



**“SBI Cards and Payment Services Limited Q2 FY '26 Earnings
Conference Call”**

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MANAGEMENT:

**MS. SALILA PANDE – MANAGING DIRECTOR AND CHIEF EXECUTIVE
OFFICER
MR. GIRISH BUDHIRAJA – CHIEF SALES AND MARKETING OFFICER
MS. RASHMI MOHANTY – CHIEF FINANCIAL OFFICER
MR. KRISHNA KANT BISHNOI – CHIEF RISK OFFICER
MS. NANDINI MALHOTRA –CHIEF CREDIT OFFICER**

Moderator: Ladies and gentlemen, good day, and welcome to the SBI Cards and Payment Services Limited Q2 FY '26 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” and then “0” on your touchtone tele phone.

I now hand the conference over to Ms. Salila Pande, MD and CEO, SBI Cards. Thank you, and over to you, Ms. Salila Pande.

Salila Pande: Thank you, Sagar. A very good evening to everyone present on the call today. Along with the Board members and management of SBI Cards, I extend a warm welcome and sincere thanks for joining us.

India continues to be one of the world's most resilient and fastest-growing economies even as the global landscape remains marked by uneven recovery and geopolitical uncertainty.

According to RBI's Monetary Policy Committee meeting held in October of 2025, the real GDP growth forecast for financial year '26 has been revised upwards to 6.8%, underscoring the economy's strong momentum. The recent GST reforms, coupled with optimistic festive demand has stimulated consumption across both discretionary and non-discretionary categories, reinforcing the strength of domestic demand and rising consumer aspirations.

India's digital payment landscape is undergoing a rapid transformation propelled by key factors such as the expansion of digital infrastructure, progressive reforms, a robust fintech ecosystem and growing smartphones and Internet penetration. Digital payment transaction volumes are projected to nearly triple by FY 2030, rising from INR206 billion in FY '25 to INR617 billion, while the value of transactions is expected to expand from INR299 trillion to INR907 trillion.

As per the reports in the next 5 years, the volume and value of credit card transactions in India are expected to grow at approximately 21.7% and 20.8% respectively, reaching around 13 billion transactions, totalling INR54 trillion by the financial year 2030. India currently has around 112 million credit cards in circulation, a number projected to double to about 200 million by FY '30, supported by product innovation and wider acceptance.

As a customer-centric organization, SBI Card continues to pursue growth by focusing on offering seamless experiences, personalized rewards and best-in-class credit card products to millions of customers across the country. With digital platforms becoming the preferred medium for today's tech-savvy Indian customers, we continue to strategically deepen our presence by forging partnerships with leading brands.

We launched three Marquee co-brand credit cards during the quarter. Flipkart SBI Card is carefully designed to offer curated cash-back benefits making everyday shopping more rewarding. The PhonePe SBI Card is yet another addition crafted to meet evolving customer needs by combining convenience, digital agility and everyday value.

And we also launched the IndiGo SBI Card catering to the aspirations of frequent travellers. We also launched an integrated nationwide festive campaign called Khushiyan Unlimited, bringing over 1,250 offers with leading brands across 2,900 cities.

We have witnessed an encouraging response from customers across all key categories, including consumer durables, electronics, jewelry, departmental stores and e-commerce. In addition, SBI Card has been bestowed with several prestigious awards for various initiatives. Notable among these is the prestigious CII National AI Awards at the AI Summit 2025 for our revamped SBI Card mobile app. This award reflects our commitment to digital innovation and operational excellence.

Coming to the business performance and key metrics during the quarter, cards-in-force have grown to around 2,15,00,000 with 10% growth year-over-year. We added 9,36,000 new accounts while continuing to focus on quality acquisition. Sourcing from Banca and open market channel was 50-50 each. SBI Card continues to be India's second largest credit card issuer with cards in force market share at 19%.

