

CO-BRANDED CARDS AND CO-BRANDING ENTITY APPS

Co-branding is a marketing strategy that allows the issuer and the co-branding partner to jointly enable greater customer acquisition and retention. Co-branded cards such as the widely used Axis Vistara Credit Card issued by Visa or the SBI Paytm Card issued by NPCI based RuPay provide discounts and rewards as incentives for the consumers. It is typically between an issuing bank or financial institution and a corporate/merchant/ retailer. In this arrangement, the banks charge fee such as reward redemption fee, cash advance fee, cash processing fee and the co-branding entity is paid a premium amount for the same. According to the Master Directions-Credit Card and Debit Card-Issuance and Conduct Directions, 2022, prior approval of RBI is not necessary for issuance of such cards. However, there are other directions that must be complied with. These include directions such as that the co-branded card must explicitly indicate a co-branding arrangement, the co-branding partner shall not advertise the product as their own and the name of the card issuer shall be shown clearly. Further, the card issuer must conduct due diligence with respect to the co-branding entity. In a typical co-branding arrangement, the issuing bank is typically the one maintaining the card applications and transactions and the co-branding entity is the one marketing and distributing the cards and providing access to goods and services for the cardholders. However, a recent change has taken place in this co-branding arrangement with companies such as OneCard, Scapia among others being the ones facilitating the issuance of applications while the the issuing banks being the ones marketing the cards and maintaining transactions.

Now we will discuss each of these in detail:

1. OneCard (FPL Technologies Pvt. Ltd.)

OneCard is a mobile-first, metal credit card provider issued by RBI approved Banks and Financial Institutions such as SMB Bank, South Indian Bank, CSB Bank, Federal Bank and BOB Financial. It allows to control all aspects of the credit card using the OneCard app-transaction limit, domestic/international use, online/offline use, contactless payment and others. It allows for a seamless onboarding experience that taken less than 5 minutes and provides five times the rewards on the top 2 spend categories. It allows repayments in EMIs which gives rewards. It also provides with family sharing arrangement that allows the consumer to share the limit.

2. Scapia (Scapia Technology Pvt. Ltd.)

The Scapia Federal Bank Credit Card is a co-branded credit card that allows frequent travelers to obtain hefty rewards for travelling spends and allows to redeem them on travel instantly. Scapia is a reward-oriented system that gives redeemable Scapia coins on making payments. Scapia provides a smooth, completely digital process from the onboarding to the repayment.

One thing common about these is that the Banks website does not allow the consumer to apply directly through it and rather redirects the consumer who clicks on the “Apply Now” option to the websites of these co-branding entities and their apps.