

Doesn't make economic sense to duplicate cards, says HDFC Bank official on network portability

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Multiplying or duplicating every card on different networks does not make economic sense for issuers, owing to which HDFC Bank has adopted a more product category-centric approach, according to Parag Rao, Country Head – Payment Business, Consumer Finance, Technology and Digital Banking.

"I don't think it makes economic sense to multiply or duplicate every card because we have Visa, MasterCard, Diner's Club, and RuPay. So, what we have evolved is a dual carding strategy, which works on the principal that I give you one limit across multiple cards, and you could have two different cards on two differ-



Parag Rao, Country Head – Payment Business, Consumer Finance, Technology and Digital Banking, HDFC Bank

ent networks," said Rao on the sidelines of the launch of a co-branded card with Marriott International.

RBI NORMS

Rao's comments were in response to the RBI's recent draft norms on card network portability, where the

central bank has asked issuers to offer multiple network options for cards from October. The deadline for feedback on the draft guidelines was August 4.

Rao said if a customer has a ₹5 lakh limit on HDFC Bank's Regalia card, wants a second Swiggy card on the RuPay network, the bank has the option to give the second card under the same ₹5 lakh limit, so that customers can enjoy the benefit of both cards and networks under the same limit.

ICICI Bank offers a similar feature on its Rubyx cards, where customers get a combined limit for two cards – one on MasterCard and another on the American Express network.

As such, not too many customers insist on a particular network, but choose cards based on the product

and value proposition, said Rao.

On intensifying competition in the co-branded card space, Rao said the bank continues to identify relevant merchant category code or categories where customers spend with a focus on getting the best of partnerships and customer value.

Currently, 72-75 per cent of new card acquisitions for the bank are from existing customers and the balance from the open market, said Rao, adding that this strategy will continue as the headroom to grow is large, with an expected growth rate of 25-30 per cent.

Asked about concerns around increasing delinquencies in credit card portfolios, Rao said HDFC Bank does not see any stress and continues to be prudent in its underwriting.