As for the spend -- as per RBI August 2025 data, our spend market share has further grown to 16.8% in FY '26. Total spend during the quarter reached the highest ever level of INR1,07,063 crores with a strong growth of around 31% Y-o-Y. The retail spend reached INR89,611 crores, witnessing a 17% Y-o-Y growth. We have seen good growth across most online and POS spend categories.

Online spends witnessed strong growth across all non-discretionary and discretionary categories. Key categories include departmental stores, health, utilities, education, consumer durables, furnishing and hardware, apparel, restaurants and jewelry among others. Online spends contributed 62.5% of the total retail spend in H1 of FY '26.

Corporate spends have also witnessed strong growth and reached INR17,452 crores during the quarter with our continuous focus on diversification of use cases. UPI on credit card usage continued to grow 16% quarter-over-quarter, majorly in department stores, groceries, utilities, fuel, apparel and restaurants, driven by RuPay and QR acceptance expansion.

Coming to the financial performance. Total revenue for the quarter was INR5,136 crores, registering a growth of 13% year-over-year. Revenue has been higher, mainly due to higher spend-based income. Profit after tax was INR445 crores with an increase of 10% year-over-year.

Operating cost during the quarter was higher, driven by higher cost of festive campaigns and offers and higher corporate pass back on corporate spend. As a result, the cost-to-income ratio was at 56.8%. Receivables during the quarter reached INR59,845 crores with 8% Y-o-Y growth. However, the interest-earning assets were at 56% with revolver rate at 22%.

This is due to the higher transactor volume in the festive spend as has been the case in the previous years as well. The higher transactor volume also impacted the yield for the quarter being 16.5% versus 17% in the previous quarter.

Cost of funds on our borrowings for the second quarter was lower at 6.4% versus 7.1% in the first quarter. The cost of funds for Q2 was lower by 51 basis points on a daily weighted average basis. The benefit from repo cuts on our floating book has been mostly absorbed now.

The cost of funds is expected to remain stable at current levels until we see another policy rate action. With portfolio yield at 16.5% and lower cost of funds, the net interest margin for the quarter was at 11.2%.

Talking about the asset quality, as we mentioned in our previous quarter calls, owing to steps taken over the last few quarters to strengthen our new acquisition, underwriting and portfolio management framework, we have seen improvement in the key asset quality metrics.

Gross NPA for the quarter improved to 2.85% versus 3.07% in the previous quarter. In absolute terms, Stage 3 stock has reduced to INR1,705 crores in Q2 of FY '26 from INR1,735 crores in Q1 of FY '26. Stage 2 stock, which is, portfolio with Significant Increase in Credit Risk has reduced to INR2,485 crores in Q2 from INR2,673 crores in Q1.

The ECL rate has reduced by 17 basis points quarter-over-quarter to 3.3%. The gross credit cost has seen a reduction of 58 basis points in this quarter at 9% from 9.6% in the previous quarter. In absolute terms, there is a reduction of INR59 crores in gross credit cost during this quarter from INR1,352 crores in Q1 to INR1,293 crores in Q2 of FY '26.

Gross write-off for the quarter was INR1,281 crores. Looking at Stage 2 and Stage 3 stocks and the flow rates, we expect the credit cost to show an improving trend in the next 2 quarters of FY '26. Our liquidity position continues to be strong. Our capital adequacy ratio was at a strong level of 22.5%. ROAA for the quarter was 2.6%, lower by 4 basis points year-over-year. ROAE for the quarter was 12.1%, lower by 37 basis points year-over-year.

Summing up, we remain optimistic about the strong growth prospects for the credit card industry. With a clear focus on value creation and sustainability, we are committed to build and grow our business for the long term. We remain steadfast in maintaining robust asset quality and prudent risk management, ensuring long-term stability and resilience.

Now we are open to take questions.

Moderator:

First question comes from the line of Mahrukh Adajania from Nuvama.

Mahrukh Adajania:

So my question is on credit cost. So if you see the provisions, while it's a very low number, it's a small number, there's huge volatility across quarters, right? So last quarter, it was INR72 crores and this quarter, it's INR12 crores. So how do we think about it going ahead? How do we model it because it's so volatile? And then write-offs remain elevated. So when do you see those coming down? And you said that the trajectory of credit costs will be down in the next 2 quarters.

