

Russian Credit Card Market, Q1 2017

Market size and performance

First quarter of 2017 brought positive results for credit cards market: growth of 2.3% (or RUB 22.6 bn in absolute terms) for the first time since Q4'14. Total market volume as of 1st April 2017 is 1,021 RUB bn.

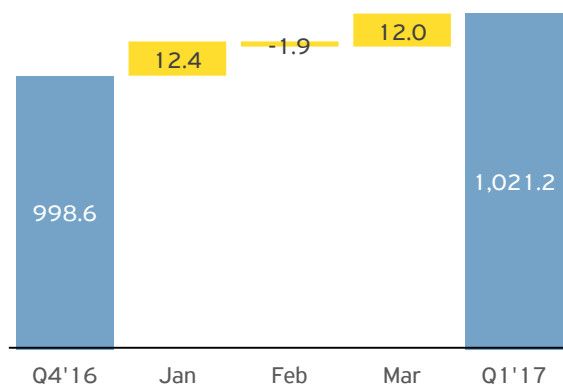
Despite little contraction in February (-1.9 RUB bn) due to seasonality, first quarter of 2017 showed stable growth. In January market size increased by 12.4 RUB bn, and in March – by 12 RUB bn. However, It is important to note that the market is growing unevenly: while the leaders increase their portfolio and share, the rest of the players do not improve their positions.

Market concentration

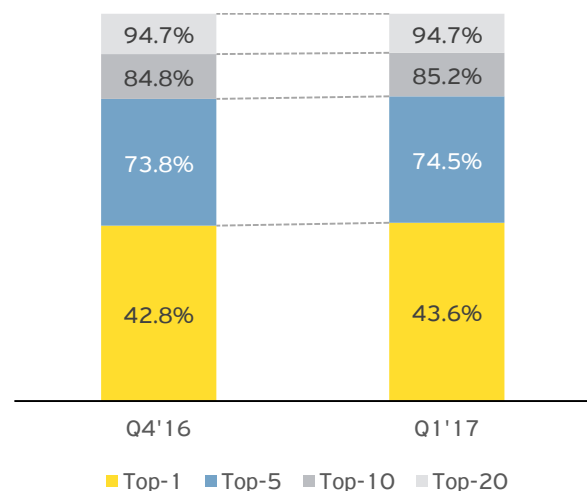
Rapid portfolio growth of the unchanged leaders Sberbank and Tinkoff Bank is the main reason for the market growth. Since the beginning of the 2017 their total portfolio increased by 24.5 RUB bn to 554.7 RUB bn, while all other banks together occupy only 45.7% of the market (466.5 RUB bn in absolute terms).

The total number of credit institutions holding credit card portfolios worth more than RUB 1 bn stands at 32. Their aggregate market share has reached 98.7%.

Market performance, RUB bn



Market concentration, %



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Key players

First quarter of 2017 brought changes into composition of Top-10 credit card market players: Raiffeisenbank took 9th place with the portfolio size amounted to 15.5 RUB bn due to portfolio decrease of B&N Bank Credit Cards (contraction of 0.8 RUB bn).

Portfolio of Sberbank, which occupies the first place, grew by 17 RUB bn to 444.9 RUB bn. Tinkoff Bank since the beginning of the year showed relative portfolio growth of 7.2% (109.8 RUB bn as of 1st April 2017). The leader in terms of relative growth among credit institutions with portfolios worth more than 1 RUB bn is Pochta Bank, which increased its portfolio by 20.2% (in absolute terms amounted to 1.04 RUB bn).

Orient Express Bank continued to grow, and by the end of the first quarter bank's portfolio amounted to 39.6 RUB bn (growth of 3% since the beginning of the year). Alfa Bank became the third bank by the absolute growth, increasing its portfolio by 1.8 RUB bn (74.5 RUB bn as of 1st April 2017). However, such growth did not allow bank to increase its share because of the market growth.

Top 10 in the Russian credit card market

Bank	Portfolio 2016 RUB bn	Change, RUB bn	Portfolio Q1'17 RUB bn	Market share 2016	Change, %	Market share Q1'17
Sberbank	427.7	17.1	444.9	42.8%	0.7	43.6%
Tinkoff Bank	102.5	7.4	109.8	10.3%	0.5	10.8%
VTB 24	81.4	0.8	82.1	8.1%	-0.1	8.0%
Alfa-Bank	72.7	1.8	74.5	7.3%	0.0	7.3%
Russian Standard Bank	53.0	-3.7	49.4	5.3%	-0.5	4.8%
Orient Express	38.5	1.2	39.6	3.9%	0.0	3.9%
OTP Bank	22.8	-0.7	22.2	2.3%	-0.1	2.2%
Credit Europe Bank	16.8	-0.5	16.3	1.7%	-0.1	1.6%
Raiffeisenbank	14.9	0.6	15.5	1.5%	0.0	1.5%
B&N Bank Credit Cards	16.2	-0.8	15.4	1.6%	-0.1	1.5%



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Disclosure

The report was drafted by Tinkoff Bank's team and is based on 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). The analysis disregards Pochta Bank, which uses the analysed accounts to record other types of receivables besides credit card debt.

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