

# **Pandemic to push credit card transactions further: SBI Card CEO**

New Delhi, May 11 (PTI) The challenging situation due to coronavirus pandemic will further push credit card transactions, a senior SBI Card official has said.

He also said that now people will spend more to upgrade their homes as staying indoors is becoming inevitable.

"It is little early to say how the credit card industry is going to pan out. I have always been a big votary of digital payments. I think that opportunities will come back. Given whatever is the economic condition, I think transaction through credit cards will continue to see a rise," SBI Card MD and CEO Hardayal Prasad told PTI in an interview.

Assuming that the lockdown is removed in some places on May 17, the businesses will come back to normal to say about in 2-3 months, he added.

"After demonetisation, there was a big push towards the credit card industry, I think this (pandemic) is going to be even bigger than demonetisation.

"After demonetisation, cash was converted into digital (money/ transactions)...even if I get 5 per cent of that, that will be phenomenal. So, we are concentrating on what we can convert. Your cash spend can actually be your card spend. Now, if you are going to stay more time at home and you are not going out, you probably will look at more avenues also to make your house a better place," Prasad said.

As people will stay more at home, they will vie for better products, may be a bigger television set, a bigger fridge as they are not eating out and cooking at home, he added.

"So, we are looking at that kind of trend also to be emerging. People will feel that let's make home a better place, this is now my workplace and office as also this is the place where I live, so they will upgrade their homes if they are working (more) from homes," he said.

Card spends towards travelling, staying at hotels, summer vacations, cinema and entertainment will be reduced, he said, adding the business is going to be a little challenging assuming things will get back to normal by October.

"Then there are lot of festivals also in between. In India, festivals play a major role in terms of spends. Looking at travel, I am told 60-80 per cent of their business happens during the summer, that will not happen now," said the CEO.

However, he expressed confidence that some of the lost ground will be met as the big sales come up during winter festivals and new year.

SBI Card is also looking at avenues such as co-branded cards where a lot of business proposition looks feasible, however, those with airlines will continue to see challenges for the time being.

The company has co-branded card with the Apollo Hospitals group and hence people can get doctors' advice as well as pharmacy purchases online.

Also, there is scope in the education sector as lot of people are now opting for online courses.

"Suddenly, there is massive uptick taking place in online education sector. Also, during Akshaya Tritiya, we also saw for the first time ever that there was almost Rs 5-6 crore purchase online on the jewellery side.

"If people are aware of the brand and products, they can do online purchases," Prasad said.

SBI Cards and Payment Services Ltd, under the brand name SBI Card, has registered 28 per cent growth in credit cards to 1.05 crore in fiscal ended March 2020.

SBI Card, promoted by the country's largest lender State Bank of India in a joint venture with the Carlyle Group, registered a jump of 44 per cent in its net profit to Rs 1,245 crore during 2019-20 as against Rs 865 crore in the preceding fiscal due to robust growth in cards number, spends and receivables.

Improvement in cost to income ratio and fall in bad loan ratio to little over 2 per cent by March 31, 2020 also helped in posting good numbers.

Recognising the unprecedented challenges in the economic situation due to COVID-19, the credit card company has created specific the virus related provision of Rs 489 crore.

Prasad hoped that things may get back to track if companies move out from China to India alongside the government efforts to contain the economic fallout due to the pandemic.

"May be these can also propel the economy to rebound in a very strong way. So I think all these things have to be looked for some more time and to see what more the RBI and government can do so that the economy bounces back," Prasad said. PTI KPM BAL  
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