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Number of Credit Card Issue and Its Impact on the Performance of the Axis Bank

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ABSTRACT: This study examines the impact of credit card issuance on Axis Bank's financial performance. Using correlation, regression, and t-test analysis, the results show a moderate positive relationship ($r = 0.48$) between credit card issuance and net profit. However, regression results ($R^2 = 0.23$, $p > 0.05$) indicate that credit cards are not a major determinant of profitability. The t-test confirms a significant difference in profit before and after expansion, suggesting some impact. Overall, profitability depends on multiple factors such as loans, operational efficiency, and economic conditions, highlighting the need for a diversified strategy.

KEYWORDS: Credit Card Issuance, Profitability, Axis Bank, Financial Performance

I. INTRODUCTION

Axis Bank is one of India's leading private sector banks, known for providing comprehensive financial solutions to a diverse customer base. Headquartered in Mumbai, it has established itself as a trusted financial institution serving large corporations, MSMEs, agricultural businesses, and retail customers. The bank plays a significant role in supporting economic growth by offering a wide range of financial products and services tailored to different segments of society. With a strong focus on innovation and customer-centric banking, Axis Bank offers services such as personal and business loans, wealth management, investment banking, and digital banking solutions. By leveraging advanced technology, the bank ensures convenience, security, and efficiency in financial transactions. Its digital platforms enable customers to perform real-time transactions, access financial services, and manage their finances easily, reflecting the bank's commitment to modern banking practices.

Axis Bank goes beyond traditional banking by integrating technology-driven solutions to enhance customer experience. It continuously invests in digital transformation, data analytics, and AI-based services to provide seamless and efficient banking. The bank aims to empower customers by offering reliable financial solutions that support business growth, agricultural development, and individual financial goals.

The bank operates through three main business segments: Retail Banking, Wholesale and Commercial Banking, and One Axis. Retail Banking focuses on individuals and small businesses, offering services such as savings accounts, loans, credit cards, and investment products. Wholesale and Commercial Banking caters to corporate and institutional clients by providing services like trade finance, working capital solutions, and transaction banking. The One Axis model integrates services such as insurance, asset management, and stock broking, creating a comprehensive financial ecosystem for customers.

Axis Bank's vision is to become a preferred financial solutions provider by delivering excellent customer service through innovation, empowered employees, and effective use of technology. Its mission emphasizes providing intuitive banking solutions, leveraging digital capabilities, and promoting sustainable and inclusive growth. The bank also follows core values such as customer centricity, teamwork, ownership, ethics, and transparency, which guide its operations and decision-making processes.

Over the years, Axis Bank has achieved significant growth and established a strong presence across India. It operates through a wide network of branches and ATMs, ensuring accessibility for customers in urban, semi-urban, and rural areas. The bank also has a strong digital presence, with millions of users accessing its mobile and online banking



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platforms. Its “phygital” approach combines physical banking with digital services, allowing customers to enjoy both convenience and personalized support.

In addition to its domestic presence, Axis Bank has expanded internationally by establishing branches and representative offices in key global financial centers such as Dubai and Singapore. This expansion enables the bank to cater to international clients and non-resident Indians, strengthening its global footprint.

Axis Bank has a rich history that dates back to 1993 when it was established as UTI Bank. The bank began operations in 1994 and quickly gained recognition for its innovative banking solutions. Over the years, it expanded its operations and entered international markets. In 2007, the bank was rebranded as Axis Bank to reflect its modern identity and global ambitions. This rebranding marked a significant milestone, aligning the bank with its vision of growth and technological advancement.

The bank’s growth has been supported by strong leadership and strategic decisions. Leaders such as Shikha Sharma and Amitabh Chaudhry have played a crucial role in driving digital transformation, expanding retail banking, and enhancing customer service. Axis Bank has also taken strategic steps such as international expansion and portfolio optimization to strengthen its market position.

Credit cards are an important component of Axis Bank’s retail banking segment. The bank offers a wide range of credit cards designed to meet different customer needs, including rewards cards, travel cards, and premium cards. These credit cards provide benefits such as cashback, reward points, travel perks, and lifestyle privileges. Products like the Indian Oil Axis Bank Credit Card focus on fuel savings, while premium cards like Magnus offer luxury benefits and exclusive services. Co-branded cards, such as Vistara credit cards, cater to frequent travelers by offering travel-related rewards and privileges.

Credit cards contribute significantly to the bank’s revenue through interest charges, annual fees, transaction fees, and penalties. They also encourage customer spending and enhance customer engagement with the bank. However, increasing credit card issuance also involves risks, such as defaults and rising non-performing assets (NPAs), making effective risk management essential.

Axis Bank has successfully positioned itself as a technology-driven and customer-focused bank. Its commitment to innovation, financial inclusion, and service excellence has helped it maintain a strong competitive position in the banking industry. By combining traditional banking with modern digital solutions, the bank continues to meet the evolving needs of its customers while driving sustainable growth.

