


Banking Frontier magazine
Monthly retail spend on SBI Card rises to INR 5000 cr

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 Growth Channel

Monthly retail spend on SBI Card rises to ₹5000 cr

Co-branded card portfolio is expected to double in the next two years by growing the existing partnerships and launching new programs in untapped categories:

SBI Card, in order to cater to the needs of diverse customer segments, has partnered with brands across categories offering the most relevant and rewarding solutions for the cardholders. Its present cardholder base is 4.68 million customers. It has also been on a continuous growth trajectory over the past few years, with customer base rising at 30% plus, and today it is the second largest card issuer in the country.

Says Vijay Jasuja, CEO: "SBI Card's spends too have been growing steadily. We now have the second largest spends share in the industry, with monthly retail spends on our cards being upwards of ₹5000 crore."

DIVERSIFIED PORTFOLIO

The culture of constant innovation in an endeavour to 'Make Life Simple' for customers is instrumental in driving SBI Card's growth. This is reflected in its wide range of industry first products. Jasuja cites examples: "SimplyCLICK is a one of its kind card designed for today's online generation, SBI Card Unnati is a unique card tailored for new users including Jan Dhan account holders and those without credit history, and SBI Card ELITE for SMEs is a premium card for SME customers and many others."

In fact, SBI Card has the largest number of co-branded cards across the widest category spread, in the industry. In the travel and lifestyle space it has a strong foothold through tie-ups with market leading businesses and institutions such as Tatas, Future Group, Air India and IRCTC. In the retail segment, FBB SBI Styleup Card is the fastest growing and largest co-branded card in the country.

SBI Card has had a successful decade-long relationship with Indian Railways as its exclusive partner and this business is also growing steadily. Says Jasuja: "We



Vijay Jasuja claims all credit cards from SBI Card carry a strong value proposition and offer attractive reward points on spends

were among the first to introduce unique combo credit cards, in partnership with Mumbai Metro and Chennai Metro, to offer commuters the convenience of a metro smart card and a credit card in one. We have also tied up with various banks to offer our cards to their customers."

SBI Card and Tata Capital have recently launched a unique credit card in collaboration with Star Bazaar. The Tata Star Card offers 3.5% value back at all Star Bazaar outlets. The card is designed for customers who frequently make departmental and grocery category purchases from organized retail stores.

"We have observed that co-branded cardholders tend to use their cards actively and frequently, with spend and ticket sizes on the same being higher than on other

products. At present, the share of co-branded category in our business is 15-17% and we are seeing double digit growth in number of cards as well as spends yoy. We are always exploring opportunities for further collaborations to offer more and more choices to our customers," explains Jasuja.

SBI Card expects to double the co-branded portfolio in the next 2 years by growing the existing partnerships and launching new programs in other untapped categories.

RISING USE

A significant share of SBI Card's customer base is from the top metro cities - Delhi-NCR, Mumbai and Bengaluru. However, the card company is seeing rapid growth in smaller cities such as Jaipur, Nasik, Surat, Lucknow, etc. Jasuja puts the rate of growth from tier 2&3 cities higher than that of the overall portfolio and the company is seeing a growing trend in queries /card applications from such centers. The SBI Card Unnati, available through 20,000 plus SBI branches, offers unmatched accessibility and will enable us to enhance our penetration in tier 2&3 cities.

Overall, in the current climate, with the government's emphasis on digital payments, consumers everywhere are becoming more open to card usage. They become comfortable with e-payments and more people adopt credit cards as a preferred payment instrument. Jasuja expects to see significant growth from small markets across the country.

E-COM TRANSACTIONS

Over the last 3-4 years, e-commerce has emerged as a key driver for growth in consumer spends through cards. Three years ago, less than 25% of SBI Card spends were from e-commerce. Jasuja explains:

"Presently, online spends constitute about 45-50% of the total spends on our credit cards. Various discounts, cashback offers and reward earnings coupled with ease of shopping online has contributed to the increase in credit card usage for e-commerce.