Could you guide to a range? Will it be substantially below 9%? Any range? And last time, you had said that you would like to wait for some time before giving guidance on what credit cost - where credit costs would normalize at, right? Like over the next 1.5, 2 years, do they go down

to the old levels of a little higher than 6% or they remain in the range of 7%? That's -- those were my questions.

Salila Pande: Thank you, Mahrukh. So first of all, your question about the gross credit cost, I think first was on the ECL, right? The first question...

Mahrukh Adajania: Yes, was the provision. So this write-off and provision, yes.

Salila Pande: So the thing here is -- see, as we have been mentioning that we are following a model which basically calculates the provision build or the ECL numbers for us. As I mentioned earlier during the call the stocks have declined substantially, specifically in the Stage 2 category, almost INR188 crores of decline has happened over there. So as we had mentioned, two things will continue to happen.

One is that as we have been reducing the stocks ;and the loss rates which were better in terms of the earlier 8 -year numbers, we are seeing increase in the ECL rates. As the stocks are going down, we are also seeing an abatement, and hence, the ECL numbers and the provision numbers are coming down.

Going forward, what I can say right now is that we are anticipating decline in the write-off numbers looking at the stocks, looking at the flow rate. And also, we will see reduction in the gross credit cost. So, one or two things also which I want to point out since this question may come up again, and Mahrukh, in terms of the slippage ratio, we are at 2.07% this time.

We are also seeing some abatement over there in terms of the slippages. So stocks are going down, the slippages are down. So we are hopeful that we will see better asset quality in the coming quarters.

Mahrukh Adajania: But would you like to give any range?

Salila Pande: I can say it will be below nine.

Moderator: Our next question comes from the line of Abhishek M. from HSBC.

Abhishek M.: So, my first question is on opex. How much would have been the festive spend this quarter? And also, if you can give the corporate spend-related opex that you would have booked this quarter, just to get a sense of the underlying retail opex, how that has trended?

Rashmi Mohanty: Abhishek, we don't disclose the numbers with respect to the amount of expenses with respect to our festive offers and neither do we disclose the corporate expense on account of our corporate spends as well. However, we can definitely say that the corporate spend this quarter were way higher than the previous quarter.

And that obviously would impact the opex number for this quarter. In addition to the fact that opex for quarter 2 has always been higher given the festive offers that we have in this quarter. But we don't give out the breakup between the two.

- Abhishek M.:** So if I want to get a sense of the underlying opex and the one-offs that have happened in this quarter, how do I make that out from your number? Should I anchor to the last, let's say, 2, 3 quarters average opex because that's clean and that doesn't have festive season spend? Would that have been the underlying...
- Rashmi Mohanty:** So, I would suggest that while -- Abhishek, I think if you go back a previous few years, you'll be able to see the seasonality between and the difference in the opex or the cost-to-income ratio between quarter 1 and quarter 2. Don't look at FY '25, though, because in FY '25, we anyway had lower corporate spend given the changes in the regulation.
- And therefore, the quarter 1 FY '25 and quarter 2 FY '25 may not be a representation. But if you go back a few years, you should be able to see the kind of increase that we normally have between quarter 1 and quarter 2 in the opex number.
- Girish Budhiraja:** You have to also look at -those years where- the festival season should have begun in quarter 2...
- Rashmi Mohanty:** Quarter 2 as well.
- Girish Budhiraja:** Because sometimes in some years, the festival season is purely quarter 3.
- Abhishek M.:** So I guess FY '24 would probably be a better year because there was some volatility in opex between 3Q and 4Q. Okay. I can -- all right. Is that a fair year to look at?
- Girish Budhiraja:** There will be no like exact like to like...
- Rashmi Mohanty:** Exact like to like Abhishek.
- Girish Budhiraja:** Okay. Last year and this year had some similarities, a couple of years back versus this is slightly different.
- Abhishek M.:** Okay.
- Salila Pande:** I just want to add that -- see, in terms of the cost-to-income, the guidance that we had given initially was that we'll be somewhere around 57%. And this is the season and the time where we spend also because ultimately, we also have to see in terms of engagement with the customers and giving them the right value prop. So this is on expected lines.
- Abhishek M.:** So for the full year this year, we should average at 57%. Is that something we should anchor to?
- Rashmi Mohanty:** For the full year, in the last call also I mentioned...
- Abhishek M.:** FY '26.
- Rashmi Mohanty:** Yes, FY '26, I had mentioned it should be in the 54% to 56%. However, we are seeing higher corporate spend, so we'll be on the higher side of the range now.

