



Uniquely Yours

Prosperity Awaits

Tapping into the
Indian Market





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Introduction



This guide will bring the Indian market to life using the latest industry research and JCB Cardmember data – presenting the information, insights, and important steps that will help you reach and attract customers in one of the world's largest economies.

India is one of the fastest growing major economies in the world today.ⁱ As I pen these thoughts, it has already leap frogged to the position of the 5th largest economy in the world. This is providing opportunities for merchants and acquirers outside of South Asia to grow their presence in the region and unlock the potential it, and its population of over 1.4 billion people, has to offer.ⁱⁱ

The Indian population is taking digital payments like never before.ⁱⁱⁱ As disposable income increases and lockdown restrictions subside, they are embracing travel more than ever—and travel frequently compared to the global average—to both popular and unique destinations. India is also increasingly seen as a sought-after destination.

To take advantage of the opportunities these trends present, we must consider the unique aspects of the Indian market. Understand how its economy is adapting and operates in a global context. Appreciate the journey it is on from a previously cash-first society to a society being less dependant on physical money. And become familiar with the population themselves. Their spending habits, travel tendencies, and relationship with different types of payments.

JCB's place in the payment ecosystem means we are well-positioned to help our European merchants and acquirers navigate and make their mark in this vast region.

JCB has been issuing debit and credit cards in India since 2019. Even in this time, we have witnessed – and been involved in – rapid growth within the market. Outside of Japan, India was the quickest growing JCB region in 2021, accounting for 29 % of

total JCB growth.^{iv} And JCB Cardmembers grew by 70 % between Q4 of 2021 and Q2 of 2022 with a projected further growth of 82 % between Q2 2022 and Q4 2022.^v

We partnered with 12 banks in India to issue RuPay JCB debit and credit cards throughout the region, including the State Bank of India, Bank of Baroda, Punjab National Bank, Union Bank of India, Kotak Mahindra Bank, Central Bank of India, Yes Bank, UCO Bank, Federal Bank, City Union Bank, CSB and TJSB. Our National Payments Corporation of India (NPCI) partnership means we can provide industry-leading payment technology that supports our partners in offering truly innovative products and services to the Indian customer.

This groundwork has allowed us to become a trusted, recognisable, and respected name in the region and our experienced and energised team are in place to support you on your journey.

This guide will bring the Indian market to life using the latest industry research and JCB Cardmember data – presenting the information, insights, and important steps that will help you reach and attract customers in one of the world's largest economies.

A handwritten signature in dark ink, appearing to read 'R. Shinzawa'.

Ray Shinzawa, Managing Director,
JCB International (Europe) Ltd.



An overview of the Indian market

India accounts for almost 18 % of the total world population and is almost double that of all of Europe combined.^{vi} It is one of the youngest nations in the world, too, with a median age of 28.4^{vii}, and boasts the 5th largest economy.^{viii}

It has nine cities with a population of over 5 million, with Delhi (25.87 million) and Mumbai (19.32 million) at the top of the list.^{ix} These cities include a high number of high-income homes and have a higher purchasing power than cities of similar size in South Asia. Because of its huge population, India's middle class is larger than others in the region.^x

The outlook is positive for a region that has one of the world's fastest growing economies. As India's economy expands this will have a knock-on effect on per capita income and disposable income. Projected to have the third-largest number of high-income households by 2030, the region is set to contribute \$1.8 trillion to global consumption growth.^{xi}

Traditionally a "cash-first" society, there has been a significant shift towards digital and card payments as part of a "less-cash" movement in recent years. This has been accelerated by government initiatives such as Digital India, which was introduced with the specific aim to "transform India into a digitally empowered society and knowledge economy."^{xii}

The National Payment Corporation of India (NPCI), set up by the Reserve Bank of India and Indian Banks' Association, has been a major factor in enabling widespread digital payments in the region. Reinvesting profits into growing India's payment ecosystem, the umbrella organisation operates retail and settlement payment systems throughout India and has a comprehensive services portfolio that makes them a central figure in the market.

In terms of spending, research shows Indians are optimistic in the wake of the Covid-19 pandemic, with consumer and retail spending including fresh produce, health and wellness goods, new vehicle purchases, and travel.

This spending increasingly takes place online, too, as access to reliable internet and low-cost data^{xiii} makes it easier to go online at a time when traditional shopping methods have been more difficult amidst pandemic restrictions. There are now over 780 million broadband subscribers as of April 2022^{xiv} (the world's second-largest internet population^{xv}), and mobile broadband subscribers have doubled from 345 million to 765 million in the last five years.^{xvi} Meanwhile, India has the third largest start-up industry in the world which, naturally, puts greater emphasis on online business.^{xvii}

"There is a real opportunity for European merchants and acquirers to have success in the Indian market. The region is putting significant time and resources into embracing a digital outlook and this benefits modern payment methods. Meanwhile, the population itself is willing to spend as we emerge out of the pandemic. It is all about providing a painless and secure process that will allow individuals to trust you with their disposable income."

