

# Russian Credit Card Market, 1H 2017

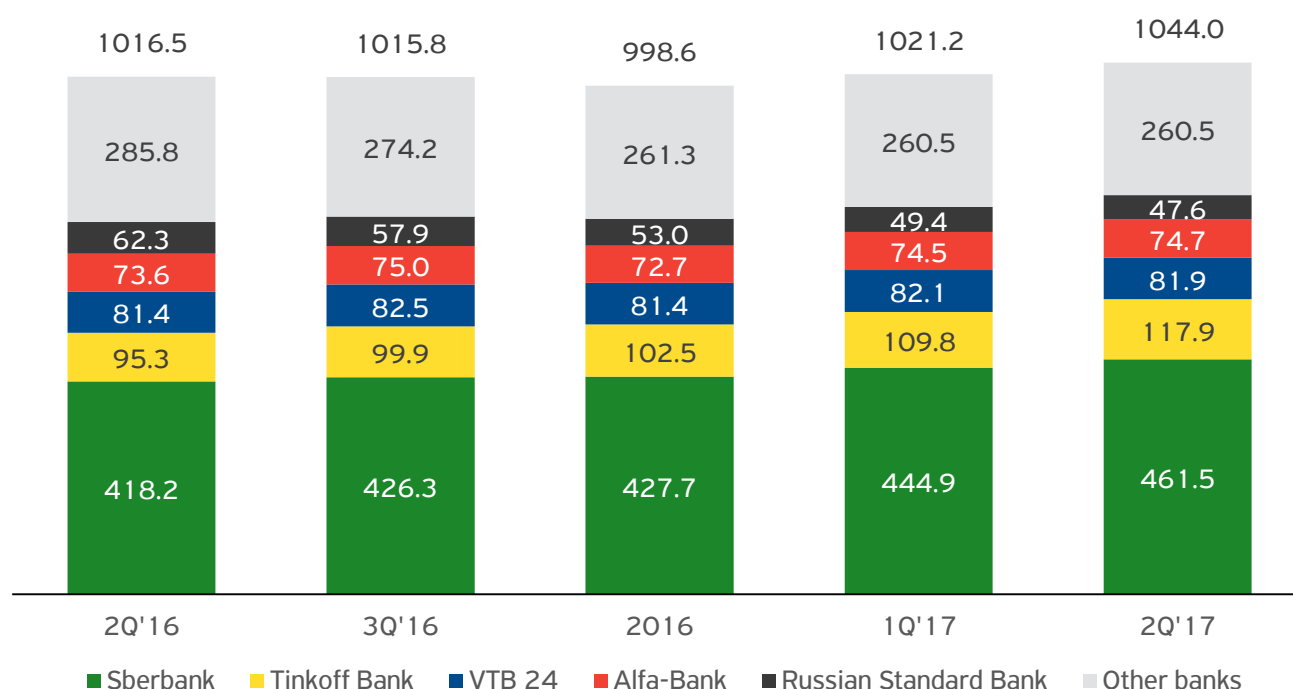
## 1H 2017 results

During the first six months of 2017, the only change among the Top 10 credit card market players was due to the ongoing contraction in the portfolio of B&N Bank Credit Cards, which helped Citibank rise to the 10<sup>th</sup> place with a portfolio of RUB 15.2 bn.

The portfolio of Sberbank grew by RUB 34 bn to RUB 461.5 bn in 1H17. Tinkoff Bank expanded its portfolio by RUB 15.4 bn over the same period, bringing it to RUB 117.9 bn as of 1 July 2017. Pochta Bank's portfolio continued growing and reached RUB 7.1 bn by the end of 1H17 (ranked 16<sup>th</sup>). At the same time the combined portfolio of VTB Group, including VTB Bank, VTB 24 and Pochta Bank, remained virtually unchanged throughout the first six months of 2017 (up 0.9% YTD).

The market share of Russian Standard Bank declined by 0.8 p.p. to 4.6% in 1H17 as its portfolio contracted by RUB 5.4 bn.

Top 5 credit card portfolios in Russian market





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## Market size and performance

During the first six months of 2017, the credit card market saw a steady growth. In 1Q17, the market increased by RUB 22.6 bn, with 2Q17 delivering an almost identical increase (RUB 22.8 bn). As of 1 July 2017, the market size totalled RUB 1,044 bn.

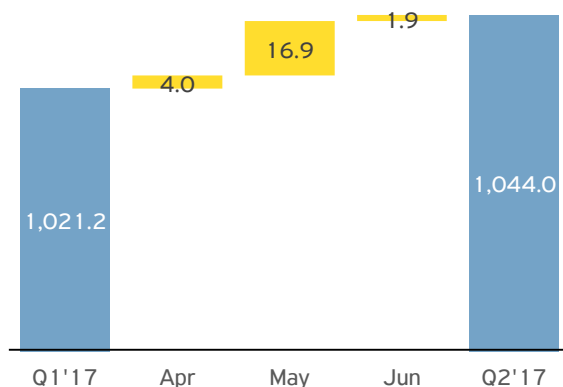
The strongest monthly growth was seen in May (RUB 16.9 bn), making it the best performance of 1H17. The increase in both April and June was only marginal. Total growth for the first six months of 2017 reached RUB 45.4 bn, with the market now larger than it ever was in 2016.