- Abhishek M.:** Okay. All right. So, second question, ma'am, is that if I look at the absolute balances of revolver and EMI for almost 3 quarters, it's more or less stable. And this quarter, obviously, there are transactors. Some of it will flow into EMI or revolver.
- But -- I mean, what kind of trends do you expect on the absolute balances in EMI and revolver? Do they look like they are going to grow at par with your overall AUM? Or does that ratio -- is that ratio going to keep coming down in the next few quarters?
- Salila Pande:** Yes. So a couple of things. As we have been mentioning earlier also that revolver, we are seeing a downward bias. This quarter, definitely because of the denominator impact, there is much more decline in the revolver percentage. EMI, yes, it's more or less stable. Again, because of the denominator impact, this quarter, we are seeing a bigger decline.
- But overall, I would say it continues to be stable. And we have also been taking a lot of steps to work with our customers to increase the EMI portfolio. So, EMI is more or less stable. And as Girish had mentioned in the last call also, revolver, we see a downward bias.
- Abhishek M.:** Okay. So would we be able to hold our NIM at the current level because you also said that your cost of funds should be stable and all the impact of repo cut pass-through, etcetera, has been absorbed. So should we see NIMs holding on to this level? Or should we expect some pressure on it?
- Salila Pande:** Yes. We will hold on to the NIMs.
- Moderator:** Our next question comes from the line of Piran Engineer from CLSA.
- Piran Engineer:** Okay. Yes, I was saying I just have two clarification questions and then two proper questions. So firstly, on the clarification, this INR30 crores stamp duty expense has come in other opex?
- Salila Pande:** It's a provision. Other opex...
- Piran Engineer:** No. So which provision line item is the question?
- Rashmi Mohanty:** It would go in the operating cost line item.
- Piran Engineer:** Opex, right? So the other opex basically.
- Rashmi Mohanty:** Other opex -- are you looking at the -- yes, yes, other expenses. Yes, correct.
- Piran Engineer:** Other expenses. Okay, okay. Fair enough. And the second one...
- Rashmi Mohanty:** So the line item that we have in the P&L is operating and other expenses. It goes in there.
- Piran Engineer:** Yes, yes, exactly. That's what I mean. Fair enough. And the second thing on Slide 11, when you calculate yield on loans, this is on a daily average loan basis or a period-end sort of basis?
- Rashmi Mohanty:** It's a 4-point average. Both the cost of funds on this particular Slide 11 is on a 4-point average.
- Piran Engineer:** You said 4-point -- okay each month?

