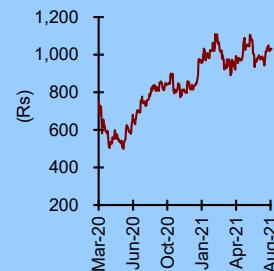


Monthly

SBI Card (BUY)



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INDIA

Credit cards

Steady recovery in credit card spends is heartening

Credit card (CC) spends have continued to improve gradually over the months of Jun-Jul-Aug'21. Based on the trend witnessed in Aug'21-TD and factoring-in a 2% MoM growth for Sep'21E (similar to Sep'20 over Aug'20), Q2FY22E CC spends could be 35% higher than in Q1FY22 and 59% higher than Q2FY21. Assuming market share of 19%, SBI Cards (SBIC) spends in Q2FY22 could be 53% / 36% higher on YoY / QoQ basis.

- ▶ **CC spends witness sequential improvement.** Total CC spends rose 20% MoM in Jun'21 after declining 18%/12% MoM in Apr'21/May'21. The improvement in spends can be attributed to lower lockdown restrictions owing to falling covid cases. Jun'21 CC spends came in at Rs627bn, largely in line with average spend of ~Rs650bn seen during H2FY21. Ratio of CC spends to debit card spends improved further to 1.23x in Jun'21 vs 1.1x / 1.2x in Apr'21 / May'21, and <1x in Apr-Dec'20. Average CC spend per day (off-us transactions) is seeing continued improvement in Aug'21-TD. CC spend per day has improved from Rs13.8bn/12.7bn/15.9bn/18.1bn Apr'21-Jul'21 to Rs19.2bn in Aug'21-TD.
- ▶ **Spends market share – Indian banks lead:** In terms of CC spend market share, Citibank, American Express and HSBC witnessed sequential dip while SBIC saw 30bps increase to 19.5% in Jun'21. Among other Indian banks, HDFC Bank and RBL Bank CC spends market share stood at 27.9% and 4.8%, down ~43bps and 36bps MoM, respectively, while that of Axis Bank remained stable at 8.3%.
- ▶ **Total Credit Cards in Force (CIF) increased by 0.4mn in Jun'21:** While overall CIF improved sequentially, key CC players saw either a dip or stable market share in Jun'21. SBIC market share remained steady sequentially at 19.2% in Jun'21. Q1FY22 market share improved to 19.2% compared to 18.4% in Q1FY21.
- ▶ **CC spend per transaction rose 5% MoM in Jun'21 for industry vs 3% for SBIC.**
- ▶ **Overall CC outstanding at Rs1.03trn in Jun'21, down 1.6% MoM:** Q1FY22 average receivable per CIF for industry and SBIC declined 3% and 8% YoY respectively. On QoQ basis, industry receivable per card increased 7% while SBIC registered a decline of 4.7%. This could be because cautious stance to maintain credit cost by SBIC. Industry and SBIC receivables per card stood at Rs17,355 and Rs20,405 respectively in Q1FY22.
- ▶ **Restrictions on new credit card issuances by HDFC Bank lifted.** HDFC Bank has informed stock exchanges that the RBI, vide its letter dated 17th Aug'21, has lifted the restriction placed on sourcing of new credit cards. However, ban on Mastercard and Diners platforms will limit new cards to be based only on Visa/RuPay.
- ▶ **UPI continues to outperform.** UPI market share in terms of digital payments (which includes NEFT, IMPS, UPI, credit cards and debit cards) has increased from 8.1% in Jan'20 to 11.7% in Mar'21 and 18% in Jun'21. The ratio of UPI spends to CC spends has continued to gradually increase from 3.24x in Jan'20 to 6.97x in Mar'21, and 8.7% in Jun'21. In volume terms, UPI transactions grew 110% in Jun'21 and 117% in Jul'21. Ticket size of payments to merchants grew 13% YoY to Rs768 while overall ticket size declined 4% YoY to Rs1867. Within UPI, the value market shares of Google Pay and PhonePe remain at 34% and 45% respectively as at Jul'21.

