



Socializing Payments and Businesses @PhonePe

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Product Walkover

PhonePe Business targets people who own a business and want to accept online payments using UPI

Unique features

- Khata:** Merchants can invite/select customers to set up a khata account.
- Store tab :** Here, merchants can promote details about their store.
- Manage employees:** Add employees to manage transactions and other functions.
- Unlimited transaction limit :** Verified Merchants can avail limitless transactions.

Competitor Analysis

Criteria	PhonePe BUSINESS	PAYTM For Business	G Pay BUSINESS
Active Merchants	22Mn+	20Mn+	17Mn+
P2M transactions	77% of total transactions	70% of total transactions	62% of total transactions
Payment mode	UPI, Cards ,PhonePe wallet	UPI, Cards, PayTm wallet.	Only UPI
Platform charge	Zero	Zero	1%
Settlement period	24 hours	24 hours	3-4 days

Understanding Problem Statement

Identified Area

Now, that the digital payment apps like PhonePe have revolutionized the way we pay and manage businesses, the business owners are looking for better solutions to run their businesses online.

Problem Statement

Poor retention and engagement

PhonePe merchants usually use the app for checking balance. Although, it already manages monetary aspect by recording transactions under a single pane. However, **it becomes quite hectic to track each payment's history.** Hence, poor engagement and retention on the app.

The merchants seek potential values, for instance ,

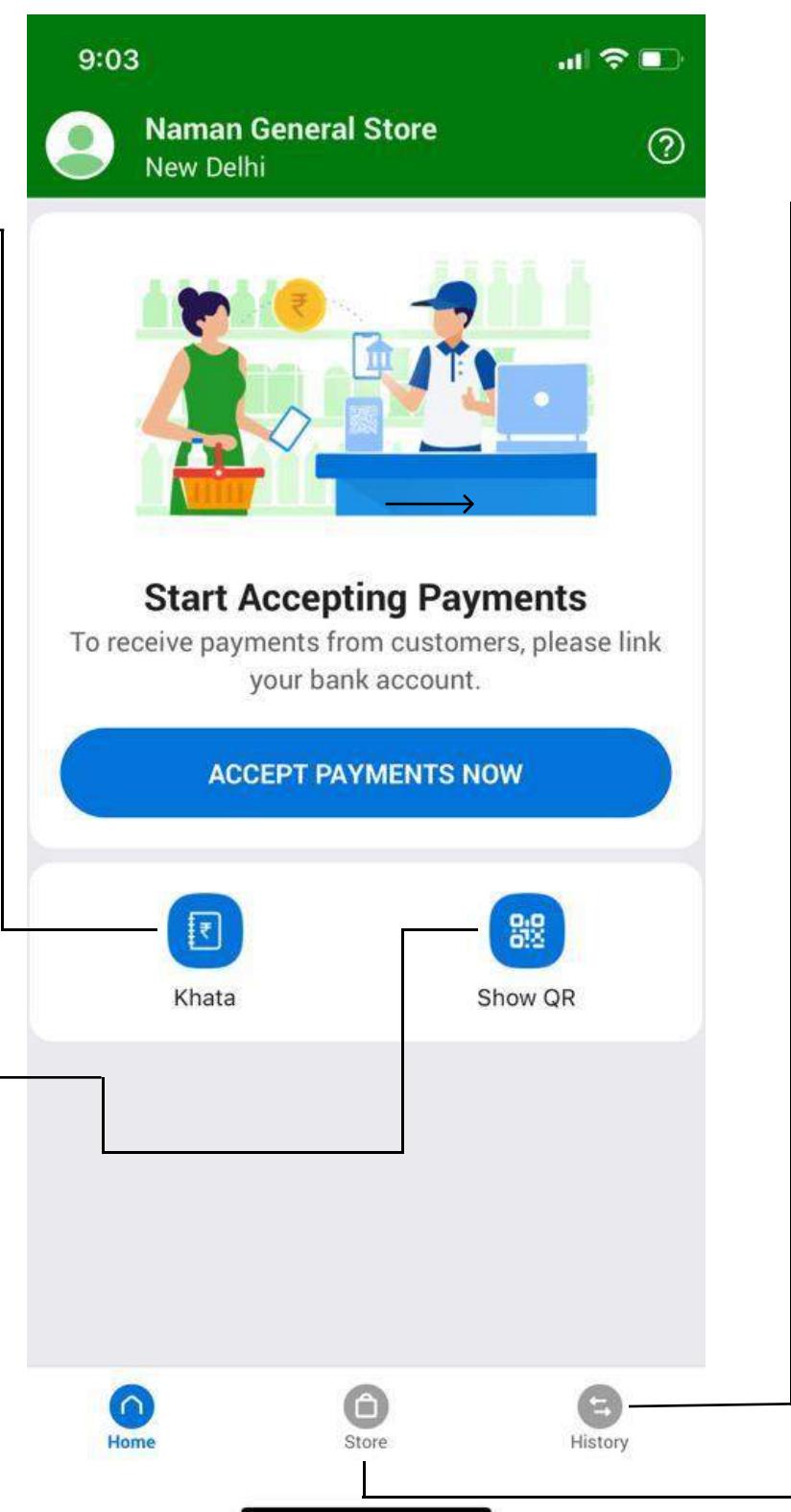
- managing business operations
- derive insights from day to day sellings
- healthy growth environment for their business to flourish
- safe and secure settlements with customers