- Rashmi Mohanty:** Yes. Each month – correct absolutely, yes. So, this particular slide has a 4-point average, whereas if you see the cost of funds, we separately give out as a daily average on Slide 16.
- Piran Engineer:** Got it. Okay. Okay. That explains it. And then the real questions are, firstly, fee income as a percentage of spend is down quite meaningfully Q-o-Q. And this is despite higher corporate spend...
- Rashmi Mohanty:** I'm sorry, Piran, we couldn't get the question. What has gone down significantly?
- Piran Engineer:** So your fee income has a proportion of spend, ideally should go up when corporate spends are going up and when discretionary retail spends are going up. But it's the other way around. It's gone down. I'm a bit confused here. Or another way to put it is spends are up 15% and fee income is up some 3%, 4%?
- Girish Budhiraja:** So Piran, on the interchange rate, which we are getting on the spends, that is consistent. There is no change there. 1 bp here or there, which is kind of a monthly variation. The fee from certain categories of spends, for example, on the rental as a category, we were charging fees to certain set of customers and rental spends have been coming down. So those fee levels have started to come down.
- Rashmi Mohanty:** Piran, also, I think this is a clarification we've given in our call about a few quarters back. You cannot take up the entire fee income and divide it by spend because my fee income is on two accounts. One, it comes on account of accounts and the second line item comes on account of the spend.
- So you can't mix the two and look at the total fee line item and say what is it and divide it by the overall spend because that number will not make any sense. It depends on the way our accounts have grown, it depends on the way our spends have grown.
- Piran Engineer:** No, which is true. I agree with you, Rashmi, but it's an overwhelmingly -- it's like more to do with spend than to do with accounts, right? I get there is a contribution...
- Rashmi Mohanty:** No, it isn't like that. It has to do with both the fee line item on account of the accounts as well as on the spends as well.
- Piran Engineer:** Got it. Okay. And sorry, just lastly, on this credit cost, I understand we are expecting an improvement from current levels. Ballpark, how do we think about next year? Are we back to normal next year given that it's a short-term product or is it normalization? And by normalization, I mean 6.5% to 7% credit cost. Is that still a while away?
- Salila Pande:** So I would refrain to give a number for the next year right now, but I can definitely assure that we'll see improvement and decline in the credit cost going forward in the next 2 quarters.
- Moderator:** Our next question comes from the line of Shweta from Elara.
- Shweta:** I have two questions. The first one being, so what are the key strategic measures that we have taken as far as sourcing strategy is concerned? And are we looking to change our guidance on cards run rate of 0.9 million to 1 million, which you put up in Q1? Second is, considering the

fact that there has been a material drop in interest-earning assets. So where do you see -- or are there internal targets now for ROA?

Because we saw in this quarter that higher spend traction was quietly negated by slow movement in the top line led by slower cards inforce growth. So how do you see or what are the internal levers that you have put up in place for ROA improvement ahead? Yes, those are my two questions.

Salila Pande:

Okay. So on the key strategies, I would say that as you are aware, we normally have two channels on which we basically work on acquisition. So as I mentioned in my opening call that we have been tying up with some significantly large co-brand partners in the e-com space, in the digital payment space.

And we are seeing good numbers coming as well from there. So that is going to be our strategy on one side. And then definitely, we will continue to work with the Banca channel as well in terms of having profitable good customers from there.

And about new card sourcing we continue as of now with the similar guidance that we have given around 0.9 million to 1 million in terms of the accounts. IBNEA, yes, I would say that we had given a guidance initially, which we reduced to -- 10% to 12% in the last call. We will maintain that-- because now we are seeing good spends happening after the festive season.

So we are hopeful, and we will continue to stick to that guidance. And we have a couple of strategies to improve the IBNEA there, which will have its bearing on ROA as well, and we will continue to definitely work on that.

Moderator:

Our next question comes from the line of Pranav Dheeraj Gundlapalle from Bernstein.

Pranav Gundlapalle:

Just one question again on the revolvers and EMI. If I look at the absolute value, it's almost been flat on a year-on-year basis. Is this because of certain actions that you have taken in terms of the cardholders or any of the operating metrics or is this simply a reflection of the industry trends and the quality of the different customers that you have now started sourcing? So just trying to understand if this is a new normal or if there is a one-off that you have done and therefore, we should expect a reversal of this?

Girish Budhiraja:

So it's a mix of both. In the absolute terms, there is a growth in the revolver asset. However, the growth is fairly muted. We believe because in the last 8 quarters or so, we have been focusing on very selective customer acquisition, which has, as we have previously also indicated, put the revolver at a lower bias.

As the things stabilize and as the credit cost starts to come down over a period of time, we will be able to look at accelerating some of those things. But as of now, for the next at least 2 to 3 quarters, our focus is essentially to get the credit cost down to a reasonable number before we start looking at the growth parameters.

