

Changing dynamics of credit card industry

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retail and hospitality, SBI Card witnessed upward growth in almost all the categories. Sectors such as travel, hotel, entertainment, restaurant etc. as expected continue to see a timid pick up. However, with vaccine drive underway, we are hopeful that some of these categories should gradually begin to revive over mid to long-term horizon.

What are the top emerging trends in India's credit card landscape?

>> Digitization is the new normal today and is here to stay. Cardholders have shown increased adoption to "non-touch" contactless payments. More than 1 in every 4 point of sale transaction at SBI Card came as a contactless transaction. In fact, the entire SBI Card portfolio has the contactless functionality. In a progressive move, RBI had recently raised the limit of contactless transactions from Rs. 2000 to Rs. 5000. With social distancing continuing, we expect the interest in digital and contactless payments to grow further.

We also expect new spends categories to grow further and the traditional ones to bounce back, over a period. Customer acquisition has picked pace, and most of the new customers are from other than tier 1 cities. We plan to further bolster our open market and banca sourcing as well.

Despite the current challenges, the Indian credit card market continues to hold significant growth potential due to the favorable demographic changes. We at SBI Card are continuously monitoring the external environment. Overall, while we remain observant on the opportunities and challenges, we foresee a positive outlook.

How is the credit card scenario changing in India?

>> Owing to the onset of unprecedented Covid-19 pandemic, Indian credit card industry witnessed exceptional changes during the financial year 2021. For instance, lockdown during the initial phase led to slowdown in our open market sourcing and spends growth. On the other hand, key traditional spend categories, such as, air, travel and hotels got affected due to travel restrictions. Other discretionary spend categories such as jewelry, apparel, durables and dining were also impacted, though some of these categories saw momentum in subsequent quarters.

Other major impact was on the consumer behavior. It accelerated the adoption of digital mode of payments, across customer segments and geographies. Even consumers older > 50 years moved to online transactions; tier- 2 & 3 towns witnessed increased usage of online transactions. Categories such as, OTT, departmental stores, fuel, health, utilities, and education witnessed significant online growth.

With unlock measures, offline spends improved too. Other than