**Satoru Mori, Managing
Director, JCB Card International
(SouthAsia) Private Ltd**

JCB's position in the Indian market

JCB has witnessed first-hand the Indian market's ongoing maturation into one with a digital focus. Beginning operations in the region in 2017—what some may consider a late arrival—we have made strategic steps to establish ourselves and become embedded in the Indian financial infrastructure.

JCB has been granted a master license for issuing and acquiring by the NPCI. This agreement means NPCI member banks can issue RuPay/JCB Global credit and debit cards that function as RuPay cards (NPCI's branded card network) in India and JCB Cards outside the country. Currently, 12 banks issue RuPay/JCB Global cards, as noted in the introduction.

The RuPay card has emerged as one of the most dominant debit card in the Indian market, accounting for a 60 % share in 2020.^{xviii} Features like the lack of joining fees and no extra charges for shopping help in this regard, as do unique inter-operability between payment channels and products, and customised product offerings.

The RuPay cards offer benefits carefully curated for specific segments. For instance, the IRCTC BoB RuPay JCB Credit Card offers special discounts for travellers on the Indian railways, the SBI Yatra Credit Card is specifically holiday and shopping-inspired with exclusive flight and hotel benefits.^{xix}

This link to the RuPay and NPCI initiative means JCB is built on firm foundations in the region and is seen as a trusted partner. Between 2019 and 2021 there was a 4,495% increase in new JCB acquired cards with issuing bank partners,^{xx} and JCB credit card issuance is projected to grow by 68 % between Q3 of 2022 and Q4 of 2022.^{xxi}

“Since entering the Indian market, JCB, in partnership with NPCI, has worked hard to create customised products for the Indian market. These products, which come with unique lifestyle benefits and lucrative global promotions, offer issuers an opportunity to differentiate their product in the market. As we continue to find ways to offer great value to our issuers and Cardmembers in India, we expect the rapid pace of growth of RuPay JCB Cardmembers in India to further accelerate.”

