

SBI Card bets on tie-ups to boost online focus

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SBI Cards Bets on Tie-ups to Boost Online Focus

Spends at 105% of pre-Covid levels; some shifts of purchases to online may be permanent: CEO

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Mumbai: SBI Cards and Payment Services, the recently listed credit card subsidiary of State Bank of India (SBI), is ramping up partnerships with online retailers and e-commerce companies as it expects a chunk of brick-and-mortar transactions to permanently move online.

Chief executive officer (CEO) Ashwini Kumar Tewari said spends on online transactions surged to higher than pre-Covid-19 levels and are set to stay elevated as the pandemic shifts spending patterns toward internet-based transactions.

"Our online transactions are already at 105% of the pre-Covid levels as consumers have shifted to buy things they didn't earlier buy online

—like groceries. This trend is likely to stay and we expect some purchases to move online permanently," said Tewari, who took over as CEO in August.

SBI Cards is looking to partner e-commerce companies such as Amazon and Flipkart and also payment systems such as Google Pay to take advantage of the rise in digital transactions. Last month, it had a special sale on Amazon offering discounts on purchases made using its credit card.

SBI Cards' moratorium book has come down to ₹1,500 crore in June from ₹7,083 crore in April but the lender is also keeping an eye on defaults as the moratorium ends.

"We moved to a customer opt-in model in the second moratorium phase, which meant that ₹5,500 cro-



re of loans were out of moratorium, one-third of which have been paid or are being paid," Tewari said.

He acknowledged that there is a risk that some of the remaining amount of ₹3,700 crore could turn bad. "We are offering them an in-house settlement scheme to pay off their outstanding within 18 months at

rates ranging from 12% to 20%, which allows them to reactivate their cards after paying the initial six EMIs without being reported to the credit bureau," Tewari said.

Gross NPAs for the company at the end of June were at 1.35%, down from 2.68% a year ago, but Tewari said there may be a spike in NPAs to the historical range of 2.50% to 2.80% after the standstill ends.

SBI Cards, which is backed by US private equity company Carlyle Group with a 16% stake, is the second-largest credit card issuer in India with 10.6 million cards, behind HDFC Bank's 14.5 million.

Tewari said more than half of the cards are now being used outside the top metro cities in places like Patna and Jaipur — cities driving incremental growth.