

CRED continues its funding spree, seeking \$5.5B valuation

Article

The news: Indian fintech CRED is in talks with investors to raise funds at a \$5.5 billion valuation.

This comes just weeks after the three-year-old startup finalized an investment of over \$200 million at a pre-money valuation of about \$3.75 billion, and six months after it **raised** \$215 million at a \$2.2 billion valuation.

What does it do? If the high-end customers that CRED caters to use it to pay their credit card bills on time, it offers them rewards at brands including Puma and Samsung.

- Its app enables its more than **7.5 million members** to manage multiple credit cards, check their credit score, and receive insights into their spending through category-based analysis.
- In August, CRED **launched Mint**, a peer-to-peer lending feature that lets users lend to one another at an **interest rate of up to 9%** annually. Its members on average keep **\$2,685** in their savings accounts and have a credit score of **750** or higher—meaning this service offers them a more lucrative way to earn interest on their savings with a lower risk of borrower default.

What's next?

- While CRED originally focused on acquiring customers, now it will likely shift its focus toward monetization.
- Its plans include using the fresh funds to invest in and acquire other fintech startups for inorganic growth—already it recently invested **\$5 million in CredAvenue**, a corporate debt solution.

The bigger picture:

- Credit card issuance in India **has attained** a **compound annual growth rate (CAGR) of 20%** in the last four years. The number of cardholders increased from **29 million in March 2017 to 62 million in March 2021**.
- India's credit card industry is largely concentrated within the top four banks (**HDFC, SBI, ICICI and Axis**), which control around 70% of the total market. They are all supported by CRED.

Payment Methods Adults in Select Countries Are Likely to Use for In-Person Purchases, May 2021

% of respondents

	Mobile payment	Cash	Debit card	Credit card
Australia	24%	54%	71%	41%
China	77%	39%	19%	25%
Denmark	64%	31%	34%	66%
France	15%	55%	72%	20%
Germany	20%	69%	36%	37%
Great Britain	27%	62%	84%	46%
Hong Kong	56%	49%	23%	71%
India	63%	36%	50%	28%
Indonesia	72%	57%	41%	11%
Italy	25%	47%	65%	44%
Mexico	27%	56%	66%	35%
Poland	21%	49%	54%	32%
Singapore	45%	50%	46%	60%
Spain	30%	52%	65%	39%
Sweden	37%	45%	71%	41%
UAE	30%	36%	53%	45%
US	24%	59%	61%	56%
Total	37%	51%	57%	41%

Source: YouGov as cited in company blog, June 21, 2021

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