**Richard Anderson, Country
Business Head,
JCB Card International
(SouthAsia) Private Ltd.**

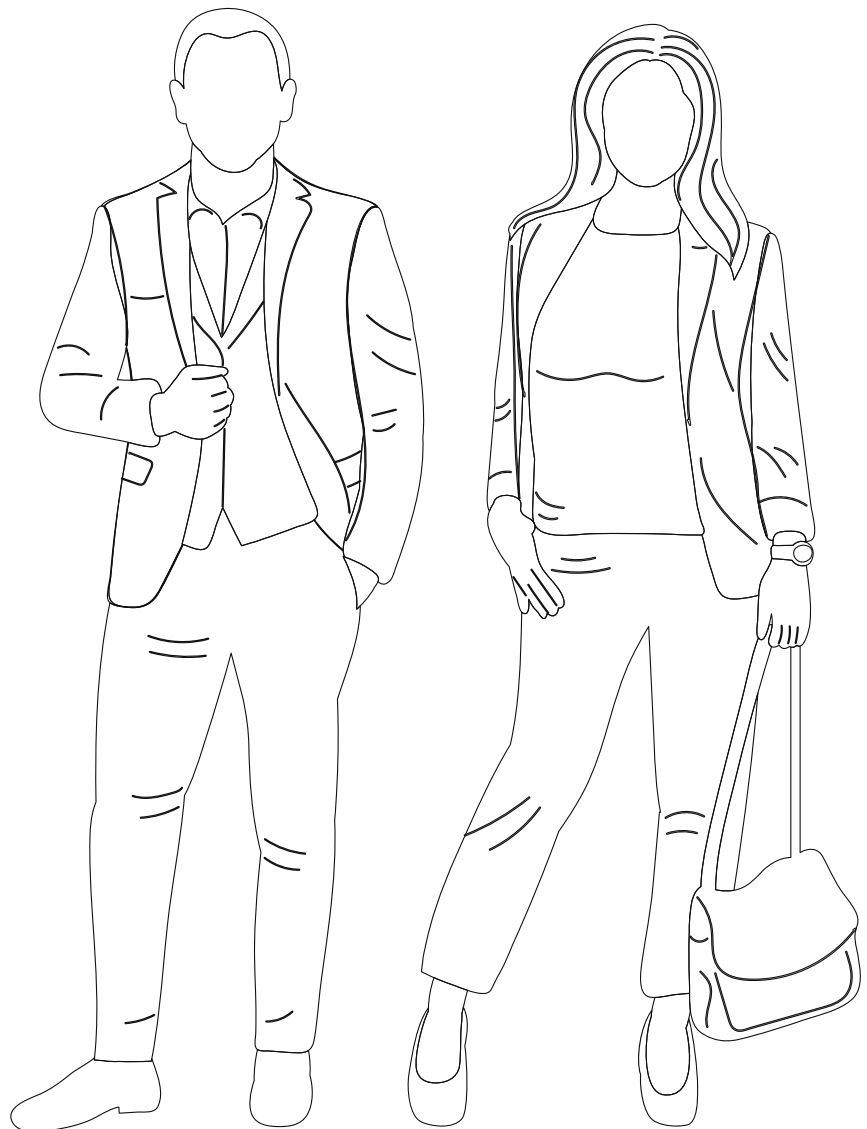
The Indian JCB Cardmember

We have learned more about the Indian market. But what about the people who use JCB in their daily life?

How are they spending their money? What is their socio-economic situation? And what issues are important to them when it comes to the world of payments?

Using the most recent data collected from across India we have created a profile of a “typical” JCB Cardmember in India in 2022 ...

- Security is top of mind when considering payment options.
- Adventurous travellers who spend with the expectation of receiving good quality products and services.
- A larger percentage of Platinum JCB Cardmembers than in some other growing markets.
- Outward focused and aspirational, especially among the younger generation who are accustomed to foreign cultures and products.
- Associate Japanese products with trust, security, and even positive mysticism.



Travel: Spending and behaviour trends

Travel is high on the agenda for Indian citizens following the relaxation of Covid-19-related restrictions, and they are willing to spend more when they arrive at their destination.

From the turn of the millennium up until 2019, the number of Indian nationals departing the country rose by 490 %, peaking at 26.92 million before the pandemic and subsequent lockdowns prohibited movement.^{xxii} The United Arab Emirates, Saudi Arabia, and the United States were the three most popular destinations. However, the most popular European destinations have traditionally been the United Kingdom, Germany, the Netherlands, Switzerland, Sweden, and Italy.^{xxiii} January, May, August, September, and November are generally the most popular months for travelling, each seeing over 2.3 million departures from Indian citizens.^{xxiv}

Indians travel more frequently than the world average, clocking up 5.6 trips annually compared to the 4.2 average worldwide.^{xxv} And the average length of travel in Western Europe is 20.3 days (although shorter trips are becoming more common).^{xxvi} Crucially, regardless of destination, trip length, or reason for travel, the majority of Indian travellers use credit or debit cards for bookings and on-the-ground expenses.^{xxvii} Although travelling with their partner or spouse remains most typical, in 2018 there was a sharp 133 % increase in travel bookings made by solo travellers.^{xxviii}

As restrictions ease and travel is possible once more the appetite to do so has only intensified, with outbound tourism set to surpass \$42 billion by 2024 and Indian firms expected to facilitate easier travel through better connected flights.^{xxix} Already the world's fastest growing aviation market in 2019, there is an expectation that the number of daily fliers will exceed pre-pandemic numbers by the early 2023^{xxx} with the likes of London, Paris, Dubai, Toronto, and Amsterdam the most popular international destinations.

Business class flights and five-star hotel accommodation is popular after two years without travel. There is also an emphasis on the experience economy with "experience-oriented travellers" one of the main group of travellers. Predominantly young professionals, they identify taking part in specific activities and experiences as a top priority when visiting new places and spend \$22 billion to do so.^{xxxi} These new experiences extend beyond a holiday, too. 76 % of Gen Z Indian nationals studying abroad plan to work and settle overseas rather than return to India after completing their studies.^{xxxii}

"As the pandemic related lockdowns and concerns recede, more and more Indians are looking to travel both domestically and internationally. The data already shows that outbound travel for Indians is well on track to reach and surpass pre-covid levels very soon. In the next few years, India will be a major market source of inbound travellers for many countries, including Europe which has emerged as a preferred destination for many Indians. European merchants thus have a great opportunity to build lasting and fruitful relationships with a massive new market."

Naohiro Takaku, Deputy Vice President, Planning, JCB Card International (SouthAsia) Private Ltd

Ecommerce: Spending abroad from home

As the Indian region becomes more digitally literate, smartphone use increases, and internet proliferates across the market beyond the major cities, ecommerce has become an increasingly popular way to pay for goods and services. The Indian ecommerce sector alone is expected to grow by 96 % between 2021-2025^{xxxiii} and worth \$200 billion by 2026.^{xxxiv}

Mobile is typically used for smaller transactions and big-ticket items via net banking and browser.^{xxxv} Even if face-to-face international spending is weighted to the more affluent parts of Indian society, international ecommerce spending is seen across all sections of JCB Cardmembers.

