

Credit Card Spending Growth Weakens Further in February 2026

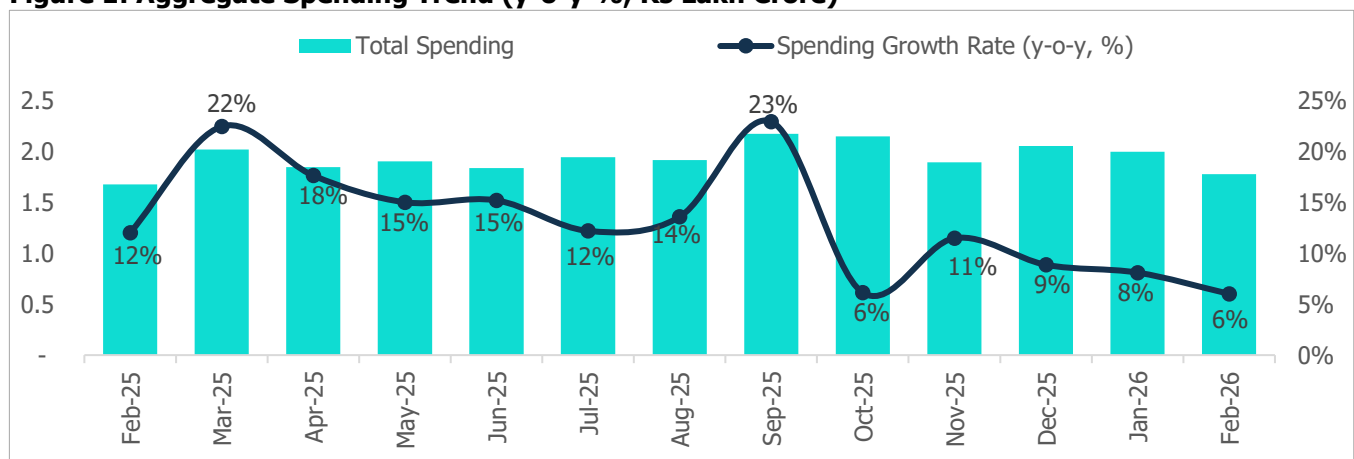
April 02, 2026 | BFSI Research

Synopsis

- In February 2026, credit card spending rose by 6.0% year-on-year (y-o-y), to Rs 1.78 lakh crore, driven by sustained e-commerce spending; however, this growth was slower than 12.0% observed in the same period last year, attributed to the base effect and an absence of festival and holiday spending triggers. Meanwhile, credit spending witnessed an 11.0% month-on-month(m-o-m) decline, attributed to February’s shorter month (fewer transaction days) compressing overall spending.
- Private sector banks (PVBs) continue to lead the credit card spending landscape, accounting for 72.2% of total spends in February 2026; however, their share has been on a softening trajectory, with a 348-bps y-o-y moderation. In contrast, public sector banks (PSBs) are steadily gaining ground, supported by deeper penetration into tier-2 and tier-3 markets, which is driving incremental customer acquisition. PVBs experienced a 6.0% y-o-y decline in average spends per card to Rs 15,332, indicating some moderation in high-value discretionary usage. Meanwhile, PSBs reported a healthy 18% increase in per-card spending to Rs 14,038, reflecting improved customer engagement and the increasing use of UPI-based credit.
- The credit card base grew from 10.9 crore in February 2025 to 11.8 crore in February 2026, showing ongoing deepening of card penetration across the system. The market structure for credit cards remains highly concentrated, with a few key players—three major PVBs and five large PSBs—collectively accounting for nearly 80% of all cards in circulation.