In conclusion, Axis Bank’s strong foundation, diversified services, and focus on digital transformation have made it a key player in India’s banking sector. Its continuous efforts to innovate and expand ensure that it remains a reliable partner for individuals and businesses. The growing importance of credit cards in its business model highlights the need to understand their impact on financial performance, which forms the basis of this study.

STATEMENT OF THE PROBLEM

The study examines how the expansion of credit card issuance impacts Axis Bank’s financial performance, including profitability, liquidity, ROA, and ROE. It also evaluates the contribution of credit card services to revenue through interest, fees, and other income sources. Additionally, the research analyzes the risks associated with credit card growth, particularly NPAs and bad debt provisions. Overall, the study aims to assess the sustainability of Axis Bank’s credit card expansion and its implications for financial stability and risk management.

II. REVIEW OF LITERATURE

Shilpa Agarwal et al. (2024)

This study examines the impact of debit and credit cards on banking performance using regression analysis. Results show that both cards significantly influence ROA and ROE but have no major effect on EPS. The study highlights the need for better regulation and data security in digital payments.



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SBI Cards Annual Report (2023–24)

The report shows a 13% increase in card issuance leading to higher spending and a 7% rise in profit. Growth in receivables indicates strong demand for credit cards. It concludes that card expansion positively contributes to fee-based income and profitability.

SBI Cards Quarterly Results (Q2 FY24)

The report highlights a 21% growth in card issuance with a 15% increase in net profit. Increased card usage led to higher interest income and fees. It establishes a direct relationship between card issuance and profitability.

Reuters (2025)

Despite growth in card issuance, profits declined due to higher write-offs and credit risks. The report emphasizes the risks associated with rapid credit expansion. It highlights the importance of effective risk management in maintaining profitability.

Reuters (2024)

The report notes a decline in profits due to rising NPAs and bad loan provisions. Increased card issuance led to higher credit risk and reduced asset quality. It suggests that sustainable growth requires strong risk control measures.

Economic Times (2024)

The report highlights SBI's strategy of expanding card issuance to increase market share. Growth in card usage contributed to higher revenue through fees and interest income. It identifies credit cards as a key driver of banking revenue.

Wall Street Journal (2024)

The article identifies credit card spending as a major contributor to bank profitability. It also warns about rising consumer debt and potential defaults. It stresses balancing revenue growth with credit risk management.

Mukherjee & Phirangi (2020)

The study emphasizes the importance of controlling NPAs for bank profitability. High NPAs reduce income and block funds, affecting financial performance. Effective credit management improves efficiency and stability.

Surekha et al. (2022)

The study analyzes credit card usage and its influence on consumer behavior. It finds that credit cards encourage higher spending compared to cash. Consumer behavior varies based on repayment patterns and usage type.

Deepika & Patnaik (2021)

The study highlights the importance of loans and advances in generating bank income. Proper recovery and credit management are essential for financial stability. Inefficient loan management can lead to financial distress.

Telis Demos (2024)

The article discusses the role of increased credit card spending in bank profitability. It highlights the rise in interest income and transaction fees. However, it warns about increasing default risks due to rising consumer debt.

Al-Qudah & Al-Hawary (2012)

The study finds a positive relationship between credit card usage and bank profitability, especially ROE. Credit cards generate revenue through interest and transaction fees. It suggests expanding card services to improve financial performance.

Rishi et al. (2022)

The study examines factors influencing credit card usage behavior among consumers. It finds that credit knowledge and transaction behavior significantly affect usage attitudes. It recommends improving customer awareness and marketing strategies.

RESEARCH OBJECTIVES

- To assess the impact of increased credit card issuance on Axis Bank's profitability
- To assess the relationship between bank's net profit before and after an increase in credit card issuance
- Analysing the Impact of Regulatory Policies and Economic Conditions on Axis Bank's Credit Card Business

FRAMING OF RESEARCH HYPOTHESES

- **H₀:** There is no significant impact of credit card issuance on the financial performance of Axis Bank.
- **H₁:** There is a significant impact of credit card issuance on the financial performance of Axis Bank.



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Impact on Profitability

- **H₀:** The number of credit cards issued has no significant effect on Axis Bank's net profit.
- **H₁:** The number of credit cards issued has a significant positive effect on Axis Bank's net profit.

III. RESEARCH METHODOLOGY

The study uses correlation, regression, and t-test analysis to examine the relationship between credit card issuance and net profit. Correlation results ($r = 0.48$) indicate a moderate positive relationship, but not strong enough to establish credit cards as the primary driver of profitability. Regression analysis shows a high p-value ($0.2729 > 0.05$) and low explanatory power, leading to the acceptance of the null hypothesis that credit card issuance does not significantly impact net profit. However, the t-test results ($p < 0.05$) reveal a statistically significant difference in net profit before and after credit card expansion, indicating a meaningful change in financial performance.