In general, the most common ecommerce purchases are clothes, electronics, footwear, books and computer-related software and hardware.^{xxxvi} As Indian citizens begin to explore ecommerce in more detail it is important that merchants and acquirers offer a secure and easy user experience, to attract new and returning customers.

The most popular ecommerce sites are Indian or Asian in origin. However, there has been an increase in international brands and ecommerce sites in recent years. In fact, compared to other regions, Indian customers are more comfortable buying products from outside their region and are happy purchasing from recognisable European or U.S. brands. JCB has worked to make this more attractive to our Cardmembers by increasing and introducing benefits that are specifically intended to make international purchases more appealing.



The Indian ecommerce sector alone is expected to grow by

96%

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India as a destination

We have talked about the Indian market's appetite for travel. But the region itself is fast becoming a popular destination for foreign travellers.

Home to an eclectic range of experiences—from big city adventures and iconic historical sites to desert safaris and honeymoon locations—it is easy to understand why India is becoming a popular pick for foreign tourists. Meanwhile, Indian citizens based abroad continue to return in high numbers to visit family for extended periods each year.

In 2009 India welcomed 5.16 million international visitors. 10 years later, in 2019, that number had skyrocketed to 17.91 million – making it the 14th most popular tourist destination in the world.^{xxxviii}

The World Travel and Tourism Council predicted India would be one of the fastest growing destinations for leisure-travel spending between 2016-2026^{xxxix} and in 2017 foreign tourists spent \$27.7 billion.^{xl} And there are signs it is only becoming more popular. In 2022 research into Google search results for flights, hotels, and vacations shows India is the second most popular destination, behind only the Maldives.^{xli}

Behind South Asia travellers and returning Indian nationals, Western European visitors accounted for the most tourist arrivals between 2016 and 2018.^{xlii} The vast majority (58.2%) of foreign arrivals visit India for leisure and recreation – 10 % travel for business and professional reasons.^{xliii}

“India is no longer simply a backpacker destination offering cheap travel options. The pre-pandemic growth seen in international visitors corresponded with an increase in spend by those arriving in India. As more people choose to vacation in the region, it opens opportunities for merchants and acquirers as they contribute to the national economy through accommodation, activity, and daily life spend.”

**Richard Anderson, Country
Business Head,
JCB Card International
(SouthAsia) Private Ltd**

5 takeaways to tap into the Indian market

Now that you have a background on the Indian market and its intricacies and opportunities, it is possible to unlock the region's huge potential.

To tap into the market, remember these five key takeaways...

1. The Indian society is young and aspirational:

India has one of the world's youngest populations including the liberalisation generation (born late 1980s to 2000s) who aim for a materially better life.^{xliiv}



2. Travel is on the rise: The huge population is eager to explore, travels more than most, specifically saves for extended trips, and is willing to spend on experience and goods on arrival.



3. Digital payments are becoming the norm and are increasingly preferred to cash payments, and people appreciate when card offerings include benefits related to their interests like wellness and travel.



4. Trust in ecommerce is growing: Indians are willing to spend abroad from their home – especially with recognised brands and in smooth and secure ecommerce environments.



5. Build customer relationships early: As the Indian GDP increases, work to make an impact with the customer base and forge long-lasting relationships so they come to you first with disposable income.



Conclusion

The Indian market presents an exciting opportunity for European merchants and acquirers. Not only is it one of the world's biggest populations and economies but societal trends are creating an environment that can support – and is willing to engage with - new arrivals in the market more than ever before.

As a trusted player and partner in the market, thanks to our unique partnership with NPCI, JCB is well-placed to help you grow your presence and custom in the region.

We have developed strong roots in the financial ecosystem, which means we are recognised by many of the population as a respectable payment provider, and our JCB Cardmembers are set to grow dramatically in the coming years – creating a strong touchpoint for new merchants and acquirers who want a head start building trust in a new market.

Unlike some other regions, the international opportunity can be found across every tier of JCB Cardmember and the wider populations thanks to strong ecommerce and international travel spend across the board.

Working with JCB can allow you to hit the ground running and tap into India's spending potential.

About JCB

JCB is a major global payment brand and a leading credit card issuer and acquirer in Japan. JCB launched its card business in Japan in 1961 and began expanding worldwide in 1981. Its acceptance network includes about 39 million merchants around the world. JCB issues cards across various countries and regions internationally with more than 140 million Cardmembers. As part of its international growth strategy, JCB has formed alliances with hundreds of leading banks and financial institutions globally to increase its merchant coverage and Cardmember base. As a comprehensive payment solution provider, JCB commits to providing responsive and high-quality service and products to all customers worldwide. For more information, please visit: www.global.jcb/en/

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