BharatX

PAY IN 3

Problem Statement:
- Identify wedge by product in D2C market to capture high market share for the particular product "Pay in 3" by BharatX (Statement mainly wants you to focus on fast merchant acquisition)

Key competitors:
- Snapmint
- Simpl
- Lazypay

Major Challenges faced:
- BharatX is late in market
- Snapmint/simpl have their own customer facing products
- BharatX has 2-3x (10% Merchant Discount Rates) pricing compared to above (competitors who charge only 3-7%)

Advantages over the competitors:
- BharatX have high eligibility/ approval rate (70%)
- White Labelled

About the product:
- The instalment for a product is split into three interest-free payments
- **The primary idea of the product:** To make the products affordable for the customers to increase Sales (Gross Merchandise Volume)
- T+1 settlement of the entire amount for the merchant - **USP for BharatX**
- No credit cards or documentation is required to apply for "Pay in 3"
- The screening/approval happens in around **2 minutes**

The improvisations and tweaks to be worked on:
- **User Interface Improvisation:**
  - Enhancing the **customer experience and optimising user interfaces** are crucial factors that significantly contribute to the success of e-commerce businesses
  - The user interface for the end customers side who purchases D2C products could be improved
  - More details and customised information for a different amount of products purchased will be good
  - **Multi-language interface** should be implemented even for pop-ups
  - I have done a short survey on the User interface model of BharatX's current product compared to the competitors' User interface. **Click here** to view the report for the same. **Click here** to view the form responses.

- **Discounted MDRs:**
  - If from a merchant, we get more than a certain amount for sales more than a particular threshold in a month. We can provide them with a discounted MDR (~8-9%) for sales over the threshold for that specific month.
  - The threshold and discount levels will be calculated and varied for companies depending on their revenue/size of the company

- **Whatsapp chatbots/Emails/SMS for advertising purposes:**
  - Use **multi-lingual reminder** options per the end customers' preferences in Whatsapp chat/SMS
  - Since we are white-labelled, once the end customer completes his full payment, we can use the **bots for advertising the merchants'** new products with the "Pay in 3" option
  - This is a good branding feature for the merchant, which will be an added advantage for the merchant while it's just the same platform where we send a few more messages for us

- **Flexible Payment Options:**
  - This can be categorised into **three buckets**:
    - **Offering flexibility in the existing Pay in 3 models:**
      - The customer, while he pays his 1st instalment (during purchase), can be given the option **to change the 2nd and 3rd instalment** amount as per his spending pattern/behaviour
      - For example, if the total amount is 600, they will pay 200 as their 1st instalment, and depending on the lending risk factor, they can be given the option to decide how they will spend the next 400. It can be 100+300 or 150+250, or 300+100 (first month + second month)
      - This attracts customers because of its flexibility, **increases the AOV** and helps increase the merchant revenue

    - **Offering flexibility using existing credit checks/available credit:**
      - Involving the use of Credit cards providing the customers more flexibility by reducing the risk factor
      - Giving the option to decide their **instalment period plans, Paying once in 2 weeks, and partial payments** (flexibility in choosing the instalment amounts they pay each month) are some features that can be implemented over this **existing credit availability and without credit check**
      - This model is being used already by an US company called Splitit which is a fast growing and fintech company and being successful (*Using [Splitit](#) does not require shoppers to sign up for a new credit card or undergo a credit check, as it is simply an extension of their existing credit card. This **makes the checkout process faster and more convenient, and allows shoppers to earn rewards and benefits** associated with their credit card*)

- **Giving additional option for the end customers to increase their credit score:**
    - Usually, the "Pay in 3" method won't affect the credit scores, and credit cards are not involved, but what if a good customer who pays instalments on time wants to increase his credit scores with this EMI that they take also?
    - We can give the customers an option to opt for a credit-up scheme where they can register using a few details like credit card details and PAN details, and they will get an opportunity to increase their CIBIL or credit score
    - Sezzle (US fintech) uses this scheme, and it's proven to be accepted and encouraged by a lot of consumers
    - Reference link: [Sezzle up](#) | [Reviews and arguments](#)
  - All these flexibility features help to increase the customer experience, which in turn increases the Revenue, increasing factors such as **Average Order Value, Customer lifetime value, and Conversion rate (visitors → payers)**

- **Introducing Customer Loyalty Programs:**
  - We can introduce Customer Loyalty programs for our "Pay in 3" products and personalise the rewards based on the customer's previous purchases
  - **Gamifying** the loyalty program by introducing points, scores and challenges (Like G-pay scorecards, Tata neu coins, etc.)
  - We can use the chat facilities to inform the customers about their rewards and points, and there is no need for a consumer-facing website/App
  - This helps the merchant by increasing **customer retention, lifetime value and overall customer experience**

- **An AI powered chatbot on Merchant's website:**
  - A simple **AI-powered chatbot in any D2C website** will be a better value add for the brand and improve the consumers' experience and provides a better customer service, visiting the website
  - We can use that chatbot to give the consumers **more idea about the "Pay in 3" and "Pay later"** features that BharatX provides the merchants
  - Even when we have competitors associated with the same Merchant, we can use the chatbot to make the consumers feel like our product is more preferred than other two (Just like Coke sponsoring the refrigerators to store cool drinks - A marketing strategy)
  - This will improve consumer engagement and also consumers using our Products over the others