Payment map

We have detailed hereunder the growth in value of transactions for key digital payments

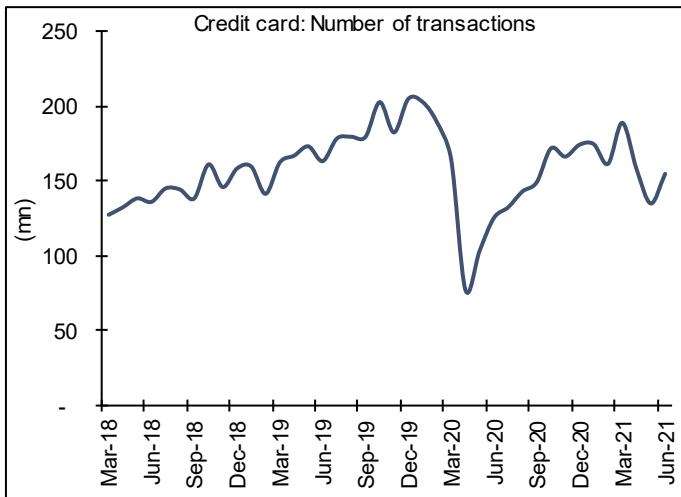
Table 1: Growth in key payment modes

	Value (Rs trn)			Mix (%)	
	Jun-20	Jun-21	Growth	Jun-20	Jun-21
NEFT	19.1	21.0	10%	77.3	68.9
UPI	2.6	5.5	109%	10.6	18.0
IMPS	2.1	2.8	37%	8.4	9.3
Credit card	0.4	0.6	47%	1.7	2.1
Debit card	0.5	0.5	8%	1.9	1.7
Total	24.7	30.4	23%	100.0	100.0