Merchant interviews

Discussed with 5 merchants

- 5/5 • Mainly use for checking balance
 - 4/5 • Confused while keeping UPI records
• Keeping records in a notebook is a hectic task
 - 3/5 • Privacy and security concerns
• Cash preference over digital payments
- Survey**
Conducted among 18 merchants
- 72% of merchants **accept UPI payments** via app
 - 89%: Record payments in a **notebook**
 - 77%: **No idea about the items** in their inventory
 - 68%: Prefer **cash** than online payments
 - 71%: **Fear sharing confidential details** while transacting online
 - 82%: **don't find any motivation** to use app for other purpose

Why existing Solutions are not enough?



Khata records settlements between 2 users , but **can not maintain the other aspects of business** like stock added into inventory , auto reminder to supply the stock as soon as it finishes at other end.

Although Phonepe offers discounts/cashbacks , still **businesses prefer to accept payments via cash**

Records transaction of a store **not profits in individual categories** (eg profit from biscuits in a grocery store)

There's far **less traffic coming** to these stores from the platform beside the B-profiles available **emphasizing on low engagement.**

Business value

Indian retailing is one of the pillars of economy & accounts for about **10 % of GDP**.

Valuation: US\$ 500 billion

Standing: One of the top five retail markets in the world by economic value.

Fastest growing retail markets in the world.

Consumer preference: 80% of consumers in India switch to digital payments

Estimated Revenue		
Total Business economy Size in India	----	\$ 500B
Current Share of Digital Payments in business (in 2020)	26%	\$ 130B
Estimated share of digital payments till 2025	37%	----
Market Share of PhonePe (amongst digital wallets)	47%	\$ 61.1B
CAGR (range between conservative market CAGR & 2x market CAGR to account for other PhonePe services like investment , policies , mutual funds etc)	15.1% to 20.2%	\$1.12B - \$ 1.16B

End value = Initial investment[CAGR + 1] ^ n, where n : number of years

Why this problem needs to be solved now?

Since PhonePe covers the **maximum market share** in the digital payments and out of which **77% of the transaction** are happening for **businesses** , it becomes crucial to help and assist the merchants manage their business effectively

Opportunity : Once the app becomes a **basic need** for merchants ,it will automatically **improve the UPI transaction statistics** and will motivate the merchants to accept online payments over cash

Who are the users facing the problem?

MERCHANTS who run their business on a daily basis and accept UPI payments



Shyam, 25yrs , Jaipur
Stationary Shop Owner



Puneet, 35yrs, Noida
Grocery Shop Owner



Bhavika, 21yrs, Patna
College Student



Source

[Prnewswire Report](#) [BCG Report](#) [Livemint](#) [Financialexpress](#)

Solution 1: RecordBook



Shyam, 25yrs, Jaipur
Stationary Shop Owner

“

Often, I feel hassle in enlisting items from warehouse, record-keeping and analyzing the sellings. I long for a platform where I could manage and monitor such colossal amount of data easily at fingertips.

