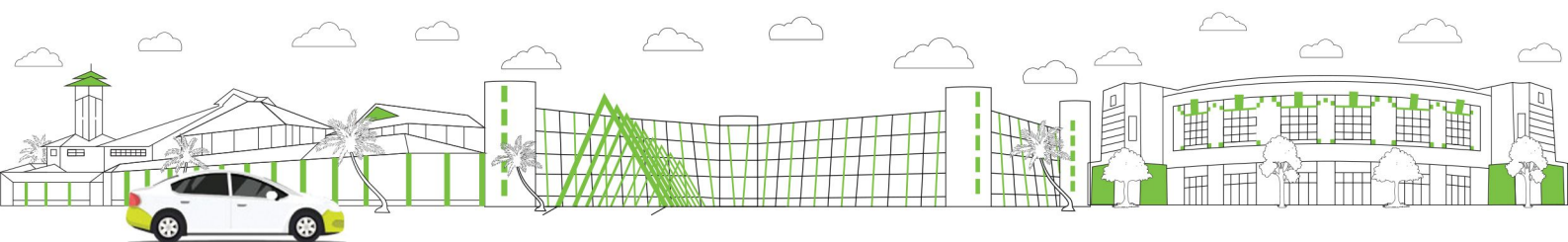




CAMPUS CONNECT CHALLENGE

OLA MONEY CASE STUDY



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Background:

Ola, one of the world's largest ride-hailing platforms, launched Ola Money SBI Credit Card in partnership with SBI Cards, one of India's largest credit card issuers, recently. This card, which is powered by Visa, is aiming to disrupt the Credit card market in India through financial innovation.

Benefits of Credit Card:

- Widely accepted for online payments and point of sale
- Convenience of not carrying cash all the time
- Increased interest income as the money remains in the account and repayment can be done on a later date
- Easy credit line available in times of need
- Credit card users get rewards and incentives for using the credit card

Some Benefits of Ola Money SBI Credit Card:

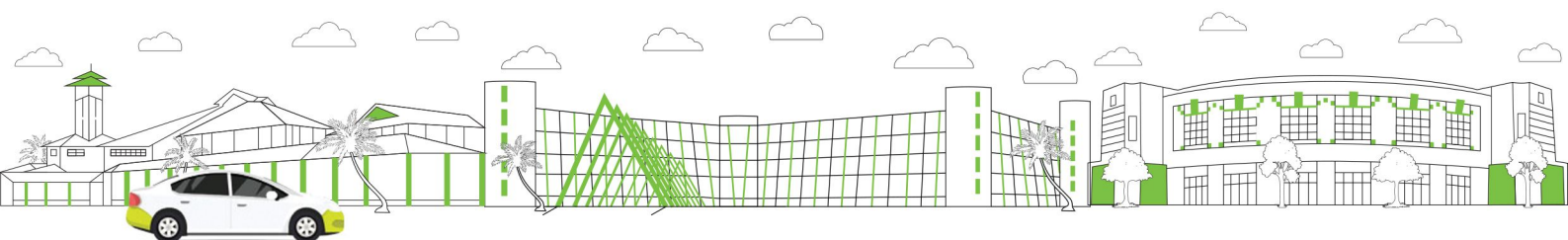
- 7% cashback on Ola cab spends
- 5% cashback on flight booking on Cleartrip
- 1% cashback on all other spends
- Instant credit of all cashback

Credit Card market in India:

As on March 31, 2019, the number of debit and credit cards issued were 925 million and 47 million, respectively. With respect to debit cards, India is second only to China. In credit cards, the growth is stronger and better than all benchmarked countries. There is still a lot of catching up to do as far as the total number of cards is concerned. Credit card spends account for almost 3% of India's GDP. Almost 3% of India's population (>15 years of age) own a credit card compared to ~20% in China and over 65% in the USA and Japan.

The reasons for low credit card usage in India is both due to demand and supply constraints, an example of each is given below –

- (a) Supply – Banks generally issue Credit cards only to customers who have a good credit history/high credit bureau score. Only about 10% of India's population is eligible for a credit card on the basis of the current credit evaluation criteria of credit card issuers.



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(b) Demand – Indian households traditionally shy away from credit instruments, irrespective of the fact that a Credit instrument is much more superior than a Debit instrument. 20% of customers who are offered a credit card adopt and start using a credit card in India.

Problem Statement:

1. Supply - Why are there supply constraints in India vis-a-vis other countries? How can we solve the risk and distribution, to obtain a much greater supply?
2. Demand - Why is the credit card demand low in India? How can we disrupt this market? How can we create innovative products and a stronger value proposition for the customers?

Guidelines:

- Talk about what you think are the major reasons for low supply and demand in India. Analyse the unique factors which have led to the gap between India and its peers
- All your insights and solutions should be backed with data/customer surveys wherever possible
- Do a cost/benefit analysis in case you suggest monetary spends for increasing penetration.

