

## SBI Cards Grapples with Market Share Challenge Amid Elevated Credit Costs



SBI Cards and Payment Services is facing an ongoing challenge to reclaim its market position, with recent financial results and competitive dynamics highlighting the difficult road ahead. The company, a major player in India's credit card industry, is contending with elevated credit costs and increased competition from rivals.

The company's latest quarterly results showed a decline in net profit, which fell to ₹556 crore, a 6.4% drop from the previous year. This was primarily due to a significant rise in impairment losses and bad debt expenses, which grew by 23% year-on-year. While revenue and spending on its cards grew, the increased cost of credit and higher provisions for potential bad loans weighed on the bottom line.

This trend is a key factor in the company's struggle to maintain market share. According to recent data, SBI Cards has been relegated to the third spot in terms of market share for credit card spending, with ICICI Bank taking the second position. The company's market share in cards-in-force has also faced pressure, although it has shown a slight improvement to 19.1% as of a recent reporting period.

Industry analysts point to a strategy of cautious growth as a contributing factor. The company's new leadership has acknowledged a shift toward more selective customer acquisition, which has led to a multi-quarter low in new account additions. This approach is a response to early delinquencies and financial strain observed not just in new customers but also in older accounts, suggesting a deeper vulnerability within the portfolio.

While SBI Cards' management remains hopeful that margins will improve in the coming quarters due to a potential reduction in the cost of funds, analysts expect credit costs to remain high in the near term. The company's efforts to regain market share are now centered on balancing a portfolio cleanup with a more measured growth strategy, a delicate act in a highly competitive market where rivals are expanding aggressively.