

Cards won't disappear, but will migrate to other forms

SBI Cards and Payments Services Pvt. Ltd, which has a market share of 12% in terms of spends and 13% in transactions, is incorporating e-commerce and technology in its offerings. From partnering with e-commerce companies for co-branded cards to revamping its website and launching a mobile app, digitisation and analytics are proving to be important factors in driving the company's growth. Vijay Jasuja, chief executive officer of the company, spoke to Mint about newer technologies that will change the form of plastic cards, and the company's new initiatives to become more customer friendly.



VIJAY JASUJA
Chief executive officer,
SBI Cards & Payments Services

How has digitisation affected your product and delivery systems?

It has been a positive factor. Because of digitisation, the customer has no choice but to make the payment, either directly through her bank account, or through her debit or credit card. The option of cash is not available for high-value transactions. In that way, it has been a big help. In our portfolio, spends have grown over 30% during the past one year, which is higher than the (overall) credit card industry. And 45% of this spend is on e-commerce. The share of e-commerce has gone from 22-23% earlier to 45%. There is still a lot of potential as the process is yet to be completed.

With more online transactions, is plastic becoming obsolete?
A credit card has two roles—one,

it is a means of payment, and second, it also provides personal finance or lending by way of credit line. E-wallets and all other digital means of payments perform only one function—payment. Moreover, you can charge an e-wallet only up to ₹10,000, after which KYC (know-your-customer) verification is required. Also, the fraud rate in wallets is high. But they have become popular because they are a convenient mode of mobile-to-mobile transfer and second-factor authentication by way of OTP (one-time password) is not required.

To compete with e-wallets, we can also discontinue with the use of plastic, which has already started happening by way of host-card emulation or tokenisation of cards. Here, your card will reside in your mobile, and through it you can make payments at contactless point-of-sale (PoS) terminals. Visa and MasterCard are coming up with universally accepted wallets and a card will reside in it in digital form.

Though the credit card as a product will remain popular, its form and shape may gradually change. It may not disappear completely. This will not impact our business as we would also migrate from plastic to other options.

Further, for PoS transactions of up to ₹2,000 via contactless technology, second-factor authentication is not needed. So, there is already a level-playing field. In may be six months to a year, governance will be the same for all entities.

Is the perception correct that private sector banks and card companies are ahead of public sector peers in using technology?
This was true around five years

back. Today, State Bank of India (SBI) has opened digital and completely automated branches. I don't think any private bank in India has reached this stature. Public sector banks may have started slightly late, but they have caught up. At SBI Cards, too, we continuously invest in technology. We have an IT (information technology) strategy committee, with whom we interact regularly to come up with ways to be ahead of the market.

How has the response been to near-field communication (NFC) or contactless card?

We were one of the first companies to have issued this card. However, the response to the NFC card is not that good if you compare it with all other cards as a whole, because acceptance infrastructure is not available. In this case, issuance has come faster than acceptance. Once this is taken care of, the response will be positive. For a small-value transaction, you can tap and close the transaction, provided the PoS terminal is NFC-enabled. Contactless transaction numbers will go up if and when banks update PoS terminals; this has already started happening.

Are you focusing on data analytics? What is SBI Card doing to secure data?

Yes, we are, very strongly. With our data analytics, the moment a customer is on-boarded, tracking starts on the behaviour and spending patterns. Within six months, our system automatically starts responding to the customer's spending behaviour. For example, if we see the card was used mostly on groceries for three months and suddenly

you are not using it for that purpose anymore, personalised offers will be sent to you for groceries. If you are using the card for grocery purchases for, say, six months, then the data would indicate the next best use for this customer. So, through automated systems, each customer will get differentiated offers.

Analytics and portfolios are the main factors of our success. We maintain full privacy, but since a card is used at many places, there have been a few instances of data breach. As you go more digital, some frauds are bound to happen but it is not happening from our end. We have even seen instances where people shared OTPs.

Are there any new initiatives in e-commerce?

Last year we came out with an online card—SimplyClick. It gives accelerated benefits and rewards when used online. For this card, we have partnered with seven e-commerce companies—Amazon, Ola Cabs, Foodpanda, FabFurnish, Lenskart, Cleartrip and BookMyShow. The spender gets accelerated rewards from SBI Card and the partner. We have revamped our website; it's more interactive and customer-friendly now.

We have also launched a mobile app across Android, iOS and Windows platforms. This has already seen more than a million downloads. Now, in phase 3, we want to make it the most active interaction medium for our customers. Gradually, we want all services only on the digital platform.

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