



Teardown Series

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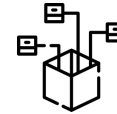
NextLeap



PM
Fellowship



Learn in Public
Challenge



Product Feature
Teardown



Recharge &
Bill Payments



A Teardown on PhonePe's Recharge and Bill Payments Feature

By

Prasoon Kumar Parihar

5-6 minutes read

PhonePe was launched in 2016 to solve payments at scale and enable digital inclusion for **over 1 billion Indians**. PhonePe's vision was to build a highly scalable, extensible, and open ecosystem, pushing the boundaries of what technology can do for the market. PhonePe emerged as the largest UPI-based digital payments player enabling multiple use cases, from **UPI payments** and **mobile recharges** to **money transfers**, **online bill payments**, **investments**, and **insurance**, in just 5 years since the app was launched, per recent NPCI data.

Over
22.4 billion
transactions

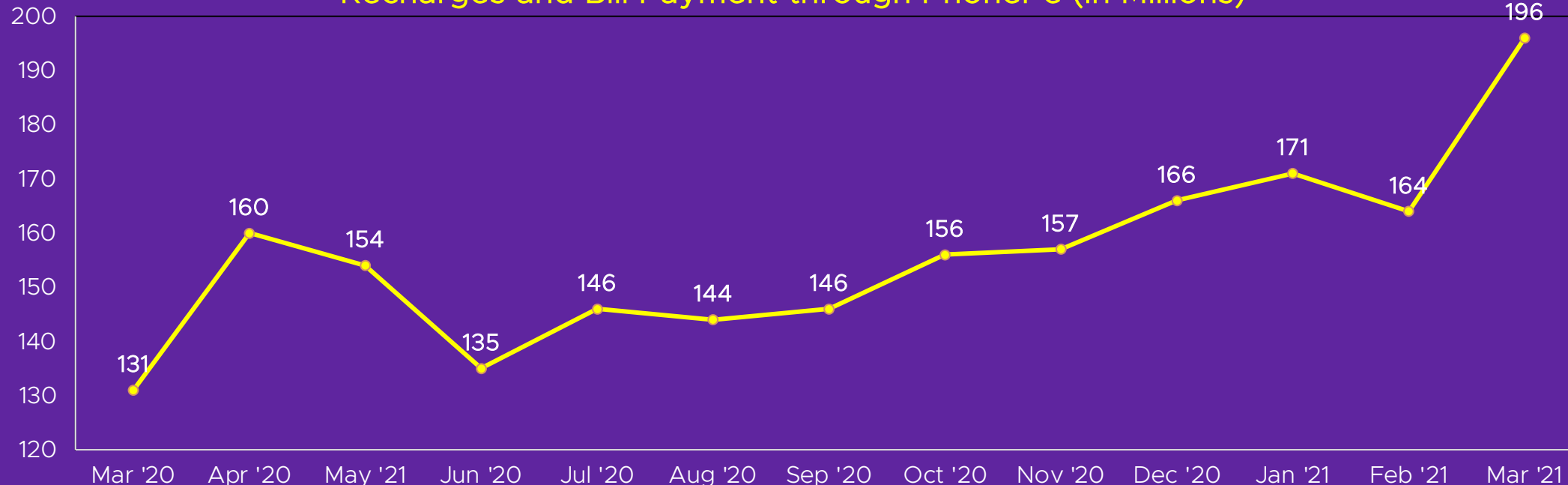
Coverage across
19,098
pin codes

46%
UPI market share
(As per NPCI data)

Annualized total
payment volume of
\$473+ Bn

*Data as of Sep '21

Recharges and Bill Payment through PhonePe (in Millions)





Pranav Tiwary

Male, 25, Business Analyst

Demographics

Gen Z | Single | Technology comfort |
Early adopter | New Delhi

Needs and Goals

Wants to be tension-free when it comes to bill payment of any form – Mobile recharge, Electricity, Rent, Metro Card, FasTag, or anything. Does not want to visit individual sites to make payments of any sort.

Pain points

Lacks time for checking the bill and making necessary payments on time. Sometimes is agitated to go to the office to make the payments. He is often forgetful and does not get reminders on making necessary payments.

