI Annual reports [22]

As of March 2019, the company's card base has grown by 32 percent YOY with the total number of cards reaching a level of 82.71 lakh. During this period, total spends on cards witnessed a YOY growth of 35 percent to reach a level of Rs. 107350 crore.

**Table 6: Credit Card Statistics**

SBI	March 2021	March 2020	March 2019	March 2018
<b>No. of Outstanding Cards as at the end of the month</b>	11821564	10547502	8271446	6258360
<b>No of transactions (Actuals) - ATM</b>	99770	125814	154499	141238
<b>- POS</b>	37330306	31230912	26511681	20229099
<b>Amount of transactions (Lakhs) - ATM</b>	3760	5036	595.2	540.2
<b>POS</b>	1323870	953302	94264.2	70230.2

Source: RBI Statistics [23]

SBI issued over 82 lakhs credit cards during the year 2018-19, 1.6 lakhs credit cards during the year 2019-20 and 385 lakhs cards during the year 2020-21. With the increasing trend in the use of plastic money, SBI was able to meet the demand of its customers by issuing credit cards even in remotest of the locations and sourced more than a million cards by financial year 2020 [23].

**7.3 ICICI BANK**

One of the well-known banks in India, ICICI Bank, provides a variety of credit products to its clients. With competitive interest rates on loans and credit cards, ICICI Bank is a name to reckon in the credit



market. The customers enjoy numerous benefits on tailor-made ICICI Bank credit cards based on different needs. In order to be eligible to apply for ICICI bank credit card one has to fulfill the age criteria, income and credit history of the applicant.

In the year 2018, ICICI was the first bank to launch an insta credit card. In the fiscal year 2019, the bank introduced a range of credit cards that offer the best benefits to its customers.

**Table 7: Credit Card Business –ICICI**

Year	Retail Advances (Rs. in billion)	Percentage of Total Retail advances
March 2017	75.44	3.1
March 2018	96.39	3.3
March 2019	126.90	3.5
March 2020	163.42	3.9

Source: ICICI, Annual Reports [24]

The regulatory prohibition HDFC Bank regarding the issuance of new credit cards benefited ICICI Bank NSE -1.11% and SBI Cards the most. According to the most recent regulatory statistics, ICICI Bank increased the highest, followed by SBI and Axis Bank NSE -1.49%. Spending at ICICI Bank increased 10% in January compared to December, while new card usage increased by over 3%. It increased its market share by 1.5% overall. The private lender ended January with 10.1 million credit cards and spends worth Rs 10,230 crore. The corresponding figures in December were 9.9 million and Rs 9,309 crore, respectively [25].

**Table 8: Credit Card Statistics**

ICICI	March 2021	March 2020	March 2019	March 2018
<b>No. of Outstanding Cards as at the end of the month</b>	10584421	9110690	6645716	4997535
<b>No of transactions (Actuals) - ATM</b>	37228	44389	52688	38455
<b>- POS</b>	31266193	24735885	22836023	16326117
<b>Amount of transactions (Lakhs) – ATM</b>	1649	2223	185.5	136.9
<b>POS</b>	1195526	669235	62152.6	49300.2

Source: RBI Statistics [26]

After the Reserve Bank of India (RBI) stopped the country’s largest private lender, HDFC Bank, from issuing new credit cards late last year, its biggest competitor — ICICI Bank, gained the most. At the end of February 2021, there were 61.6 million outstanding credit cards in the system, an increase of 1.5 million over November 2020, according to RBI data.

Between November 2020 and February 2021, ICICI Bank issued 665,000 incremental credit cards, which is 43.38 per cent of the cards issued.

**Table 9: Market share of large credit cards issues in spends (%)**

Credit card issuers	FY19	FY 20	FY 21	FY 22
<b>HDFC bank</b>	28	28.8	30.9	27.8
<b>SBI Cards</b>	17.1	17.8	19.4	18.8
<b>ICICI Bank</b>	11.1	12.2	14.6	19.5

Source: RBI, Report [26]

According to the most recent RBI data, ICICI bank increased its market share primarily between December 2020 and June 2021 by adding more than 1.32 million cards, increasing its total number of active credit cards to 11.03 million from 9.71 million in November 2020.