Source: RBI, I-Sec research

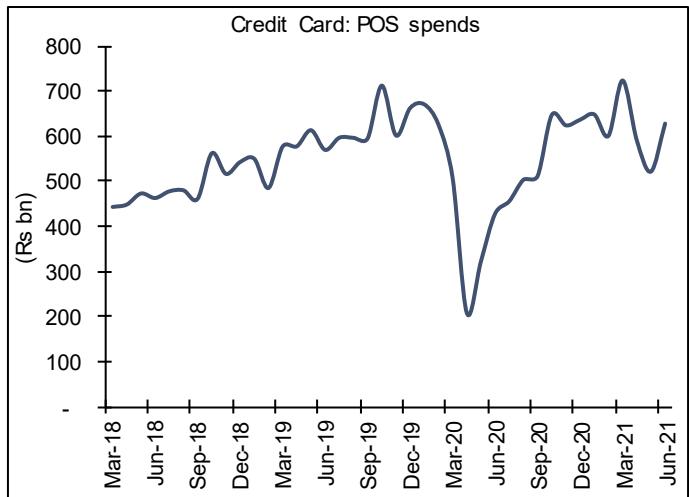
Card payments

Chart 1: Credit card transaction volumes



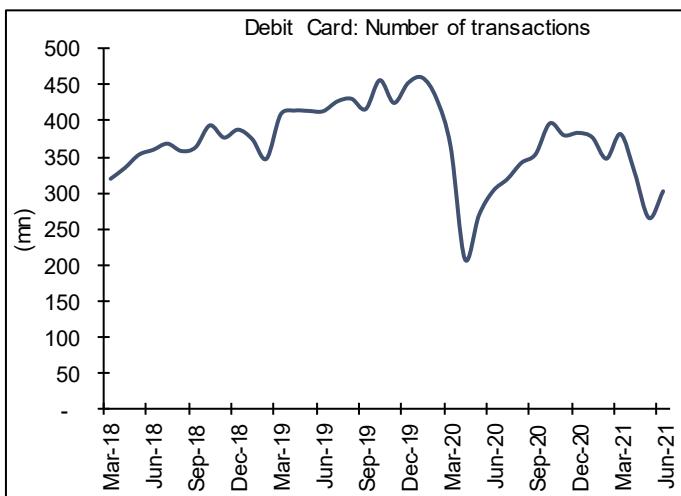
Source: RBI, I-Sec research

Chart 2: Credit card transaction value



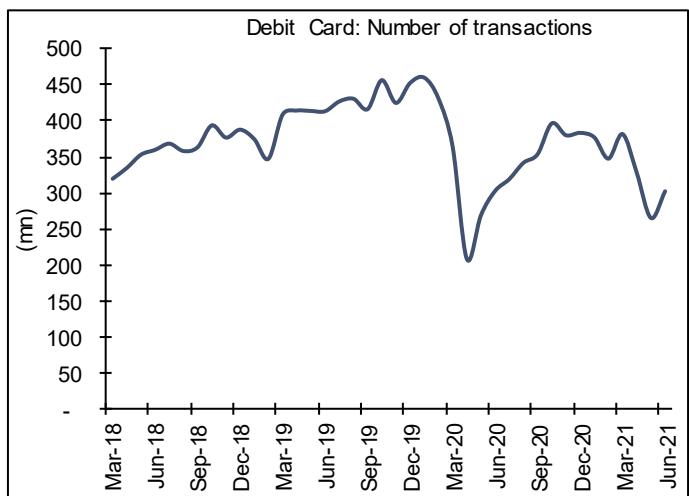
Source: RBI, I-Sec research

Chart 3: Debit card transaction volumes



Source: RBI, I-Sec research

Chart 4: Debit card transaction value



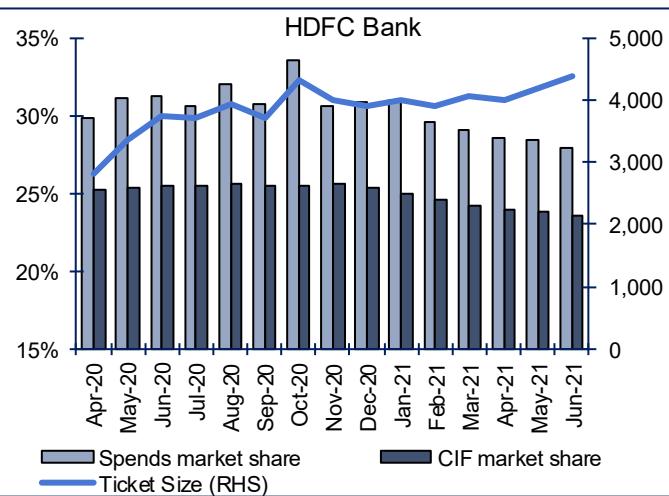
Source: RBI, I-Sec research

Table 2: Credit card spends & CIF growth and market share comparison for Apr'21

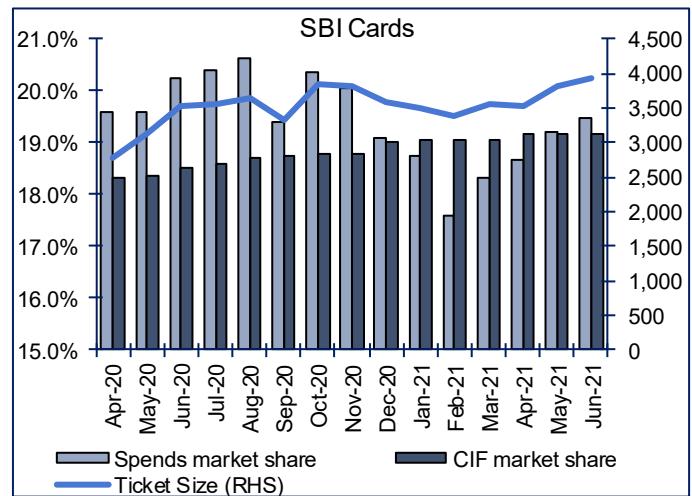
(Rs bn)