Recharges



Mobile Recharge



FASTag Recharge



DTH



Cable TV

Utilities



Book A Cylinder



Piped Gas



Water



Electricity



Postpaid



Broadband/Landline



Education Fees



Rent Payment

Purchases



Brand Vouchers



App Store Code



PhonePe Gift Card



Buy FASTag

Donations



Donate



Plant Trees



Girl Child Education



Donate Meals

Metro Recharge



Delhi



Hyderabad



Mumbai

Finances and Taxes



Credit Card Bill Payment



Loan Repayment



LIC/Insurance



Municipal Tax

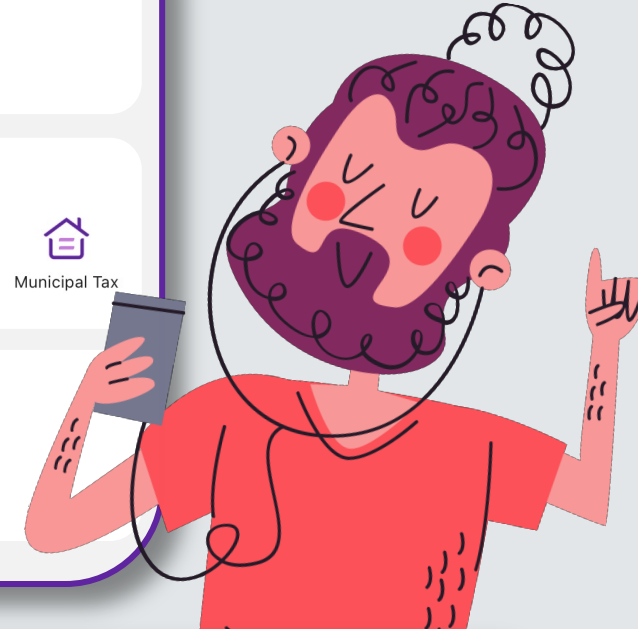
More Services








Clubs and Associations



Apartments

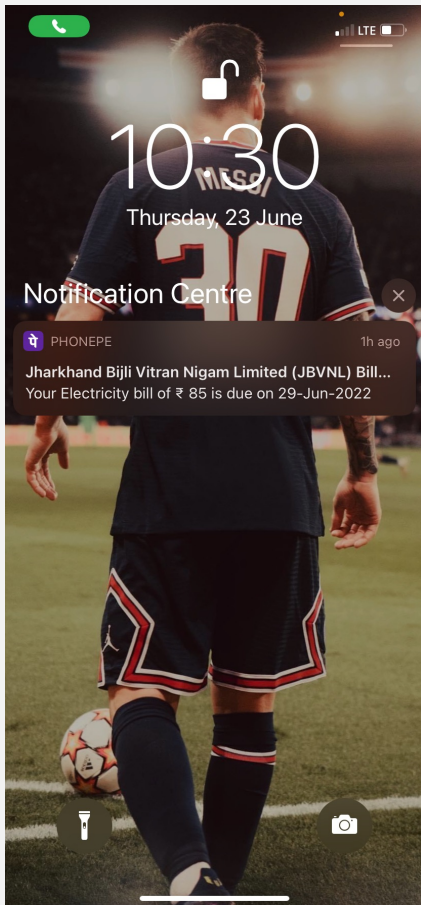


“Everything around me is online, but the only plight I face when it comes to bill payment is having to go to individual websites for their bill payments. It will make my life easier if an app reminds me of all the due dates via notifications and shows the amount directly. I want to pay my bills using a single platform – decluttered.”

