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HDFC Bank prepares to double credit card base

Aims to issue 0.4 million cards every month

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HDFC Bank wants to accelerate its growth in the credit card segment and capture further market share by aiming to offer 04 million credit cards every month, almost double of the number they issue currently.

The lender is the largest issuer of credit card in the country. "About a little more than a year back, we were issuing about 75,000-80,000 credit cards," said Parag Rao, head (cards, merchant acquiring business & marketing), HDFC Bank. "Right now we are offering around two lakh (0.2 million) cards a month. And we plan to double it to about 4 lakh (0.4 mn) cards in the next 12-15 months."

According to Reserve Bank of India data, the lender was the largest issuer of credit cards in December at 6.28 mn outstanding cards. HDFC Bank's closest competitor was ICICI Bank at 3.50 mn cards. SBI cards, Citibank and Axis Bank made up the rest of the top-five list.

HDFC Bank plans to focus on the hinterlands and semi-urban areas. "We will further expand our presence in the rural and semi-urban markets. There is a significant play to cross-sell to our own customers in these areas. For instance, customers who have taken agri loans, crop loans and gold loans can be tapped," explained Rao.

The lender is confident of growth, considering that it had seen a significant growth coming in from the tier-two and tier-three cities. The bank had been investing to expand its payment infrastructure in rural areas for about two years now.

"At present 40-45 per cent of the growth in the two lakh cards that we are issuing is coming from the non-top 20 towns. Going forward, I expect the mix to remain the same as we expect to grow in both metros and non-metros," added Rao.

The salaried segment, especially customers who do not have a credit card, would also be another segment to tap, he said. Even traditionally, the salaried segment has given HDFC Bank a strong foothold in the market.

In fact, credit cards and personal loans are the two segments that have witnessed mid- to high-double-digit growth in the banking system. The overall bank credit has remained sluggish.

Rapid growth in the unsecured lending space has not worried the bankers. Reliance on credit bureaus, data analytics and focus on cross-selling would ensure that the bad loans in this segment would be kept under check, they said. According to RBI data, the total number of credit cards in the country was 22.7 mn in December.