”

Asset Management:

- **Manage, list and plan** your assets at a single destination on PhonePe
- Monitor the products sold, available & needed, flexible to seller's choice
- **Track your inventory** in real time to streamline the business.
- Have a **proof** of the items sold to a customer just after the billing.

Outcome of Solution

- No need to write all the items over and again while making list.
- Low fraud rate from customer end as merchants have **e-bills**.
- **Saves time** from turning pages and scanning through records.
- Calculations and **analysis smoothly managed** at the backend of the app.
- Transactions are structured and listed at one place.

Limitation:

- During rush hours, adding each item can be hectic.
- Merchants may have to make bills twice(one on PhonePe Record and other on Billbook) in case a customer asks for a hard copy of bill and printer is not available at the store.
- May not be required by small merchants whose stocks get refilled daily.

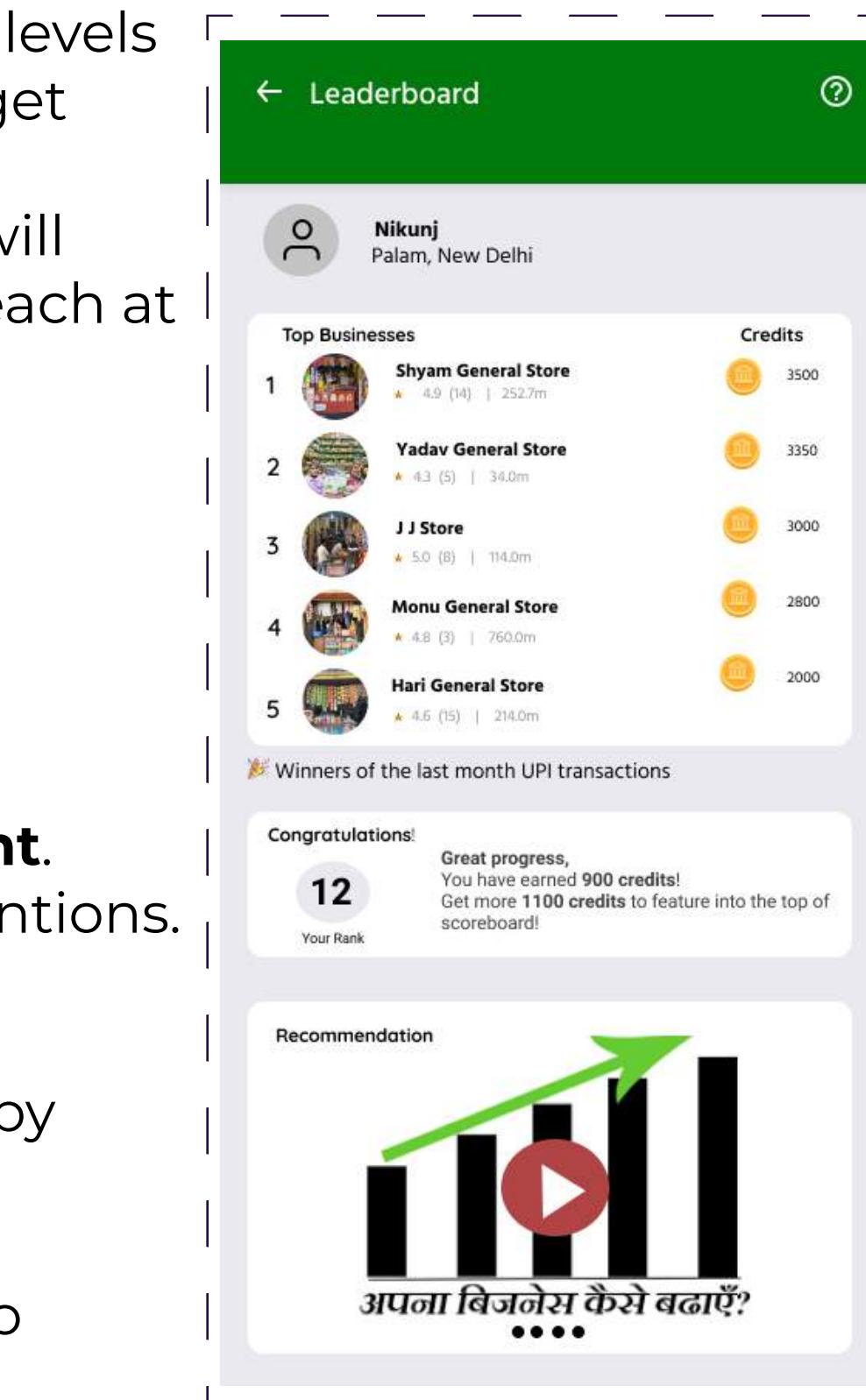
Solution 2: PhonePe Boards



Puneet, 35yrs, Noida
Grocery Shop Owner

“

I sell ration and groceries at my store. Usually, I don't take payments through phonepe, only when the customer asks for it. There is no motivation for me to use phonepe when I can directly get cash.