- **Increased options for white labelled 'Pay in 3' in-store usages:**
  - Providing the same efficiency in in-store set-ups of this "Pay in 3" helps in acquiring a **wider variety of merchants**
  - This helps in improving both the user and merchant experience, as it provides more flexibility for the end customers who shop offline, as well
  - Setting this up might be **pretty challenging**, as there are some measures we should take for efficient in-store "Pay in 3" options, such as **Integration with**

Point-of-Sales Systems, Security and Fraud Prevention, Customer Experience, Cost, etc.
  - In-store instalments feature of **[Splitit](#)** using available credit
  - Helps increase the Average order value

Q&As:

- We have 2 to 3x pricing compared to the other competitors right? This is our pricing of our product that we offer to the D2C brands right?
- **Answer: We charge 10% MDR, competitors 3-7%**

- Whether the T+1 cash settlement that BharatX advertises is a USP of BharatX or all other competitors that you have mentioned are also having the same settlement policies?
- **Answer: It is BharatX's USP**

- Apart from email/SMS/Whatsapp whether we use automated phone call reminders for Pay in 3, Pay later products?
- **Answer: Yes, we use phone calls**

- How does the screening/approval of the end customer is validated? How are they evaluated without comprehensive credit history? It won't affect the credit scores of the users, right?
- **Answer: Not related to the growth aspect. Focus on merchants acquisition consider we do good lending**

- Do we provide any discount/bulk offer to the merchants if the merchant's sales through our "Pay in 3" model exceed a particular threshold value?
- **Answer: No, if we don't and merchant also do not provide any such offers**

- Do we offer models like "Pay in 4" or "Pay in 6" like Snapmint? If not, why are we not offering it?
- **Answer: No because of credit risk models, we feel it's safer bet in pay-in-3**

- Do we provide precisely 30 days of a gap for the end customers between each payment, or do we follow specific cycles like Simpl (which gets payment on the 5th of every month) and Snapmint (which gets payment on the 3rd of every month)?
- **Answer: yes 30 days**

- When we changed the language in the web interface from English to Tamil/Hindi, our pop-up still conveyed the message in English, while Snapmint's pop-up changed languages as per the website language I chose. Do we provide a multi-language interface to the end customer?
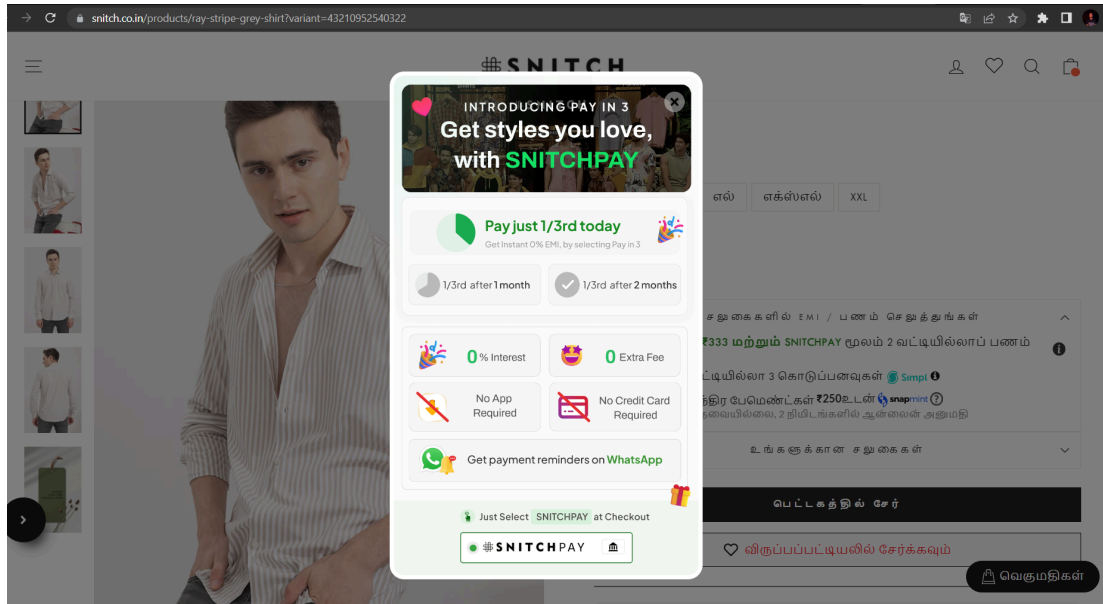
- **Answer: Interesting point, should be enabled**

- **About Whatsapp chatbots/Emails/SMS:**
  - What names and logos will the customer-facing Whatsapp chatbots/Emails/SMS reminders possess?
  - **Answer: Merchants' own brand**

  - Will our reminders only be in English, or do we offer other regional languages for our reminders as per the customers' preference?
  - **Answer: Only English as of now**

  - Do we use these media for advertising the merchants' products?
  - **Answer: no**

  - Once the end customer completes his three payments (after full payment), do we use these bots for advertisement?
  - If not, can we use the same media bots for advertising the merchants' new products with the "Pay in 3" option? This can be an excellent additional feature that we can offer the merchants along with "Pay in 3". Since we are white labelled for a customer, it will be branding from the merchants' side.
  - **Answer: No we don't do user level comms yet, if that gets us more merchants, can explore**