	Spend		Card o/s		Growth (YoY)		Market share spend		Market share cards o/s	
	Jun-20	Jun-21	Jun-20	Jun-21	Spends	Cards O/s	Jun-20	Jun-21	Jun-20	Jun-21
HDFC Bank	134	175	14.5	14.8	30.8%	2%	31%	28%	25.3%	23.6%
SBI Card	87	122	10.5	12.0	40.9%	15%	20%	19%	18.4%	19.2%
Axis Bank	36	52	6.8	7.1	44%	5%	8%	8%	11.9%	11.4%
RBL Bank	20	30	2.6	3.1	51%	18%	5%	5%	4.6%	4.9%
Citibank	30	30	2.8	2.6	1%	-5%	7%	5%	4.8%	4.1%
Amex	16	18	1.7	1.5	14%	-11%	4%	3%	2.9%	2.4%
HSBC	4	6	0.9	0.9	37%	-2%	1%	1%	1.5%	1.4%
Others	43	76	8.4	9.8	75%	16%	10%	12%	14.7%	15.5%

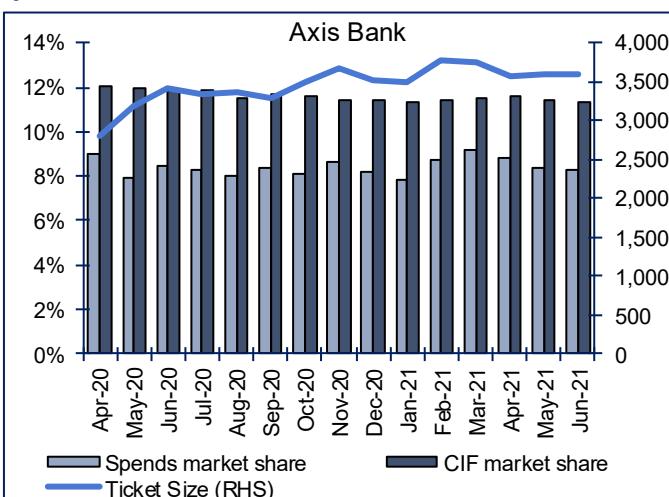
Source: RBI, I-Sec research

