

[Discretionary spends likely to recover from June: SBI Card chief](#)

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Rama Mohan Rao Amara, chief executive officer, SBI Cards and Payment Services.

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Gopika Gopakumar

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SBI Cards and Payment Services Ltd, the sole listed credit card issuer in India, expects to restructure fewer outstanding loans this fiscal compared to last year despite the widespread turmoil caused by the second wave of the pandemic. Rama Mohan Rao Amara, chief executive officer, SBI Card, also said in an interview that credit card spending is expected to start recovering from June with the easing of covid-induced lockdowns in many states driving a gradual revival in demand.

While SBI Card restructured nearly 9% of its loan outstanding last year under the one-time restructuring allowed by the Reserve Bank of India, the scenario is markedly better this year despite the second wave of covid-19, Amara said.

"As per RBI, each lender will have to make available a restructuring policy. Those whose incomes are affected will opt for this scheme. We will be selective. Our approach is customer specific," he said adding that "wherever we see a temporary impairment, there we offer one form of restructuring. Where we see permanent impairment, we offer settlement." The credit card arm of India's top lender by assets State Bank of India reported a 5% drop in retail spending in the March quarter and expects it to stay weak till June given the lockdown in many states. SBI Card lost 2.5 percentage points of market share in spends over the last three months.

"Demand-wise discretionary spending has taken a back seat. Departmental stores, pharmacies etc, these categories continue to be robust," Amara said. He said however that the situation is "not as bad as the first quarter of last year." "I feel the situation will improve very rapidly from July. Green shoots will be there from June," he said.

Amara said after experiencing lower spends toward the first quarter of last year when India went under a strict nationwide lockdown, it began to revive once the lockdown was lifted. Spending however, began to decline during the March quarter of 2021 with the onset of the second wave. This was also the period when the Reserve Bank had banned HDFC Bank from issuing fresh cards. Private sector rival ICICI Bank capitalised on the opportunity, capturing 43% of incremental cards issued by banks between 30 November and 28 February. SBI Card didn't manage to take full advantage of HDFC Bank's absence. Amara however asserted that maintaining a high market share in spending is more important than having a high market share in credit cards.

SBI Card's total card spends stood at ₹35,943 crore for the March quarter, up 11% from a year earlier, which was lower than the pre-pandemic period.