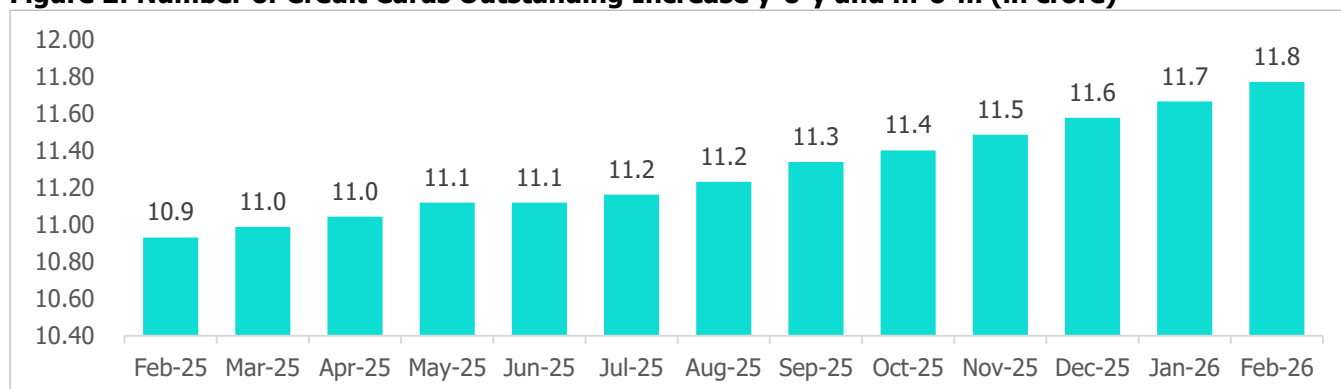
Credit Card Spending Growth Rate Continues to Slip Further

Figure 1: Aggregate Spending Trend (y-o-y %, Rs Lakh Crore)



Source: RBI, CMIE, CareEdge Calculations, Note: Includes 40 Banks (09 PSBs, 18 PVBs, six FBs and seven SFBS)

In February 2026, credit card spending rose by 6.0% y-o-y to Rs 1.78 lakh crore due to sustained e-commerce spending. However, it declined by 11.0% m-o-m, due to fewer transaction days in February, which compressed overall spending. Meanwhile, this growth was slower than 12.0% in the corresponding period last year, due to the base effect and the absence of travel-related spending.

Figure 2: Number of Credit Cards Outstanding Increase y-o-y and m-o-m (in crore)

Source: RBI, CMIE CareEdge Calculations, Note: Includes 40 Banks (09 PSBs, 18 PVBs, six FBs and seven SFBS)

The total outstanding credit card base rose to 10.9 crore as of February 2026, with growth of 7.7% y-o-y and 0.9% m-o-m. The issuance trajectory remained anchored by PVBs, which recorded an 8.2% y-o-y increase, underpinned by their distribution networks and strategic co-branded partnerships with e-commerce and fintech ecosystems. Within PVBs, the incremental momentum was largely driven by other PVBs. PSBs also sustained a healthy pace, with a 7.2% y-o-y rise in outstanding cards, primarily underpinned by SBI, which expanded its portfolio by 6.3% y-o-y to 2.20 crore cards, reflecting improving execution and scaling of retail franchises. In contrast, foreign banks continued to rationalise their card portfolios, with outstanding cards declining by 6% y-o-y. At the same time, part of this moderation can be attributed to structural shifts such as portfolio transfers and the subsequent migration of their card base to domestic players.

Market Concentration Persists, Led Primarily by Large Private Sector Issuers.

Figure 3: Market Share of Spending of Credit Cards for Different Bank Groups (%)

Bank-Group	Feb-25	Mar-25	Nov-25	Jan-26	Feb-26	bps (Y-o-Y)	bps (m-o-m)
Large PVBs	57.6	58.4	58.4	57.4	56.8	-81	-61
Other PVBs	18.1	17.3	15.5	15.4	15.5	-268	7
PVBs	75.7	75.7	73.8	72.8	72.2	-348	-54
Large PSBs	18.1	18.4	20.4	21.5	21.7	362	14
Other PSBs	0.4	0.4	0.4	0.4	0.5	3	4
PSBs	18.5	18.7	20.8	22.0	22.1	365	18
FBs	5.3	5.0	4.7	4.6	4.9	-38	33
SFBs	0.5	0.5	0.6	0.7	0.7	21	3