Chart 5: Credit card spends / CIF market share and spend ticket size – HDFC Bank

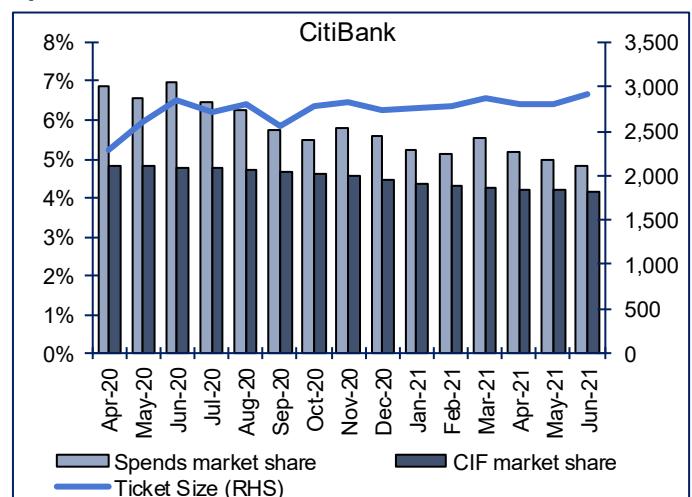
Source: RBI, I-Sec research

Chart 6: Credit card spends / CIF market share and spend ticket size – SBI Cards

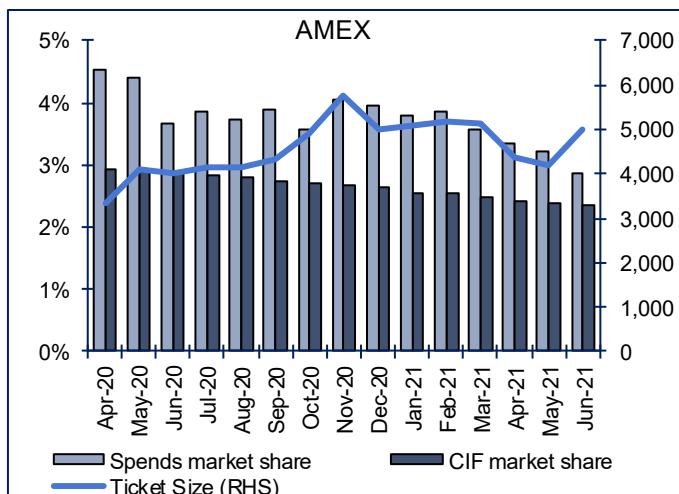
Source: RBI, I-Sec research

Chart 7: Credit card spends / CIF market share and spend ticket size – Axis Bank

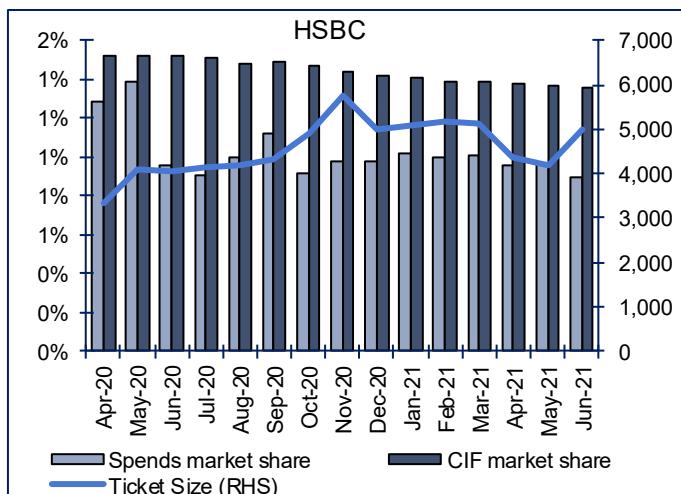
Source: RBI, I-Sec research

Chart 8: Credit card spends / CIF market share and spend ticket size – Citibank

Source: RBI, I-Sec research

Chart 9: Credit card spends / CIF market share and spend ticket size – American Express

