

Customer acquisition rate inching towards pre-Covid levels, says SBI Card's MD & CEO

Date: 22/03/2021 | Edition: Online | Page: NA | Source: ET Now



Customer acquisition rate inching towards pre-Covid levels, says SBI Card's MD & CEO

Carlyle has been unlocking value in SBI Card, they still hold a board position says Mohan Rao Amara, MD at SBI Card. SBI and Carlyle benefiting from the synergetic relationship. Carlyle still holds over 11% stake in SBI card post part exit. In Q1, savings were more than consumption due to lockdown. Going forward in Q2 there was a reversal wherein consumption picked up. Q3 onwards the consumption levels have returned back to pre-covid levels across the industry. SBI Card particularly came back to pre-covid levels in October itself.

Increased bent towards 'Digitization' is the only positive impact of the pandemic says Mohan Rao Amara, MD at SBI Card. The online spent rate has seen a sharp increase from 44% to 53.4% as of Dec`20. Some of the segments like Travel, Restaurant, Entertainment continues to be below pre-covid levels. He further adds, segments like Grocery, Insurance, Utilities non-discretionary in nature have come back to pre-covid levels. He believes the preference for online share will continue to remain for the time to come.

The company has steadily recorded good growth in card in force. Acquisition recorded a growth of 15% in Dec`20 better than the industry average. In terms of market share, the company gained 90bps on a YoY basis. Introduction of various marketing campaigns further helped the retail spends to cross 30,0000 crores in Q3.

The self-employed category has seen the stress and predominantly that is the segment which opted for a moratorium. 'This is the first quarter where we have complete visibility about the performance of RBI RE' says. It is a Dynamic picture where the company continues to watch the customer portfolio closely. The company has intensified the collection efforts, by the end of the quarter complete assessment to be made. The company believes its is maintaining a safe provisioning buffer. As of Dec`20 the company has 1113cr provisions over and above base cover of over Rs 900 cr.

He further guided, directionally the credit cost will be co-related to RBI RE Portfolio. As the composition of RBI RE comes down it will lead to a gradual decrease rise in credit cost. There is a presence of intense competition in Tier 1. The company is expanding into Tier 2/3 pockets for its market share gains. 58% of the new customer acquisition is from Tier 2,3,4 cities. SBI card increasingly looking at partnerships, have entered into a partnership with Paytm in Q3.

It has the largest co-brand partnerships which provide a constant source of new accounts. The company continues to be growth-focused and expects to surpass the industry growth levels over the time to come. A lot of competition is building up, may see some short-term impact more on the debit card side rather than a credit card. Talking about the current trends, there is a shift from cash to digital, this will increase space for customer acquisition.