Source: RBI, CareEdge Calculations, Note: Includes 40 Banks (05 Large PSBs, 04 Other PSBs, 03 Large PVBs, 15 Other PVBs, six FBs and seven SFBS)

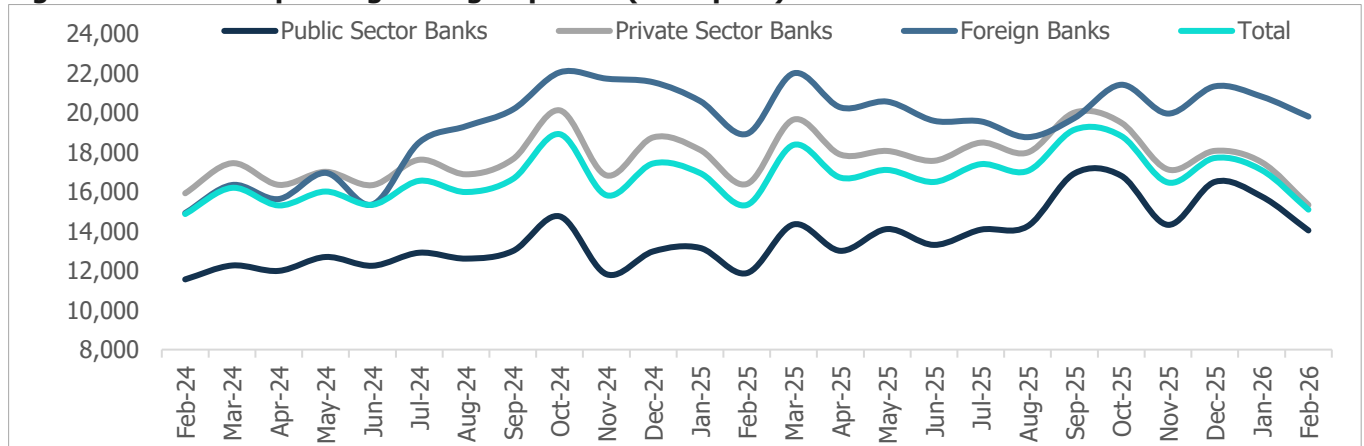
The credit card market remains structurally concentrated, with the top five issuers accounting for over 80% of overall spending, underscoring the dominance of large players. Against this backdrop, the overall market share of PVBs declined by 348 bps y-o-y, largely driven by a contraction in small- and mid-sized PVBs, while leading PVBs broadly maintained their share. The decline among other PVBs reflects a more selective approach to card issuance and credit limit enhancements, indicating tighter underwriting and moderated risk appetite.

PSBs continued to strengthen their position in the credit card spending ecosystem, with their market share rising by 365 bps y-o-y in February 2026, primarily led by large PSBs. This improvement is attributable to their rising penetration in tier-2 and tier-3 markets, as well as the emergence of UPI-based credit. On a sequential basis, PSBs

recorded a modest 18 bps m-o-m increase. PSBs’ overall share in card spending remains relatively subdued at 22.1%, with the contribution still concentrated among a handful of large players, while smaller PSBs continue to have a limited presence. Other PSBs saw only a marginal uptick in share, from 0.4% to 0.5%, reflecting gradual, slow broad basing. In contrast, PVBs continue to retain dominance in high-value spending segments, driven by their entrenched position in premium cards and stronger fee-income generating customer profiles.