Source: RBI, I-Sec research

Chart 10: Credit card spends / CIF market share and spend ticket size – HSBC

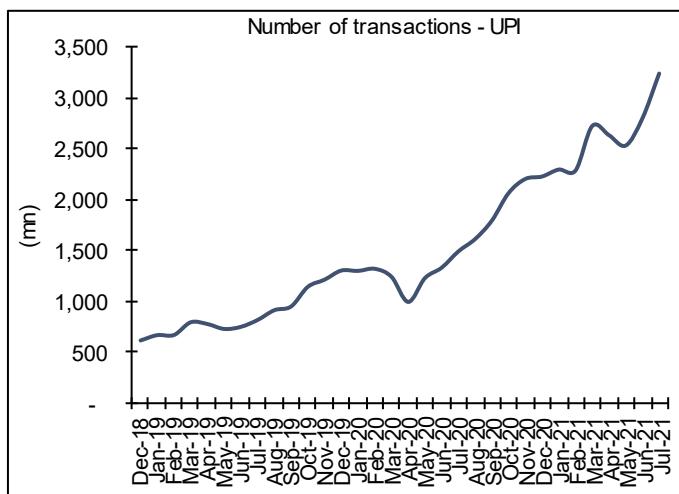
Source: RBI, I-Sec research

Table 3: Average receivable per card

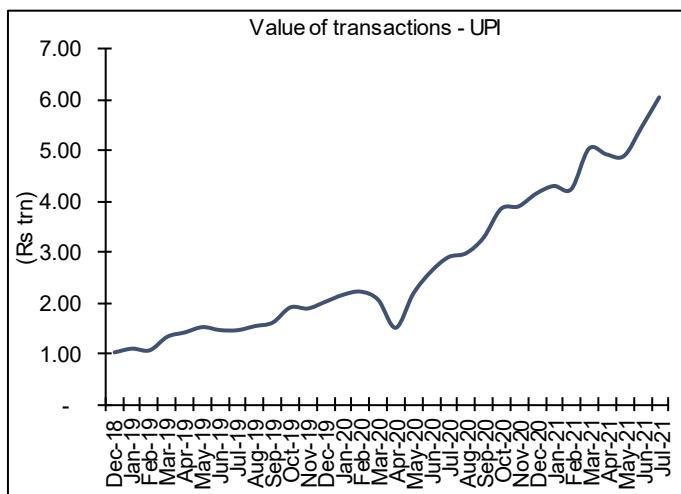
	Q1FY21	Q4FY21	Q1FY22	YoY	QoQ
Avg CC Outstanding (Rs bn)					
Industry	1,025	1,001	1,085	6%	8%
SBIC	233	251	244	5%	-3%
Avg CC Outstanding (CIF)	Q1FY20	Q4FY21	Q1FY21		
Industry (mn)	57.3	61.6	62.5	9%	1%
SBIC	10.5	11.7	12.0	14%	2%
Receivable per card (Rs) - Industry	17,891	16,243	17,355	-3%	7%
Receivable per card (Rs) - SBIC	22,146	21,401	20,405	-8%	-5%

Source: RBI, I-Sec research

UPI

Chart 11: UPI transaction volumes

Source: RBI, I-Sec research

Chart 12: UPI transaction value

Source: RBI, I-Sec research

Table 4: App-wise UPI transactions for the month of Jun'21

PhonePe and Google Pay continued to maintain their lion's share in Jul'21.

Sr. No.	Application Name	Total		Market share	
		Volume (mn)	Value (Rs bn)	Volume (mn)	Value (Rs bn)
1	PhonePe	1,492	2,88,573	45.3%	47.6%
2	Google Pay	1,119	2,30,848	34.0%	38.1%
3	Paytm Payments Bank App	454	51,694	13.8%	8.5%
4	Axis Bank Apps	74	941	2.3%	0.2%
5	Amazon Pay	63	5,224	1.9%	0.9%
6	Yes Bank Apps	26	4,812	0.8%	0.8%
7	BHIM	24	7,443	0.7%	1.2%
8	Airtel Payments Bank Apps	7	2,343	0.2%	0.4%
9	Cred	7	8,121	0.2%	1.3%
10	State Bank of India Apps	4	1,908	0.1%	0.3%
11	Kotak Mahindra Bank Apps	3	643	0.1%	0.1%
12	HDFC Bank Apps	3	588	0.1%	0.1%
13	Mobikwik	3	402	0.1%	0.1%
14	IndusInd Bank App	2	458	0.1%	0.1%
15	Samsung Pay	2	368	0.1%	0.1%

Source: NPCI, I-Sec research

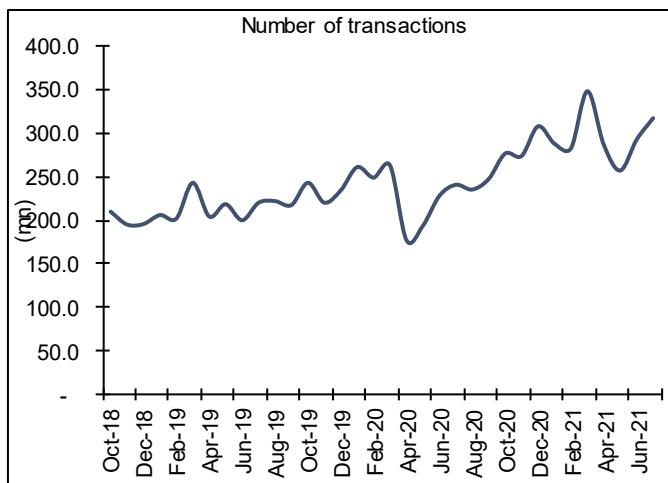
Table 5: UPI P2P and P2M transactions

Overall P2M share in Jul'21 stood at 45% in volume terms and 19% in value terms.