## Market concentration

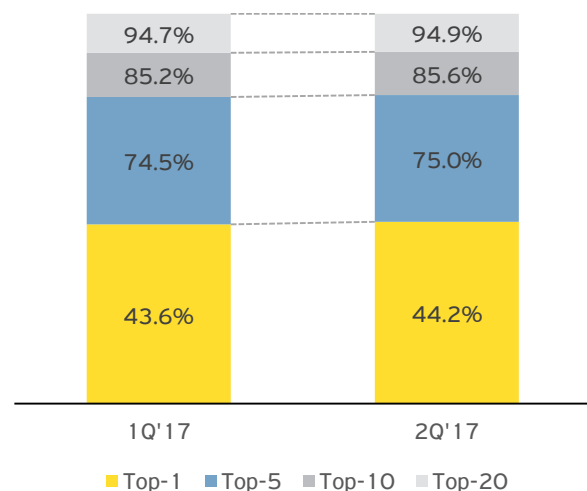
The concentration in the market is driven by the two leaders, Sberbank and Tinkoff Bank. During the first six months of 2017, their total portfolio increased by RUB 49.2 bn, compared to just RUB 45.4 bn of market growth. The Top 3 banks by market share are Sberbank (44.2%), Tinkoff Bank (11.3%), and VTB 24 (7.8%).

There are a total of 31 credit institutions with credit card portfolios of more than RUB 1 bn. Their aggregate market share has reached 98.6%.

Market performance, RUB bn



Market concentration, %



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## Key players

The first six months of 2017 brought no surprises for the Russian credit card market. Steady market growth, mainly driven by Sberbank and Tinkoff Bank, is the general trend for the entire year. Credit Europe Bank saw a marked contraction in its portfolio: in 1Q 17, the bank lost RUB 0.5 bn (3.0% of the portfolio), and in 2Q 17 the reduction totalled RUB 0.6 bn, or 3.9% of the portfolio (RUB 15.7 bn as of 1 July 2017).

Orient Express Bank delivered a healthy increase in its portfolio, with YTD growth of 8.3% (RUB 3.2 bn in absolute terms). As of the end of 1H 17, the bank had a portfolio of RUB 41.7 bn and a market share of 4.0%.

In 2H 17, no major changes are expected. The Top 7 players by far outperform the others, while banks ranked from 8<sup>th</sup> to 13<sup>th</sup> have portfolios of almost the same size (RUB 14–16 bn), which means that this segment is likely to see the strongest competition in the market.

## Top 10 players in the Russian credit card market

Bank	Portfolio, 1Q 2017 RUB bn	Change, RUB bn	Portfolio, 2Q 2017 RUB bn	Market share, 1Q 2017	Change, %	Market share, 2Q 2017
Sberbank	444.9	16.6	461.5	43.6%	0.6%	44.2%
Tinkoff Bank	109.8	8.1	117.9	10.8%	0.5%	11.3%
VTB 24	82.1	-0.3	81.9	8.0%	-0.2%	7.8%
Alfa-Bank	74.5	0.2	74.7	7.3%	-0.1%	7.2%
Russian Standard bank	49.4	-1.8	47.6	4.8%	-0.3%	4.6%
Orient Express Bank	39.6	2.0	41.7	3.9%	0.1%	4.0%
OTP Bank	22.2	-0.5	21.6	2.2%	-0.1%	2.1%
Credit Europe Bank	16.3	-0.6	15.7	1.6%	-0.1%	1.5%
Raiffeisenbank	15.5	0.1	15.6	1.5%	0.0%	1.5%
Citibank	15.0	0.2	15.2	1.5%	0.0%	1.5%



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## Disclosure

The report was drafted by Tinkoff Bank's team based on the data of the Central Bank of Russia (CBR) and takes into account undue debt (demand loans and overdrafts to individuals) only.

For the purposes of this report, the Bank relied on CBR data. Tinkoff Bank's analysts use amounts in accounts 45502 (loans and other funds provided to resident individuals for a period of up to 30 days), 45508 (demand loans and other funds provided to resident individuals), 45509 (deposit account overdrafts provided to resident individuals), 45707 (demand loans and other funds provided to non-resident individuals), and 45708 (deposit account overdrafts provided to non-resident individuals).

For questions, please contact Darya Ermolina at [media@tinkoff.ru](mailto:media@tinkoff.ru)

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