PSBs Catch Up on Utilisation While PVB Spending Normalises

Figure 4: Per Card Spending Bank group-wise (In Rupees)

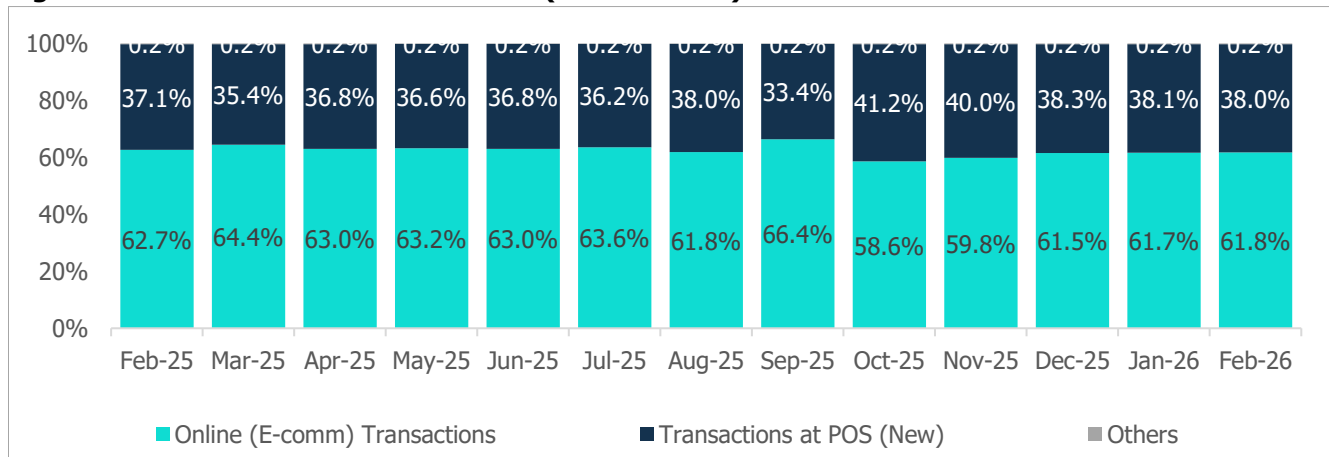


Source: RBI, CMIE, CareEdge Calculations

Per-card spending moderated to Rs 15,093 in February 2026, declining by 12.0% m-o-m and 2% y-o-y, attributed to post-year-end normalisation in spending and a gradual shift towards UPI transactions for small-ticket purchases. At the bank-group level, the spending differential between PVBs and PSBs has narrowed further. PVBs reported per-card spending of Rs 15,332, down 6.0% y-o-y, reflecting the impact of rapid card-based expansion, where increased issuances, particularly among newer and mass-market customers, have moderated average utilisation levels. Meanwhile, PSBs recorded a robust 18% y-o-y increase in per-card spending to Rs 14,038, as the integration of credit cards with UPI gradually reshapes spending dynamics, with a portion of transaction activity shifting toward issuers leveraging the platform.

E-Commerce Expansion Sustains Growth in Online Card Transactions

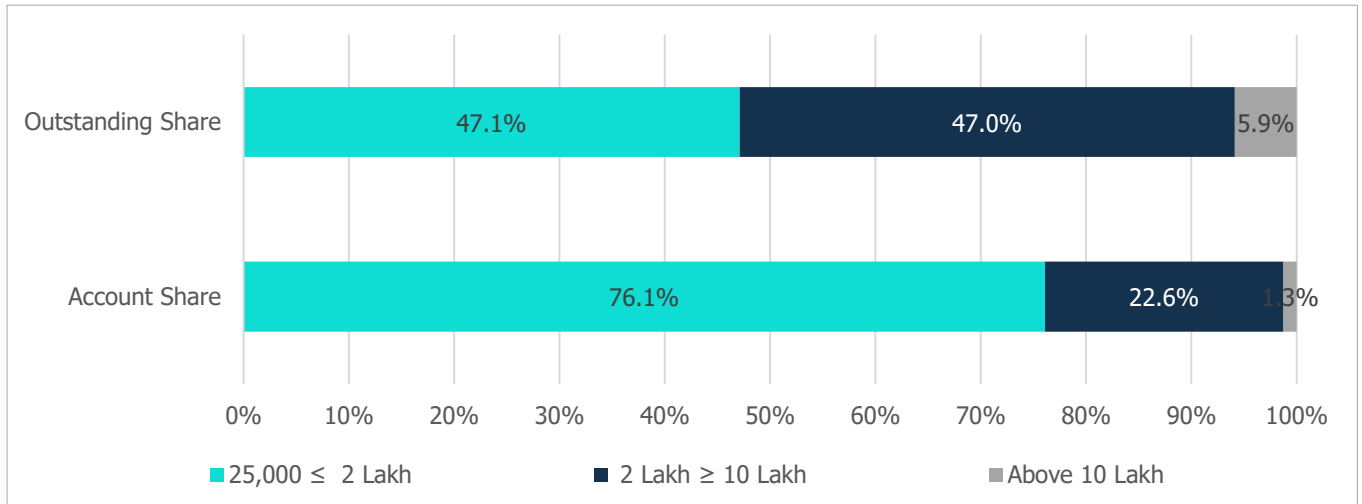
Figure 5: Online vs Offline Transactions (Rs lakh crore)