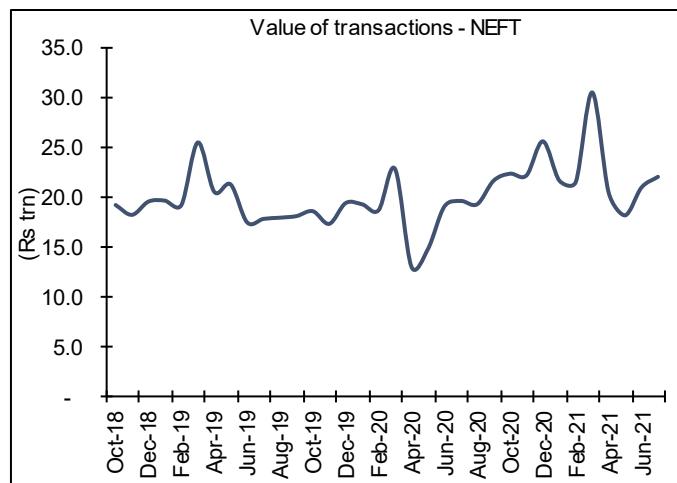
Month	Total		P2P		P2M		P2M Share		Ticket size	
	Volume (Mn)	Value (Rs bn)	P2M	Overall						
Apr-20	1,000	1,511	550	1,280	449	231	45%	15%	514	1,512
May-20	1,235	2,184	738	1,897	496	287	40%	13%	579	1,769
Jun-20	1,337	2,618	819	2,281	518	338	39%	13%	652	1,958
Jul-20	1,497	2,905	919	2,511	578	394	39%	14%	681	1,940
Aug-20	1,619	2,983	993	2,564	626	419	39%	14%	669	1,843
Sep-20	1,800	3,290	1,092	2,824	708	466	39%	14%	659	1,828
Oct-20	2,072	3,861	1,227	3,307	844	554	41%	14%	656	1,864
Nov-20	2,210	3,910	1,325	3,300	886	610	40%	16%	689	1,769
Dec-20	2,234	4,162	1,284	3,480	950	682	43%	16%	717	1,863
Jan-21	2,303	4,312	1,294	3,605	1,009	706	44%	16%	700	1,872
Feb-21	2,293	4,251	1,282	3,548	1,011	702	44%	17%	695	1,854
Mar-21	2,732	5,049	1,516	4,218	1,216	831	45%	16%	683	1,848
Apr-21	2,641	4,937	1,449	4,118	1,193	818	45%	17%	686	1,869
May'21	2,540	4,906	1,397	4,039	1,143	868	45%	18%	759	1,932
Jun-21	2,808	5,474	1,550	4,478	1,257	996	45%	18%	792	1,950
Jul-21	3,248	6,063	1,782	4,937	1,466	1,126	45%	19%	768	1,867