STAGES	LAUNCHES APP	ENTER RECHARGE & BILL SECTION	ENTERS/VERIFIES AMOUNT	PROCEEDS TO PAY	PAYS USING UPI
USER GOAL	<ul style="list-style-type: none"> ➤ To complete bill payment ➤ To recharge phone/wi-fi, etc. 	<ul style="list-style-type: none"> ➤ To select the bill user wishes to pay 	<ul style="list-style-type: none"> ➤ To get to the payment page ➤ Verify/enter correct amount 	<ul style="list-style-type: none"> ➤ Complete the payment 	<ul style="list-style-type: none"> ➤ Successful completion of payment
USER ACTION	Launches app through – <ul style="list-style-type: none"> ➤ Notifications ➤ Tapping the app icon 	<ul style="list-style-type: none"> ➤ Taps on the relevant button on home screen ➤ Taps See All button to explore other options 	<ul style="list-style-type: none"> ➤ Selects the subsection (bill user wishes to pay) i.e. Mobile recharge, electricity bill, etc. 	<ul style="list-style-type: none"> ➤ Clicks on “Proceed to Pay button” at the bottom 	<ul style="list-style-type: none"> ➤ Selects UPI account ➤ Enters the 4/6-digit PIN ➤ Payment confirmation
USER EXPERIENCE					
PAIN POINTS	<ul style="list-style-type: none"> ➤ Sometimes logs out of the app without any notification 	<ul style="list-style-type: none"> ➤ Getting into payment page is a 2/3 step process 	<ul style="list-style-type: none"> ➤ Search plans every time before recharging 	<ul style="list-style-type: none"> ➤ Extra platform fee charged from users 	<ul style="list-style-type: none"> ➤ Unsuccessful payments take days to be refunded ➤ Frequent server issues (Receiver/Sender)
IDEAS	<ul style="list-style-type: none"> ➤ If done for security reason, notify the user that “Account has been logged out. Please Log in again” 	<ul style="list-style-type: none"> ➤ Introduce a section “Upcoming Bills” on the home page for ease 	<ul style="list-style-type: none"> ➤ Introduce “Frequently Recharged” or “Repeat Last Recharge” option to save time 	<ul style="list-style-type: none"> ➤ Introduce a hook like “PhonePe Credit” which can be adjusted for platform fees 	<ul style="list-style-type: none"> ➤ Give a color-coded caution beforehand when the bank server is facing issues (Red/ Yellow/ Green)



REMINDER NOTIFICATIONS



Possible hypothesis for building this:

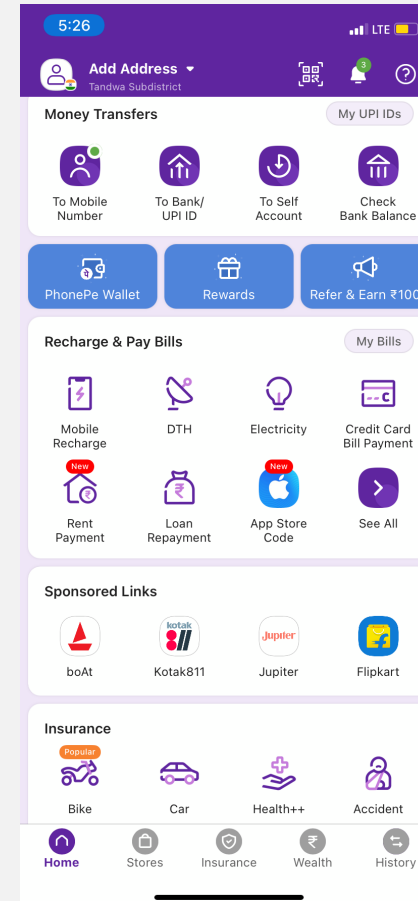
- Users want someone to help organize things for them – Remind them to pay the bill on time. Users may pay the bill immediately when they see the notification close to the due date – the possible hypothesis may be that **notifying the users** might **increase the number of transactions** via PhonePe
- PhonePe wants to play on human psychology. Users want to be remembered. The **customer retention may increase** when **users are reminded automatically** to pay their monthly bills

The X-Factor

No one wants to be late to pay off the bills. No one wants to pay the penalty. PhonePe slyly uses this to its advantage and notifies users of their upcoming due dates for bills they have paid before using the app. It **acts as a father/friend** and **gives users a sense of belongingness**. Cute!



NEAT INTERFACE



Possible hypothesis for building this:

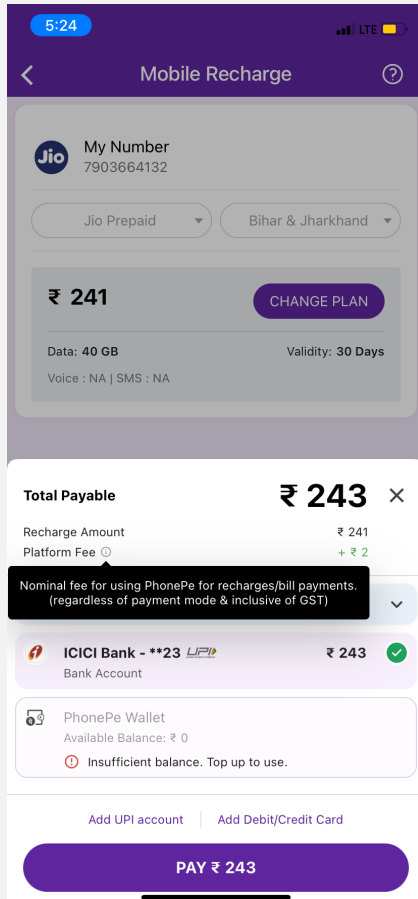
- PhonePe has placed itself as an app not just used to transfer money to friends and use the QR code. It has multiple functionalities within the app. But it **does not want its users to feel lost inside the app**. There are **clear segregations and clean icons** to make the user journey easy
- The order of icons is probably based on the usage. **Most frequently used ones are placed on top** to help the users notice them easily. The **hypothesis being users notice only an icon at once**. To maximize the conversion, they put it perfectly

The X-Factor

When a user opens an app, he wants the usability to be clean and easy. The **decluttered UI** makes it super easy for users to follow through and complete the action of why they launched the app. The **most frequently used icons are placed right at the top** – where it would be easy for them to notice



EXTRA PLATFORM FEE



Total payable > Plan value

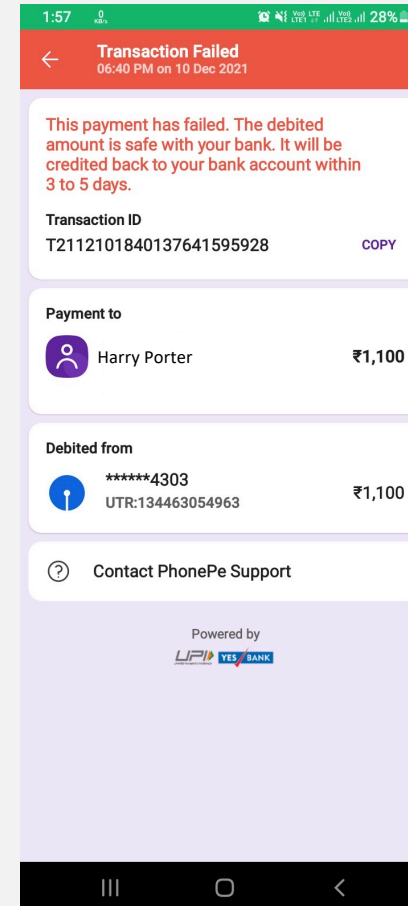
- No one wants to pay an extra penny, especially when **competitors are not charging anything above the given amount**. The amount page clearly shows the differences in the amount, and even if it is as small as Rs. 2, **users might be dropping off at this funnel stage**
- A **user will not pay extra** unless he is getting something more from the app with respect to its competitor. Since there is **nothing extra being served**, a **user might feel cheated** and can add to the churn

Suggestions for improvement

- Can **gamify the payment experience** in the form of reward points/credits
- A **user will happily use the credit to pay off the platform charge**. This can improve the **conversion rate** and **reduce the churn**



FAILED TRANSACTIONS



Frequent transaction failures

- A lot of PhonePe users have faced **frequent issues while transacting amounts** for paying a bill or recharging mobile, or sending money to peers
- Constant issues in the same might result in **user dissatisfaction**, and they might **choose to opt-out of the platform**
- A user wants a smooth transaction and fears money being locked away in case the transaction is unsuccessful. Users **lack trust** and **fear fraud** of any kind

Suggestions for improvement

- Phonepe facilitates **1000s of transactions a minute** and has data for almost all the banks – **which ones are facing server issues**
- Can use this data to provide a **safety mark** – **red for server down**, **yellow for some servers facing issues**, and **green for servers having no issue**



North Star

Conversion Rate

- Percentage of users successfully completing the payment

L1 Metric

Retention Rate

- MAU for gauging the stickiness of the app. Are users coming back after using the bill and recharge feature?

L2 Metric

Successful to Unsuccessful transaction ratio

- Understand if users are facing problems with the payment. Check if the app fulfills the value proposition.

Other Important metrics

Revenue

- Total monthly fees collected by the payment gateway (charged to merchants)

Engagement

- Average time to process transactions (from entering the app to completion of payment)

Growth

- Increase in the number of users for Payments and Recharge feature per month

Complaints/ Failures

- Total percentage of complaints and transaction failures per month