Source: RBI, CMIE, CareEdge Calculations

- Online (e-commerce) transactions continue to dominate credit card usage, accounting for more than 61% of total transactions over the period, with their share remaining stable over the year. In February 2026, total online e-commerce credit card transactions grew by 4.5% y-o-y, underscoring continued digital adoption. Notably, PSBs recorded a sharp 30.1% y-o-y growth, significantly outperforming PVBs, which contracted by 1%, indicating rapid digital traction and improved customer engagement. In contrast, growth in offline transactions outpaced that of online transactions on a y-o-y basis, rising 8.5%. Meanwhile, offline spending remains relevant, and incremental growth remains largely concentrated in the online channels.

Figure 7: Credit Card Limit Wise Amount Outstanding and No of Accounts Distribution (as of December 31, 2025)

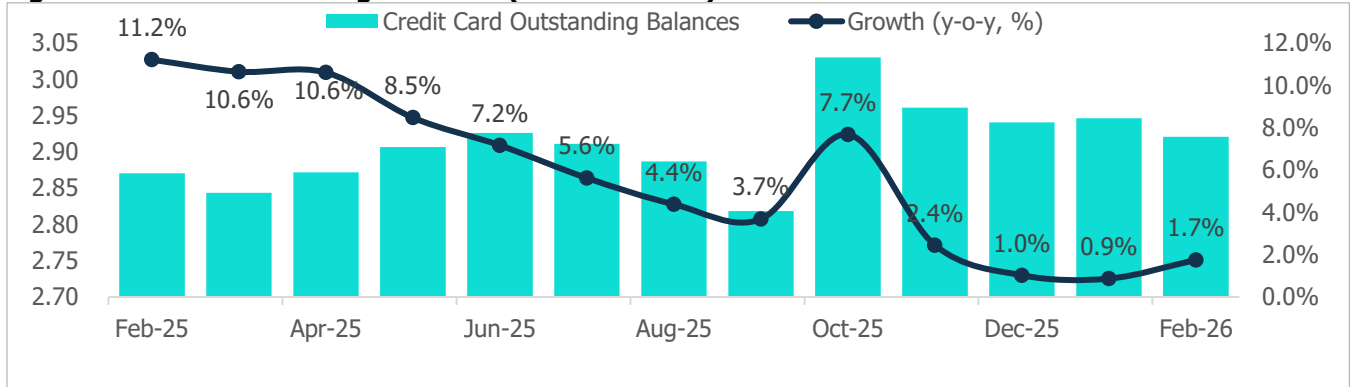


Source: RBI, CareEdge Calculations

- As of December 2025, there is a clear asymmetry between the distribution of credit card accounts and the corresponding outstanding balances across credit limit segments. Lower-credit-limit cohorts constitute the majority of the customer base but account for a disproportionately smaller share of total outstanding balances, indicating relatively lower per-account exposure. In contrast, higher credit limit segments, despite representing a marginal share of accounts, contribute significantly to overall outstanding balances, reflecting elevated ticket sizes and a concentration of credit utilisation. This divergence underscores that system-level credit exposure is increasingly concentrated among upper-tier borrowers, while the broader retail base remains low intensity in terms of utilisation.