Moderator:

Our next question comes from the line of Anand Dama from Emkay Global.

- Anand Dama:** So when we look at the overall growth spends in the POS segment, there we have seen that even the departmental stores, the travel-related spends actually have come down. Is there any specific reason for the spends to come down on the POS? Obviously, online spends are doing well, but why on the POS front? We thought that particularly post the GST cut, at least the POS spend also should see an improvement. Any explanation on that front?
- Salila Pande:** I think that is more of a customer behaviour also. And in terms of the co-brand partnerships, as I mentioned, that we have done, there will be more of a propensity to do online spend through those kind of tie-ups. And overall, also the customer behaviour where we find that people like to shop more online now as compared to the past, so -- anything you want to add there?
- Girish Budhiraja:** Just a couple of things. So if you look at the POS, yes, POS is down in category 1 and category 3. Category 3 is essentially there -- it's only in the restaurant category where the POS spends are going to be higher.
- And in the category 1, it is the departmental stores, which is critical. So in these, if you actually look at it from October onwards, there is a movement, which is positive because festival season. Part of Navratri, essentially online just overtakes the spending because it's huge. The more of POS spending starts in the middle of the season from Dusshera to Diwali. So as we declare the -- if we look at the Q3 numbers, we would see it slightly different.
- Anand Dama:** And in that case, the opex also in the third quarter should be higher because a lot of retail spend actually would come in the third quarter. So I think the rewards and incentives related to that should be on a higher side.
- Girish Budhiraja:** So festival season has straddled from September to October. Our festival season-related spending will be in these 2 months. Corporates card spending, as Rashmi was mentioning, that is a constant thing that will continue.
- Anand Dama:** Then corporate spend would keep going up. And in that case, the overall cost also should be on a higher side, primarily because of the corporate spend. Is it possible for you to tell us like what's the overall ROA metrics of the corporate card business?
- Girish Budhiraja:** We don't declare the ROA on the corporate side. However, in the corporate card side, the asset is hardly anything. So actually, ROA is very, very high. However, in this income, as we have earlier also indicated, the revenue is essentially the interchange and part of that interchange goes back to the customer as pass back. So hence, it just skews the opex to Income ratios.
- Anand Dama:** Is there any change in the incentive program, particularly on the corporate spend that you have done recently?
- Girish Budhiraja:** Yes, we have reduced it.
- Anand Dama:** Okay, we have reduced it.
- Moderator:** Our next question comes from the line of Punit Bahlani from Macquarie.

- Punit Bahlani:** Just one question on the yield front. Your book mix has not changed. In fact, you also indicated that revolver and -- has changed only because of the denominator effect. So why have the yields declined so drastically? Is it because something like spends being towards the end of the quarter or something like that? And in that case, then we should expect from 3Q, it should bounce back, right?
- Girish Budhiraja:** Yes, you are correct.
- Moderator:** Our next question comes from the line of M.B. Mahesh from Kotak Securities.
- M.B. Mahesh:** Question on this rental side, which RBI had kind of made a norm in saying that you can't accept from the rental transaction. If you could just kind of broadly kind of give us an outline as to how does it impact your numbers in the next couple of quarters?
- Salila Pande:** So rental spend have almost stopped. And comparatively, although that is something we had started seeing from last year itself because when we had imposed a fee over there, we have started seeing reduction in spend. So overall rental spends are going to impact our overall spend by 3% to 5%.
- M.B. Mahesh:** Sorry, when you say 3% to 5%, this would be, let's say, of the current quarter's numbers, it would be lower by 3% to 5% next quarter or so. Is that the way to see it?
- Salila Pande:** So 3% to 5% over the previous quarter, whatever were the numbers for the previous quarter, we have -- depending upon the seasonality, we will start seeing somewhere between these numbers.
- M.B. Mahesh:** Okay. Just to clarify, has RBI put a full block on the rental transaction? Or are there any specific categories of rental, which is now currently blocked?
- Salila Pande:** Basically, they have said you have to do a KYC there. So RBI has said that for the merchants, the payment aggregators have to do the KYC. The payment aggregators, wherever they are unable to do the KYC, they are not doing those transactions. So that is impacting this kind of rental payments.
- Moderator:** Our next question comes from the line of Kamal from Jefferies.
- Kamal:** I would like to ask that given October was also a festive month, how has the demand environment shaped during October? And also, how do we see the mix of revolvers and transactors shaping as a result in Q3 and going forward?
- Salila Pande:** I think, yes, as you mentioned, it's a continuation. We have seen Diwali was in October. So the spends have continued to be better than the last 2, 3 months. And -- yes, better spend. But yes, after Diwali, we are seeing a little bit of a slowdown in terms of the spend.
- Kamal:** Okay. And the mix of revolver and transactors going forward, like how should be expected in the coming quarters?
- Salila Pande:** So for this quarter, it's too early to say. But as I mentioned earlier that the more of the uptick that we saw was because of the transactor volumes coming at the end of the quarter. So as we will