However, SBI credit cards climbed to 12.04 million during this time, while HDFC Bank credit cards reached 14.82 million. Even though HDFC Bank's market share in terms of outstanding cards and card spending decreased from what it was in November 2020, it still held the top spot in both categories. Notably, HDFC Bank had a market share of 27.8% in terms of spending as of June 2021, while its market share in terms of outstanding cards was 23.6%.

**Table 10: Growth in the number of Credit Cards – industry grew by ~12% YoY**

Growth – YoY (%)	FY18	FY21	FY19	FY20	FY21
HDFCB	25.1		16.8	16.1	3.4
SBICARD	37		32.2	27.5	12.1
ICICI	17.5		33.0	37.1	16.2

Growth in Credit Card spends picked up sharply (+26% MoM) to INR1,012b in Oct'21 aided by the festive season. The same grew a strong 56% YoY (+19% on a two-year CAGR). AXSB reported the highest growth (36% MoM) in Oct'21, followed by HDFCB (32%) and SBICARD (~30%). ICICIBC and IIB clocked a growth of 25-26%, RBK at 21%, and CITI, AMEX and IIB at 16-18%. SCB saw a modest growth (+9%), while KMB witnessed a decline of 2%. On a two-year CAGR basis, spends for ICICBC/IIB/SBICARD/KMB/RBK grew ~52 percent/~36 percent/~21percent/~21percent/~19 percent. HDFCB and AXSB clocked a growth of 10-14%, while the same for foreign players like AMEX/CITI/SCB declined by 20%/7%/2%.

The banking system reported net additions of ~1,336k new Credit Cards in Oct'21 (up 22% MoM), led by healthy traction by ICICIBC and HDFCB. This has taken the total Credit Card base to 66.4m (11.7% YoY growth – highest in the past 14 months).

Among major players, ICICIBC reported a strong (~26%) YoY growth, followed by RBK (16.7%), IIB (15.5%), and SBICARD (14.5%) in Oct'21. ICICIBC was the largest acquirer, adding ~278k new cards, while HDFCB/AXSB/SBICARD/RBK added ~258k/~220k/~184k /~151k cards. SCB/AMEX/CITI saw a decline of ~15k/~6k/~6k in their card base. Increased economic activity, coupled with the festive season, would keep spends buoyant. It is expected that robust performance in SBICARD/ICICBC to continue, while the strong recovery in HDFCB is likely to continue [26].

### 8. SWOT ANALYSIS ON CREDIT CARD INDUSTRY :

The SWOT analysis of the credit card industry is undertaken to identify the strengths, weaknesses, opportunities and threats of the credit card industry. After a sectoral analysis on credit card industry and the growth of prominent credit card issuers in India, the authors have identified the strengths, weaknesses, opportunities and threats associated with credit cards and credit card industry and have depicted the same in the following table [27]. Digital payments make a big difference in payments of credit cards. When people are on the move, digital payments do make an impact in the entire service process of credit cards [28]. The same is applicable to any segment of service industry like telecom as well as internet services [29]. The hotel and tourism industry gets people who are on the constant move, credit cards are very helpful to customers who are travelling. Strength lies in the speed of processing of payments of bills to the hotels [30]. Credit cards have helped a lot to people when they order foods from Zomato and other online food sources [31]. Credit cards have also helped people to do payments to schools as well as online education of students, which was critical for students as well as for parents [32]. SWOT analysis and ABCD analysis frame work are a pattern of analysing a system or a process [33]. Analysing a system or a organization is critical for more clarity of understanding hence SWOT analysis is one of the methods to analyse an organization or a company. [34] A model or a concept makes a difference in terms of its scope for implementation. Scope for implementation leads to further research in a given domain [35]. The following format explains and analyzes the credit card features, functions, benefits and characteristics coupled with its weaknesses.