Growth Rate in Credit Card Outstanding Balance Reduces y-o-y, Marginal Uptick m-o-m

Figure 6: Total Outstanding Balances (Rs Lakh Crore)



Source: RBI, CareEdge Calculations

- The total outstanding credit card debt stood at Rs 2.92 lakh crore as of February 2026, compared to Rs 2.87 lakh crore in February 2025. The share of credit card debt in total retail loans continued to decline by 60 bps to 4.3% in January 2026, from 4.9% a year earlier, due to relatively faster growth in secured retail credit.

Conclusion

Credit card spending increased from Rs 19.1 lakh crore in YTFY25 to Rs 21.5 lakh crore in YTFY26, registering a 12.3% y-o-y growth, indicating continued strength in card-led consumption. However, the momentum softened further in February 2026, with an 11% m-o-m decline in spending, reflecting post-festive normalisation, fewer transaction days, and moderation in discretionary demand. The deceleration was primarily driven by lower per-card spending and easing utilisation levels, even as balances remain tilted toward higher credit-limit segments. Looking ahead to March 2026, spending is expected to witness a seasonal uptick, supported by year-end consumption, travel, and business-related spends, typically associated with financial year closure. Overall, the near-term outlook points to stable but moderated growth, with structural drivers intact but cyclical headwinds persisting.

Contact

Saurabh Bhalerao	Associate Director – BFSI Research	saurabh.bhalerao@careedge.in	+91 - 22 - 6754 3519 / +91-90049 52514
Sarthak Hirekhan	Analyst – BFSI Research	sarthak.hirekhan@careedge.in	+91 - 22 - 6754 3630 / +91-8956753551
Mradul Mishra	Media Relations	mradul.mishra@careedge.in	+91 - 22 - 6754 3596

CARE Ratings Limited

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Phone : +91 - 22 - 6754 3456 | CIN: L67190MH1993PLC071691

Connect:



Locations: Ahmedabad | Andheri-Mumbai | Bengaluru | Chennai | Coimbatore | Hyderabad | Kolkata | Noida | Pune

About Us:

CareEdge is a knowledge-based analytical group offering services in Credit Ratings, Analytics, Consulting and Sustainability. Established in 1993, the parent company CARE Ratings Ltd (CareEdge Ratings) is India's second-largest rating agency, with a credible track record of rating companies across diverse sectors and holding leadership positions in high-growth sectors such as BFSI and Infra. The wholly-owned subsidiaries of CareEdge Ratings are (I) CARE Analytics & Advisory (II) CARE ESG Ratings Ltd (III) CareEdge Global IFSC Ltd. CareEdge Ratings' other international subsidiary entities include CARE Ratings (Africa) Private Ltd in Mauritius, CARE Ratings South Africa (Pty) Ltd, and CARE Ratings Nepal Ltd. For more information: www.careedge.in

Disclaimer:

This report is prepared by CARE Ratings Limited (CareEdge Ratings). CareEdge Ratings has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in public domain. However, neither the accuracy nor completeness of information contained in this report is guaranteed. CareEdge Ratings is not responsible for any errors or omissions in analysis / inferences / views or for results obtained from the use of information contained in this report and especially states that CareEdge Ratings has no financial liability whatsoever to the user of this report.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2026, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information required as per applicable law and regulations and CARE Ratings Limited holds exclusive copyright over the same. Any reproduction, retransmission, modification, derivative works or use or reference to the contents, in whole, in part or in any form, is prohibited except with prior express written consent from CARE Ratings Limited.