Source: NPCI, I-Sec research

NEFT

Chart 13: NEFT transaction volumes

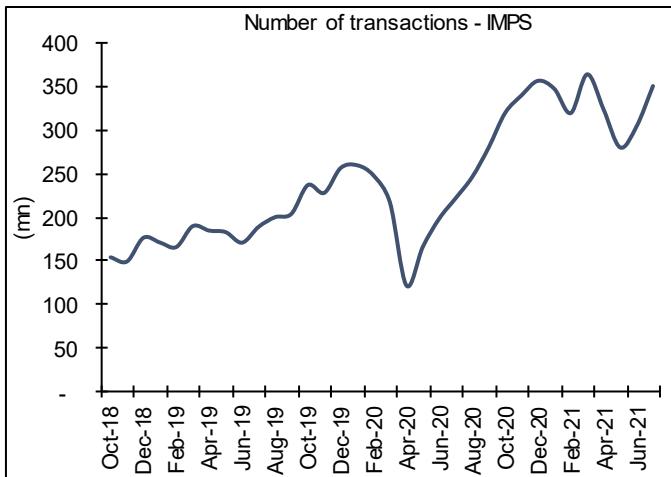
Source: RBI, I-Sec research

Chart 14: NEFT transaction value

Source: RBI, I-Sec research

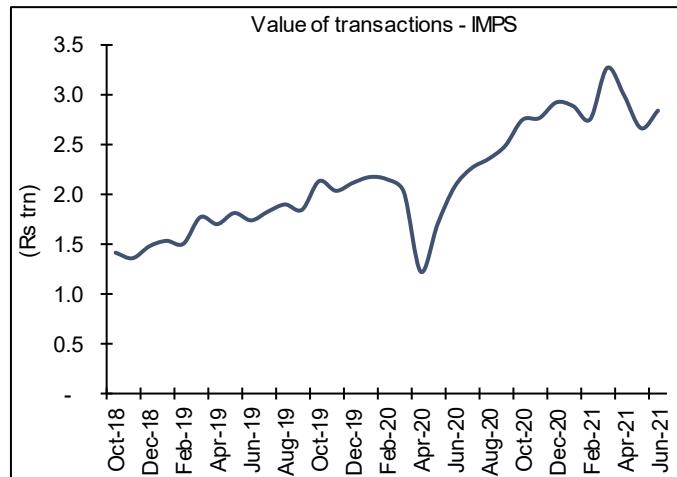
IMPS

Chart 15: IMPS transaction volumes



Source: RBI, I-Sec research

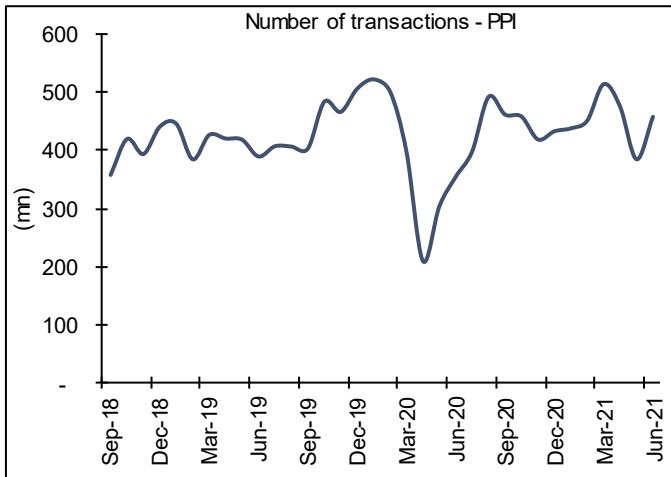
Chart 16: IMPS transaction value



Source: RBI, I-Sec research

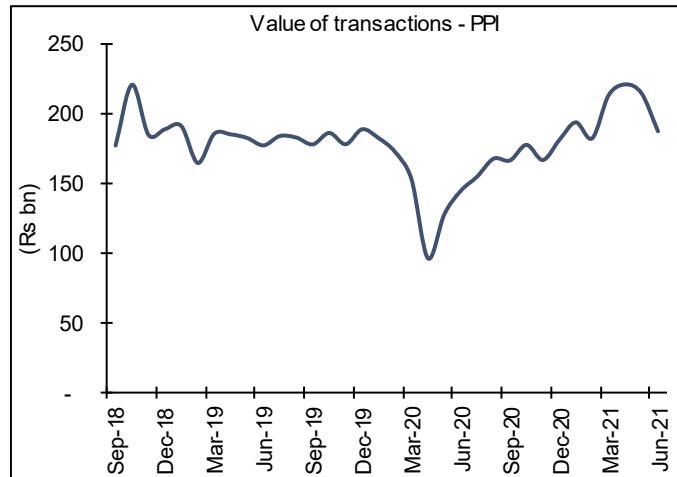
PPI

Chart 17: PPI transaction volumes



Source: RBI, I-Sec research

Chart 18: PPI transaction value



Source: RBI, I-Sec research

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