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Office of the Vice Provost for Advances in Learning



MODULE 1 UNIT 2

Video 1 Part 1 Transcript

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What is the core purpose behind the creation of PayNearby?

ANAND KUMAR BAJAJ: With the way the FinTech is evolving, there is a large digital divide that is created. That rift, that bifurcation of the privileged and underprivileged is becoming bigger and bigger, day-by-day. With all the concentration of large banks and big techs only on the digital savvy segment, leaving behind, in the distribution curve, about 90% of the digitized, marginalized and subsidized segment. This is where we believe that we can create an impact by taking the high-end of technology to the bottom of the pyramid through assisted, trusted retail partners, who are the mom-and-pop stores. Effectively, this is actually taking sachets of trust of our partner banks, financial institutions, and handing it over to the citizens en masse, across the country.

When did you decide to establish PayNearby?

BAJAJ: I was in the bank; I was the chief innovation officer and heading digital payments and mobility, and I was working with most of the fintechs in the country. I did realize very early on that this whole work development is going to be concentrated with only the digital savvy segment. In order to further the agenda of inclusion or inclusive growth, it was imperative that we create models to reach out the services to most of the people at most of the places. So we thought that, is it possible that using the APIs, the same SDKs that the banks and the fintechs are using for the self-service conducive segment: can we use it in a assisted service mode and ensure that we reach most of the services to most of the people at most of the places, most of the time? That is where we saw that the trusted retail mom-and-pop store, who is a micro-entrepreneur can come handy and be partner in this whole program of nation-building.

Today, we realize that having built this large network of 800,000 retail partners in 17,000 postal codes of the country, which is very, very meaningful, we are able to, right along with our partner banks, and deliver it together as a national platform to citizens. This is very fulfilling. This helps take the high-end of technology, like I said to the mass, to the budge and the bottom of the pyramid, which would not have been possible in a traditional method because most of the traditional bankers concentrated on viability quotient in the cluster. Whereas with this distributed architecture, with digitally trained micro-entrepreneur partners, you can actually relate beyond financial services now, now that trust is accomplished, demonstrated, where people come to these shops and ask for a pack of chips, a bottle of water, and 500 rupees withdrawal from their own bank account.

They have seen these retail partners coming very helpful during the extended lockdown in the country. All the government programs, the subsidies that the government wanted to reach out to people went into the bank, but these micro-entrepreneurs are the ones who gave it in the hands of citizens. This augmented their credibility to almost sobering grade. Now with these trusted partners, we can relay multiple services to people.

What makes PayNearby uniquely valuable?

BAJAJ: We believe that doing the same thing differently has its own advantage. For example, a one would go very easy using APIs to connect to the banks, which has a 37 transaction per



second capability limitation. We did not go that route, we built our own switches and deployed with partner banks so that my switch speaks to the switch in the bank, so that there is no latency challenge, there is no concurrency challenge. This gives me command over the transaction flow so that if there is anything that fails, I am in a better position to handle. Remember, the consumer that we serve do not use Twitter to attack to the finance minister of the country, they talk to the Lord Almighty in their own language, and that complaint hits you hard.

So we wanted to ensure that that 700 bucks, which is your cab fare tonight, probably, and their grocery for the entire month, it does not go here and there. We follow two strong principles: automate or eliminate. Because, at such large scale, you cannot but afford a scale without automating the things. Second, we say stability before scale. Scale is a responsibility. It becomes a right only when you are responsibly stable, otherwise you go berserk and you go kaput. That is not what we want to get, and hence, stability before scale, automate or eliminate. In that line, the switch-to-switch architecture that we created; we went further on to connect with the processor of national payment corporation of India and bypassing the bank, now we talk from PayNearby to NPCI on application service provider model. Which means what? Two million transactions a day helps me save four million ops a day, which means higher concurrency, higher availability, higher transaction velocity. And that too, with RTC access, so that if there is any failure, I'm in a better position to respond and refund.

What people say in the field is that the transactions by PayNearby do not fail, because if they fail, we automate and we refund them before the blink eye or know that it failed. The customer segment that we serve, we treat them as a citizen not a customer, because citizen is a higher pedestal than a consumer or a customer.

What has been the consumer perception and use of PayNearby?

BAJAJ: I believe, professor, that this is a cataract operation of an eye, which helps you see now, it is nothing new. We are just doing operations to enable the basic functions of things the way they should be. So if you have enabled banking to millions of citizens, it is nothing new. They're delighted, certainly. They're not surprised. What was broken, certainly, there was lot broken between timing of a bank branch to availability of cash at an ATM or nonavailability of an ATM in a rural area or a tier-two and beyond towns. All we have done is opened the eyes to get people to see what they deserve. It is a responsibility which helps augment, activate the basic function of who we are.

If the government is wanting to relay direct benefit transfers to citizens, it is our delight, it is our privilege to be able to relay that in the manner that the government has envisaged to reach them to the last mile. All we're doing is a function of a bridge to help connect the two corners, because you can see from this corner, light at the end of the tunnel. All we are is the tunnel, the pipe. We are that pipeline to the nation, reaching most of the services to most of the people at most of the places, probably most of the time. And the retailer there, in the rural areas, is typically open from 7am to 9pm, and which is what the eye opening time of most of the citizens is. So when your eyes are open, the services are available.