start seeing payoffs over there, for the current cycle, the revolver percentage will increase from 22%.

Moderator: Our next question comes from the line of Sucrit D. Patil from Eyesight Fintrade Private Limited.

Sucrit D. Patil: I think you have pretty much answered about the margins and on the books. I have a forward-looking question. As credit increasingly integrates into digital platforms and journey, does SBI Cards plan to evolve its brand identity to remain emotionally relevant, particularly for younger digitally native consumers?

Salila Pande: So I think we are., There are a couple of things. Credit cards, digital payments are different. Credit card is more of an aspirational product, and we are seeing a lot of interest from the younger lot as well. It's not that we don't get applications and we don't get interest from the younger lot.

They continue to engage with us, and we continue to engage with them. A lot of marketing efforts go into working with those customers in terms of their customer life cycle, engagements, value props. I don't see a challenge over there. In fact, we see a lot of promise going forward as more and more people want to spend-- as I mentioned, I see that there's a lot of aspiration to have a credit card, spend it, the kind of value prop people are seeing in that.

So as of now, we don't see any challenge over there. The digital payment space is growing. It is helping us. We are also doing pretty well through UPI when we are connecting our credit cards to UPI there also, we are seeing a lot of traction. So it's a win-win situation.

Sucrit D. Patil: And just my final and closing question. As the business continues to scale, what kind of partnerships or ecosystem sales do you see as important for expanding reach or improving cost efficiency over the next few years or the next Q3?

Salila Pande: See, we have a pretty well diversified suite of products and partnerships. We have covered more or less most of the segments. Having said that, we understand who are the significant partners, who are the big players. We keep on talking to them, and we keep on coming up with new partnerships with them as we see their dominance in a particular market segment.

So as I mentioned earlier in the call, we have tied up with a very significant e-com player, Flipkart. We have tied up with a very big player in the digital payment space, PhonePe. And we have also tied up with -- the largest market player in terms of the airlines, which is IndiGo. So we keep on looking, assessing, looking at what is the value for us, what is the value proposition for the customer and of course, our partners, and we will continue to work on that.

Sucrit D. Patil: And I think that is the good enough guidance and I wish the entire team and you best of luck for the Q3.

Moderator: Our next question comes from the line of Shubhranshu Mishra from Phillip Capital.

