

## [How SBI hopes to topple market leader in credit card business with Ola tie-up](#)

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Last week, India's largest cab aggregator Ola announced its foray into credit card business in partnership with the State Bank of India (SBI) by launching Ola Money SBI Credit Card. The SBI-Ola tie-up has a target to issue 1 crore cards over the next three years. With an active user base of 150 million customers, Bhavish Aggarwal, co-founder and CEO, Ola said, "Mobility spends form a significant wallet share for users and we see a huge opportunity to transform their payments experience with this solution. With over 150 million digital-first consumers on our platform, Ola will be a catalyst in driving India's digital economy with cutting edge payment solutions."

Currently, with over 82 lakh credit cards, SBI is the second largest in the market and this tie-up is being seen as a move to augment its co-branded portfolio. "Ola Money SBI Credit Card is in line with our industry-first approach and our efforts to provide our customers with an innovative and world-class payment solutions. This partnership will further help us in strengthening our co-brand card portfolio. SBI Card will tap into Ola's vast customer base to drive new acquisitions," said Mr Hardayal Prasad, MD & CEO, SBI Card. Currently, the tie-up with Ola is for sourcing through the Ola app. Later, it will be extended across other channels.

According to the recently published data by the Reserve Bank of India, the March quarter of 2019 saw the credit card portfolio transaction at over Rs 6 lakh crore (Rs 6078 billion) with March recording as much as Rs 580 billion as compared to over Rs 4.6 lakh crore for the corresponding period in 2018. The bullish performance of the sector is also reflected in SBI's own growth. "SBI Card has maintained over 40 per cent CAGR over past five years in cards spend, which is significantly higher than the industry benchmark. Currently, SBI Card has 17.6 per cent market share in terms of Cards-in-Force (CIF) and 17.1 per cent-plus share in card spends. We have been able to maintain a sharp focus on our business that has resulted in increased card acquisition rate of Rs 3 lakh-plus cards per month. Currently, from Rs 1 lakh cards per month in December 2016," Prasad added.

SBI said that the co-branded category of their business is significant without breaking up the numbers and they see Ola Money SBI cards to gain higher market share and increase volumes. "While we will leverage the strong customer base of SBI for acquisition of accounts, the company will also look at opportunities available in open market, digital. We are already a leader in open market acquisition and have large number of co-brand cards across the widest category spread, in the industry with partnership with leading brands," said Prasad. For existing Ola users, the new card brings in a whole host of sops such as 7 per cent cash back on Ola rides, 20 per cent cash back on restaurant spends and domestic hotel bookings and 1 per cent fuel surcharge waiver on fuel transactions.