A unique product, SimplyCLICK SBI Card, through collaborations with 8 strategic partners - Amazon, BookMyShow, Cleartrip, Foodpanda, FabFurnish, Lenskart, OLA and Zoomcar - offers a highly rewarding shopping experience in all major online spend categories. Cardholders receive accelerated reward points to the tune of 10X on purchases made on partner sites and 5X on all online spends on non-partner sites. "The SimplyCLICK SBI Card is a significant contributor to our portfolio. E-commerce is also providing avenues for people to buy premium international brands in tier 2&3 cities, where people have money and aspirations but lack access to big city malls. We expect E-commerce spends growth to remain strong over the next 3-5 years," says Jasuja.

INACTIVE CARD ACTIVATED

Jasuja points out that with progressive regulatory policy, government support to cashless transactions and increasing internet and smartphone penetration, the digital payments industry is growing rapidly. Consumer acceptance of digital payments is on the rise. "Post-demonetisation in particular, we have seen a new normal emerge where card usage is concerned. Volume and frequency of transactions on credit cards has increased, indicating rising acceptance and usage of credit cards by consumers. Usage of credit cards for everyday spends such as departmental store and grocery has risen significantly. We have also observed that a large percentage of inactive cardholders have started using their cards. All this indicates a shift in consumer behavior which will eventually be the driver for the growth of digital payments sector," says he.

Government initiatives like Bharat QR, which will allow card payments at small merchants who do not have physical PoS terminals, are also expected to boost card usage significantly.



Govind Sankaranarayanan, Tata Capital (L), Vijay Jasuja, SBI Card and Jamshed Daboo of Trent Hypermarket, launching the Tata Star Card.

For agile players who can adapt to the ever-changing payments landscape and provide meaningful solutions to consumers, there is tremendous growth opportunity. Based on deep market insight and a pulse on evolving consumer needs, Jasuja hopes the company will continue to innovate and offer relevant solutions and this will drive our growth in the sector.

MINIMIZING FRAUDS

SBI Card is dedicated to safeguarding its customers' interests and providing them a safe and secure experience, using industry leading safety features to prevent frauds. Jasuja claims: "We are one of the first few companies to have migrated bulk of our portfolio to the superior Europay, MasterCard and Visa (EMV) platform. These chip-and-PIN cards offer secured usage by way of mandating personal identification number (PIN) for every transaction. All cards issued by SBI Card have added layers of safety, which considerably reduces risk of fraudulent activities."

It is observed that one of the most common ways in which fraud is perpetrated is by extracting the card details such as CVV number, expiry date or OTP from unsuspecting customers. In response, SBI Card has chosen to go an extra mile to engage and educate customers on fraud, via its educational campaign 'Prachar', which sensitizes consumers on safety aspects of credit card usage, schemes and techniques employed by fraudsters and ways to protect oneself against such activities. Under the campaign, SBI Card regularly communicates with customers through

various channels - SMS, email, IVR and also social media platforms.

DECLINING DELINQUENCIES

Most customers today are aware of the negative impact of defaulting on credit card payments on their credit ratings and are therefore careful about meeting the payment due dates to maintain / improve their credit worthiness. SBI Card is seeing decline in delinquencies, in line with the industry. "Of late, we are seeing a trend that people independently check for their CIBIL score to keep track of their history. As we move ahead, delinquency is expected to decline further because of awareness to keep credit history clean," adds Jasuja.

LOYALTY POINTS' SUCCESS

All credit cards at SBI Card carry a strong value proposition and offer attractive reward points on spends on the card. Its award-winning rewards program, Shop and Smile, offers consumers over 200 redemption options including products, gift vouchers, e-vouchers and air miles from leading brands across diverse categories. In order to deliver greater value to consumers, SBI Card consistently keeps adding the best brands and most relevant products to its catalogue. Consumers get further value through periodic flash deals, theme based offers etc. Jasuja says: "The program resonates strongly with our customers as is evident in the best in class redemption rate. The program has been awarded as the Best Loyalty Program in NBFC sector at various fora and has been very successful in building saliency."

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