- Shubhranshu Mishra:** Three questions. The first one is, how do we model in the corporate spends going forward in the next 2, 3 quarters? Second is, has Encash or let's say loan on card, has it stopped because of some regulatory intervention?
- And the third part is the new launches of the co-brands. So IndiGo also has a co-brand with Kotak. Flipkart has a co-brand with Axis and Axis has tried the co-brand with Google Pay, which didn't really take off.
- So what are our internal estimates about these particular programs? What will this contribute to the new accounts? Because a lot of these high spending customers would already have a credit card. So these are my three questions.
- Girish Budhiraja:** So we will go step by step. Your first question was on the corporate spends on an overall basis. Before the actioning in February of, I think, '24, we were touching close to 20% to 22% of the overall spends were corporate, even now we are not there. So we will move in that direction.
- However, we would -- as I stated earlier, we will want to do it with better margins. So that's the area that we want to look at. So it will continue to grow, but we will grow where we find good margin spending from the customers. So that is on the corporate card....
- Rashmi Mohanty:** The second question was about Encash. Encash continues to be part of our portfolio.
- Shubhranshu Mishra:** So my question was, has there been any regulatory intervention to stop it?
- Girish Budhiraja:** Encash book is continuing at this point of time.
- Rashmi Mohanty:** It is part of our portfolio of the IBNEA assets that we report.
- Girish Budhiraja:** The third question on the co-brand part, which you asked about the access. So yes, Flipkart has Axis as a co-brand, which is there. We have also recently participated with them, we see there is a demand for SBI card. Otherwise, Flipkart would not be looking at a second partner.
- Secondly, Flipkart also is expanding to Tier 2, Tier 3, Tier 4 cities, and they want to go deeper into the country. We are very strong there. And SBI brand stands for trust. So we have seen a lot of customers wanting to apply, and we are getting very good volumes and interest -- very strong interest from the Flipkart customers for this card.
- Shubhranshu Mishra:** And the IndiGo also has Kotak and the other question on Axis and Google Pay, which didn't really take off.
- Girish Budhiraja:** So Google Pay and Axis, you would have to ask either of those people to as to why or what more needs to be done. But on IndiGo Airlines, there are only 2 airlines now. So one is IndiGo and the second is Air India. So at this point of time, IndiGo co-brand, we are very proud of partnering with them.
- And I think the primary channel there will be either digital because a lot of people are applying on their own through our website and through our mobile app to coming and wanting to apply.

And we are seeing very good interest at our retail outlets or stores at various airports. So those are the primary channels through which we would want to acquire IndiGo co-brand cards.

Moderator: Our next question comes from the line of Abhishek M. from HSBC.

Abhishek M.: So if I look at your retail spend, can you give a sense of how much would be from rentals now versus, let's say, a year back?

Girish Budhiraja: As ma'am was saying, retail rental is 3% to 5%, depending on the month. It is very low. It used to be early teens almost around 18 months back, if I go back. And we had put a fee. We ourselves were very careful to be able to look at these kind of spends. And as we put the fee, we saw the numbers come down, which we are okay with.

So now that this kind of KYC thing has come out, which is right -- which is completely correct because merchant KYC has to be done by the payment aggregators, and they should have done that before.

Now that it has stopped, the impact on us would be fairly minimal. You have seen that we had had a very strong growth in the last quarter on the retail spend of close to 14% plus, okay. So for, more than half the month, these rental spends have not happened. So these are now absorbed into the overall scheme of things.

Abhishek M.: Right. So fair to say that X of this rentals, the rest of the retail spend growth is actually quite robust, even if we take out seasonality or festive season bloating?

Salila Pande: Yes. We are seeing good spend.

Girish Budhiraja: Yes, yes.

Abhishek M.: I mean, may be would it be upwards of 20% on a Y-o-Y basis?

Salila Pande: On the retail side?

Abhishek M.: X of rental.

Salila Pande: No. On the retail side, if you look at the Y-o-Y, that was 17%. Retail spends have grown 17% Y-o-Y.

Girish Budhiraja: X Rentals, yes, it would be more than that. And the primary reason for that growth, as we have also been mentioning, has been the very strong pickup on UPI. And that's why we put a slide on to it and showed the numbers there. We are getting very good customer engagement and both in transactions as well as the value spend on the UPI, RuPay credit cards.

Moderator: As there are no further questions from the participants, I now hand the conference over to Ms. Salila Pande for closing comments.

Salila Pande: Thank you, Sagar. I would like to thank our shareholders, customers, partners, employees and everyone present on today's call for their unwavering support and continued trust. Before I close, I thank all of you once again. Have a good evening.

Moderator: Thank you. On behalf of SBI Cards and Payment Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.