

Share of e-commerce in our credit card spends has gone up to 45%'

Date: 05/01/2018 | Edition: Delhi | Page: 10 | Source: Shritama Bose

INTERVIEW: VIJAY JASUJA, CEO, SBI CARD

'Share of e-commerce in our credit card spends has gone up to 45%'

Credit card player SBI Card is seeing 45% of the spends coming from e-commerce, up from 25% in 2016, chief executive officer Vijay Jasuja told Shritama Bose. The company may raise between ₹500 crore and ₹1,000 crore in 2018, he added. Edited excerpts:

What was business like in 2017?

If you see the track record for the past two-to-three years, we had been growing higher than the industry. There are two parameters on which we evaluate ourselves in the industry – number of cards and spends on cards. Another parameter for the business is profitability. When it comes to profitability, for the last three-four years, we have grown continuously at the rate of 60% CAGR (compound annual growth rate). On the spends side, if you take last year alone, we have grown by over 70%, compared to 40% for the industry. Our (card) spends have gone up to ₹6,500 crore per

month from ₹3,500 crore a year ago (up 86%). For the industry, the growth was 45%.

In December 2016, we were doing on average 100,000 cards a month. This is now nearing 300,000 cards a month. So new acquisitions have risen nearly three times in a single year.

The impact of demonetisation lingered till mid-2017. Have spends slipped back to earlier levels?

No, I think it spiked, to start with. But, this spike and coming down has happened more in debit cards. In credit cards, it has by and large been consistent, but a little bit of spike immediately post-demonetisation was seen. It has stabilised at that level, coming down only slightly. In debit cards, there was huge variation. Today, the distribution of spends between debit and credit is almost 50:50, even though the number of credit cards is only about 36 million, as compared to 800 million debit cards.



More than demonetisation, the growth is coming from e-commerce. In our business, the share of e-commerce in total spends has gone up from 25% to over 45% in one year.

Were spends this festive season higher than last year's?

Our monthly spends have already risen to ₹6,500 crore from ₹3,500 crore. This will further increase as December and January is when people travel and spends rise. We have also compared last year's festive season to this year's and the growth has been 80%. E-commerce has been a major contributor.

You had said you wanted the share of State Bank of India (SBI) customers in your client base to rise. Where do you stand today and where do you see it in a year?

On the total base of our cards, the share of SBI customers is nearly 35% and the rest is coming from co-branding associations and the open market. In November, we launched a special drive to offer pre-approved cards to select customers of SBI. As a result, in our new acquisitions, SBI customers' share has crossed

50%. Our long-term plan is to have 65% of our base from SBI customers and 35% from the open market and co-branded cards.

What are delinquencies like?

Delinquency level is roughly in the region of 2%.

What is your market share today and your outlook for 2018?

Market share in spends has risen to 17% from 12% in one year and our share in the number of cards outstanding is 16%. We are placed second on both counts. Another trend observed since we started the drive to acquire more customers from SBI is that in terms of new acquisitions, we are the market leader.

(In 2018) our growth rate will be either higher or equal to what we are clocking now. Our intent is to become the market leader in three years' time. Our share in cards out-

standing now is 16%, whereas the leader has 29%. So if we can increase our share by about 5% per annum, we can achieve our medium-term objective of being the leader.

Will you require fresh capital, how much?
We are comfortable right now, but for growth of this sort, we will need some capital. It may be in the form of a rights issue, with our two shareholders SBI and PE player Carlyle bringing in additional capital proportionate to their respective shareholdings.

There is actually one point of uncertainty. The Indian Accounting Standards are supposed to be implemented from March 2018, but there is talk that it may be deferred by one year. That alone will decide the amount we need, but roughly we will be raising approximately ₹500 crore. If it is implemented in March 2018, our requirement will be almost double of this amount.