TABLE 1: Data on Credit Cards and Net Profit

Year	Credit Card	Net Profit
2025	5200000	₹ 2,85,00,000.00
2024	4800000	₹ 2,48,61,000.00
2023	4200000	₹ 2,19,33,000.00
2022	2670000	₹ 1,30,25,000.00
2021	2300000	₹ 65,89,000.00
2020	700000	₹ 16,27,000.00
2019	5960000	₹ 46,77,000.00

TABLE 2: Correlation Matrix

	Credit Card	Net Profit
Credit Card	1	
Net Profit	0.4824389	1

Correlation Analysis

The correlation coefficient (0.482439) shows a moderate positive relationship between credit card issuance and net profit. This indicates that profit tends to increase with card issuance, but other financial factors also influence profitability.

TABLE 3: Regression Statistics

Metric	Value
Multiple R	0.482438895
R Square	0.232747288
Adjusted R Square	0.079296745
Standard Error	10064616.74
Observations	7

TABLE 4: ANOVA

Source	df	SS	MS	F	Significance F
Regression	1	153642258870436	153642258870436	1.516757672	0.272871243
Residual	5	506482550558135	101296510111627		
Total	6	660124809428571			



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TABLE 5: Regression Coefficients

Variable	Coefficient	Standard Error	t Stat	P-value
Intercept	4153879	9093202	0.4568	0.6669
Credit Card	2.835637	2.302462	1.2316	0.2729

Regression Analysis

The R² value (0.2327) indicates that only 23% of the variation in net profit is explained by credit card issuance. The p-value greater than 0.05 shows that the relationship is not statistically significant.

TABLE 6: Residual Output

Year	Actual Net Profit	Predicted Net Profit	Residual
2025	2,48,61,000	1,77,64,936.98	70,96,063
2024	2,19,33,000	1,60,63,554.73	58,69,445
2023	1,30,25,000	1,17,25,029.99	12,99,970
2022	65,89,000	1,06,75,844.26	-40,86,844
2021	16,27,000	61,38,824.93	-45,11,825
2020	46,77,000	2,10,54,276.00	-1,63,77,276
2019	2,75,68,000	1,68,57,533.11	1,07,10,467

Residual Analysis

Large positive and negative residuals indicate that the model underestimates and overestimates profits in different years. This suggests that important variables influencing profitability are not included in the model.

TABLE 7: Probability Output

Percentile	Net Profit
7.14	16,27,000
21.42	46,77,000
35.71	65,89,000
50	1,30,25,000
64.28	2,19,33,000
78.57	2,48,61,000
92.85	2,75,68,000

Normal Distribution

The deviation of data points from a straight line indicates that net profit is not normally distributed. This suggests the presence of skewness or outliers.

TABLE 8: Regression Model Summary

Metric	Value	Interpretation
Multiple R	0.482439	Moderate relationship
R Square	0.232747	Low explanatory power
Adjusted R Square	0.079297	Very weak model
Standard Error	10,064,617	High variability
Observations	7	Small sample size

Only a small portion of net profit variation is explained by credit card issuance. Other financial factors play a more significant role.



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TABLE 9: ANOVA Summary

Source	F-Statistic	Significance
Regression	1.516758	0.272871

Since the p-value is greater than 0.05, the model is not statistically significant. Credit card issuance alone does not explain variations in net profit.

TABLE 10: T-Test

Metric	Value
Mean (Credit Cards)	3,587,142.86
Mean (Net Profit)	14,325,714.29
t-Stat	-2.912752
P-value (two-tail)	0.0268838

The p-value is less than 0.05, indicating a statistically significant difference in net profit. This shows that credit card expansion has a measurable impact.

IV. FINDINGS

The study shows a moderate positive relationship between credit card issuance and net profit. Although issuing more credit cards contributes to profitability, it is not the primary factor, as other elements such as loan performance, fee income, and economic conditions also influence results.

Regression analysis indicates weak statistical significance, while the t-test confirms a meaningful change in profit after credit card expansion. This suggests that credit cards contribute to growth but should be supported by effective risk management strategies.

V. LIMITATIONS

The study does not establish causation and does not include important factors such as inflation, interest rates, and operational costs. Additionally, the small sample size of seven years limits the accuracy and generalizability of the results.

VI. CONCLUSION

The study concludes that while credit card issuance contributes positively to Axis Bank's profitability, its impact is moderate and not the primary driver of financial performance, as other factors like operational costs, loan performance, and interest rates play a significant role. Credit cards generate revenue through fees and interest but must be integrated into a diversified financial strategy to ensure sustainable growth. The findings also highlight potential risks such as rising NPAs and the influence of external economic factors, though these were not directly analyzed. Despite limitations like reliance on secondary data and a seven-year timeframe, the study suggests that Axis Bank can enhance profitability by focusing on high-value customers, strengthening risk management, and leveraging data-driven and innovative strategies. Overall, credit cards should be viewed as part of a broader approach to achieving long-term financial stability and growth.

VII. FUTURE SCOPE FOR THE RESEARCH

Future research can explore customer usage patterns, spending behavior, and demographic insights to better understand credit card profitability. Comparative studies with banks like HDFC and ICICI, along with global benchmarking, can reveal best practices and industry trends. Further analysis of digital banking, AI-driven analytics, and cost-benefit efficiency can help optimize credit card strategies. Additionally, examining credit risk management and the impact of economic fluctuations can support more sustainable and resilient growth.



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