

The Financial Express

'Demonetisation has been a great help in driving our growth'

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● INTERVIEW: VIJAY JASUJA, CEO, SBI CARD

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SBI Card, the credit card-issuing subsidiary of State Bank of India (SBI), has seen spends rise about 70% year-on-year this year, chief executive officer Vijay Jasuja tells Shritama Bose. There is little to worry about the jump in card outstandings in the industry as these are a function of spends, he adds. Edited excerpts:

How has growth been for you so far in FY18?

The growth has been very good. We had four million cards in August 2016 and now we have five million. Last month, we issued nearly 200,000 new cards; this was in a single month. Not only have we crossed the five-million mark in terms of number of cards, in terms of spends also we have grown from ₹3,300 crore in August last year to ₹5,500 crore in August this year. On spend growth, we are significantly higher than the whole industry. With the current rate of acquisitions, the annual run rate should be 2.5-3 million.

What is driving this growth?

There are a couple of factors. The first is that demonetisation has been a great help. Then, overall, the trend to move from cash to cashless and cards had been there even prior to demonetisation. E-commerce and online spends has been one factor which has been contributing significantly to our growth. In fact, our growth in online spends has been much higher than in offline spends. So there is now an environment in the country where people want to move to cashless payments and we are in line with that trend to acquire customers and come out with new products and value offerings. All these things together are contributing to the growth.

On a y-o-y basis, credit card outstandings have risen 30% or more this year, even as other credit products lag. Shouldn't we be worried about the quality of these outstandings?

Growth in outstanding is a function of growth in spends. The growth in spends has been higher than the growth in outstanding.



For the industry, spend growth has been around 40% and we have been growing at more than 70% y-o-y. The entire industry is very prudent in underwriting and the underwriting standards, compared to the pre-2008 situation, are very robust. That is why

in the last few years while there has been a rise in outstandings, delinquency levels have not gone up. In fact, they have marginally come down.

What share of your current portfolio comprises cards held by SBI customers?

That would be about 37-39% of our total card outstanding. We have two other segments. Around 15-18% is from co-branded partnerships. The rest is from the open market.

Are you working to tap further into SBI's customer base?

We have already achieved leadership position in open-market acquisition and co-branded cards. Now we want to focus on untapped potential, which is huge among the SBI customer base. So we are creating more synergies with SBI. We will start offering pre-approved cards to the customers of SBI after obtaining their consent, of course. Their customer base is so big that getting 5-10 million suitable credit card customers will not be too

difficult. The only change in the approach is that rather than first collecting applications and then taking a decision, we are directly approaching the customer. The chances of conversion there will be high.

What is your forecast for spends this festive season?

Based on our past two years' experience, we expect about 25-30% growth from last year's levels this festive season.

What will be your growth target for the full year FY18?

In terms of spends, we are looking at a 40-45% growth. In terms of new cards, it would be 20-30%. The growth in per-month acquisition between last year and this year will be more than 100%. It is already 50%.

What are delinquencies like?

In the industry, the delinquency levels are between 1.6-2.4%. Almost all players, including us, are in the same range.