

Paytm- Model Canvas

EE 786: Business Model Canvas Assignment



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1. INTRODUCTION

Paytm (abbreviation for “Pay through mobile”) founded in 2010, is India’s leading financial services company that offers financial solutions and full-stack solutions to consumers, online platforms and offline merchants. Vijay Shekhar Sharma, founder and CEO of Paytm together own Paytm Payment Bank, countries largest digital bank with over 58 million accounts. It’s wholly owned subsidiary, “Paytm Money” achieved it’s distinction of India’s biggest investment platform within it’s first year and is now one of the largest contributor to the new SIPs to Mutual Fund Industry [1][2].

In just 10 yrs, this startup was able to reach a valuation of \$ 16 billion, and was featured at 13th rank on Hurun Global Unicorn List [3].

2. COST STRUCTURE

The vast population served by Paytm is the main reason for it’s high driving cost. The most expenses are related to it’s platform and customer acquisition. Another major area where the company spends most of it’s budget is ramping up of it’s security and avoiding the risk of fraud. This is an important step considering 65 million customers it handles.

Paytm’s key resource is it’s RBI (Reserve Bank of India) license. This is a critical license as it seems to be specific to paytm and is highly unusual in India. It has allowed it to bypass substantial levels of regulations and acts as a barrier to entry for other competitors looking to imitate it [4].

Other resource it has it it’s design/software culture around designing applications that are easy for hundreds of millions of poorly educated Indians to use.

3. REVENUE

Paytm provides a wide range of services to it’s customers. It does not directly charge the customer, but rather uses several indirect ways to earn money [2] [4].

3.1. RECHARGE SERVICES

Paytm’s initial purpose was to serve as an online recharge service. Till this date, this remains one of the key activities. Recharge is available for all the telecom providers and paytm charges 2-3% on each recharge.

3.2. DIGITAL GOLD

Paytm allows it’s users to buy, sell and store gold digitally by partnering with gold refiner MMTC-PAMP. With a minimal delivery charge, customers can also get gold delivered.

3.3. PAYMENT BANK

Paytm payment bank can accept deposits and provide interest to the customers but cannot carry out lending services. It gives a 4% interest on the saving account deposit and overdraft facility for the current account.

Paytm makes money from this as follows:

- Paytm deposits money with some other bank with higher interest offered by paytm bank. This difference between both benefits become the profit.
- Paytm sells products and services of other financial institutions on it's portal. Commissions are charged based on agreement between the parties.

3.4. PAYTM WALLER

Paytm wallet allows the customers to store currency in digital form. The money deposited by the customers is stored in an escrow account with the partner bank. And this deposit fetches interest for Paytm.

3.5. TICKET BOOKINGS

Paytm also allows customers to book train, air or bus ticket, or even do hotel reservations. It charges a certain percentage of commission on the total booking amount.

3.6. PAYTM MALL

Paytm allows sellers to list and sell their products on Paytm mall portal. For this, it charges a commission from the seller which differs for different category of products.

3.7. BILL PAYMENT

Paytm also allows the customers to pay their bills such as water, rent, electricity, phone bills. Moreover it has partnered with educational and financial institutes and receives payment on their behalf.

3.8. PAYTM SOLUTIONS

This is a service provided to online businesses. It allows them to receive payments through Paytm. For each transaction, paytm charges a commission on the transaction amount.

3.9. E-COMMERCE VERTICAL

Paytm offers payment portals to e-commerce and small institutions. By charging a small premium, it provides them real time analytics and GST-invoices. This helps small businesses to flourish without worrying about payments and invoices.

4. CONCLUSION

Paytm has made its mark in the Indian financial and service sector and is still a growing company. The pace at which it went from a startup to its current valuation using innovation is a mark of success and inspiration for many startups.

5. REFERENCES

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