

SBI Card banks on multi-pronged strategy to be 'future ready', post GE's exit from JV

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KR SRIVATS

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SBI Card, the country's second-largest credit card issuer, has embarked on a multi-pronged strategy as part of its transformational journey to become 'future ready' after the exit of GE Capital from the two-decade-old joint venture, said a top official.

The new set of measures include putting in place a modern IT infrastructure completely owned by the credit-card company, getting back all data related to the business hosted out of India (this is being done since August 2018), and also taking a re-look at its underwriting processes, Hardayal Prasad, Managing Director and CEO, SBI Card, told *BusinessLine*.

SBI now holds a 74 per cent stake in the credit-card venture and the balance 26 per cent is with Carlyle; SBI Card is also focussed on improving customer



Hardayal Prasad, MD & CEO, SBI Card

service and revamping the way the company administers risk, he said.

By the end of this month, SBI Card will come out of all 55 IT dependencies of GE, marking the complete exit of GE from the credit-card joint venture in India. This would be much ahead of the June 2019 deadline set under the transition sales agreement (TSA),

thereby bringing about a savings of ₹45 crore for SBI Card.

"This is big savings for me. A savings of ₹45 crore is a big thing for a small NBFC like us," said Prasad.

It may be recalled that GE Capital had, in mid-December 2017, exited SBI Card and entered into a TSA to help navigate the transition to a new ownership struc-

ture. With GE on board, SBI Card in India was functioning as two businesses—SBICPSL and GE Capital Business. While SBI Cards and Payment Services Private Limited (SBICPSL) markets and distributes cards, the GE Capital Business was doing the back-end work, including technology and processing.

Prasad said SBI Card has already approached the National Company Law Tribunal (NCLT) for amalgamation of the two businesses into a single entity.

Credit card base

SBI Card, according to Prasad, has now transformed itself into an analytics company while deepening its digital engagement with customers. The next step is to embark on digitisation of the customer onboarding process, he said.

Up to 20 million people interact with the company every

month on its various touch-points.

From 50 lakh credit-cards in September 2017, the company's card base had improved to 60 lakh in February 2018. In the 10-month period from February 2018, another 15 lakh cards were added, taking the overall number of cards in force to 75 lakh.

"Our growth from September 2017 to September 2018 was around 35 per cent (from 52 lakh to 70 lakh) while for the industry it is 25 per cent," said Prasad.

Over the last four-five years, the CAGR on credit-card spends has been 40 per cent for SBI Card, compared to 25 per cent for the industry. The spends growth for H1 FY19 over the same period in the previous year was 35 per cent for SBI Card, higher than the 30 per cent for the industry. The current monthly card spend for the SBI Card universe is more than ₹9,000 crore.