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Customers are offered a variety of credit cards.</li> <li>• Credit cards are safe and convenient when compared to cash</li> <li>• Growing popularity for E-commerce has enhanced credit card usage</li> <li>• Large potential customer base for operating businesses.</li> <li>• Number of credit card holders is expected to increase in the near future.</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>• High fees and maintenance charges.</li> <li>• When compared globally, utilisation of credit cards in low in India.</li> <li>• High rate of Interest may lead to difficulty in payment. Default in Payment may trap customers in to debt.</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Post demonetization, tier II &amp; III cities offer huge opportunity for penetration [13]</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Competition from companies offering cardless credit.</li> </ul>

<ul style="list-style-type: none"><li>• Governments initiative to enhance digital payments can foster the use of credit cards.</li><li>• Easy access to credit is always a vital preference of an individual. Credit cards have easy access to credit.</li></ul>	<ul style="list-style-type: none"><li>• Growth in Credit cards does not come without risk of NPAs</li><li>• Customers preference keep changing as technology changes.</li><li>• High level of competition among credit card issuers.</li></ul>
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Fig. 1: SWOT analysis on Credit card Industry

Source: Author's Own

## 9. OBSERVATIONS AND SUGGESTIONS :

- (1) The credit card market is expanding steadily, and this trend is predicted to continue due to rising urbanisation, stable disposable incomes, lifestyle changes, change in consumer attitudes toward personal debt and an increasing proportion of young people who are working in the nation.
- (2) Due to the emerging trends in E commerce, credit card usage has received a significant boost. It is anticipated that by 2024 India's E-commerce market will overtake that of the US to become the second largest market worldwide.
- (3) Over the next 15-20 years, the sector has room to develop by 12% CAGR, or 7X, with a potential base of 35 crore new credit card customers that may be accessed.
- (4) It is also observed that fees and high maintenance charges are levied on the customers.
- (5) According to RBI data, as of March 2019, E-commerce transactions accounted for 45% of credit card spending and 39% of credit card usage. The payment infrastructure that supports digital payments is expanding rapidly. The number of POS terminals increased at a CAGR of 29% during the 2019 fiscal year, reaching 3.7 million terminals.
- (6) Credit Cards have proved to be convenient means to manage one's monthly budget and avoid carrying a lot of cash. One can earn rewards or points and build credit history with the use of credit cards.
- (7) Although, Credit cards provide the freedom to purchase even without having cash, the risk of failure to make timely payments of credit cards dues can lead a person into a debt trap. One has to bear in the mind the high rate of interest on non payment of credit card dues.
- (8) Credit cards, if not managed properly, can lead to debt and negatively affect the credit history of an individual. If purchases are not tracked, it might be difficult to maintain one's budget. The terms and conditions can also be confusing and may not be available in regional languages.
- (9) According to the National Payments Corporation of India, at least 641 clients lost 1.3 crores in fraudulent transactions at 90 ATMs. Therefore, it is crucial that banks and NBFCs implement internal control mechanisms to combat fraud and create regulations to thwart fraud control and enforcement procedures. To regain and maintain customers' trust in the banking system, banks urgently need to review network security.
- (10) In order to avoid misuse of credit cards, banks should maintain Confidentiality in respect of customer details.

## 10. CONCLUSION :

It is clear from the portfolio's ongoing expansion, the number of active cards in use, and customer transactional activity that the credit card business has steadily expanded. By 2024, experts predict that credit card spending would expand rapidly to reach 15 lakh crore, or 2.5 times what it was in 2019. When compared globally, India is still a relatively untapped Market for credit cards. The co-branding concept is increasing quickly, e-commerce is advancing, and different payment methods are interconnected, which is why the credit card business is continually growing. The sector has a tremendous opportunity to grow across lenders and penetrate farther to tap into the untapped market across the nation because credit cards are here to stay.

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