Description:

- Regional leaderboards to **Maintain a healthy competition** amongst merchants and thus, increase profit.
- **Categorization of shops** under different levels of transactions , and the higher one will get featured with some **additional benefits**
- Psychological tag will be created which will force them to expand their business to reach at top and **improve their social image**

Outcome of Solution

- Free advertisement
- Competitiveness growth
- Users can find the required shops.
- Increase in adoption
- Lucrative offers will **Increase engagement**.
- Promoting small bussiness as special mentions.

Limitation:

- Low rank merchants won't feel satisfied by judgements.
- Demotivation by seeing competition .
- Small scale business might not be able to secure a rank.

Solution 3: PhonePe Tag



Bhavika, 21yrs, Patna
College Student

“

I do my daily transactions on different shops mostly using digital payment Apps and sometimes I often hesitate while sharing my confidential details like Phone number or UPI ID while doing any transaction with strangers.”

”

Description

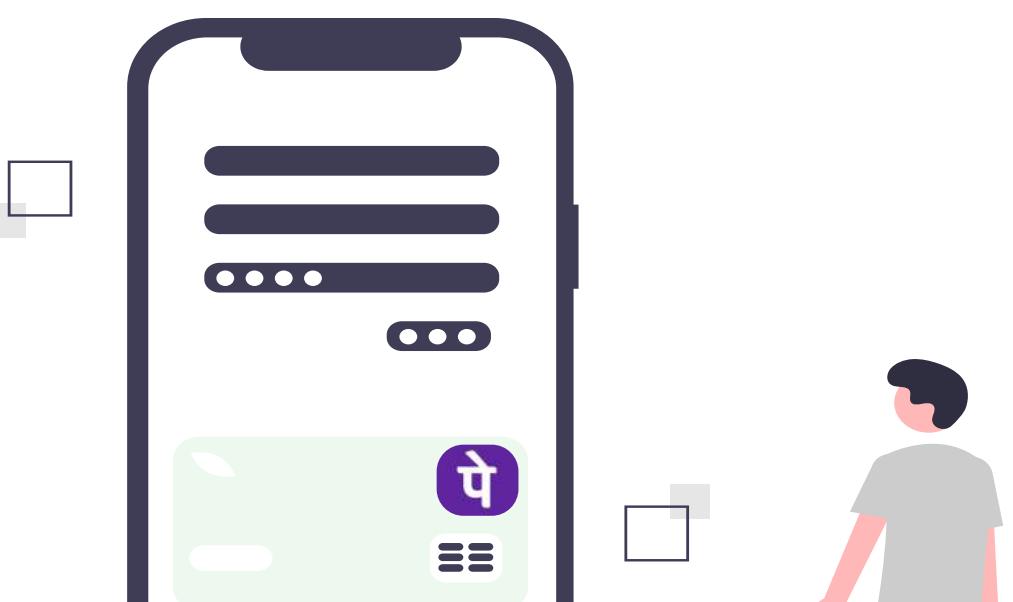
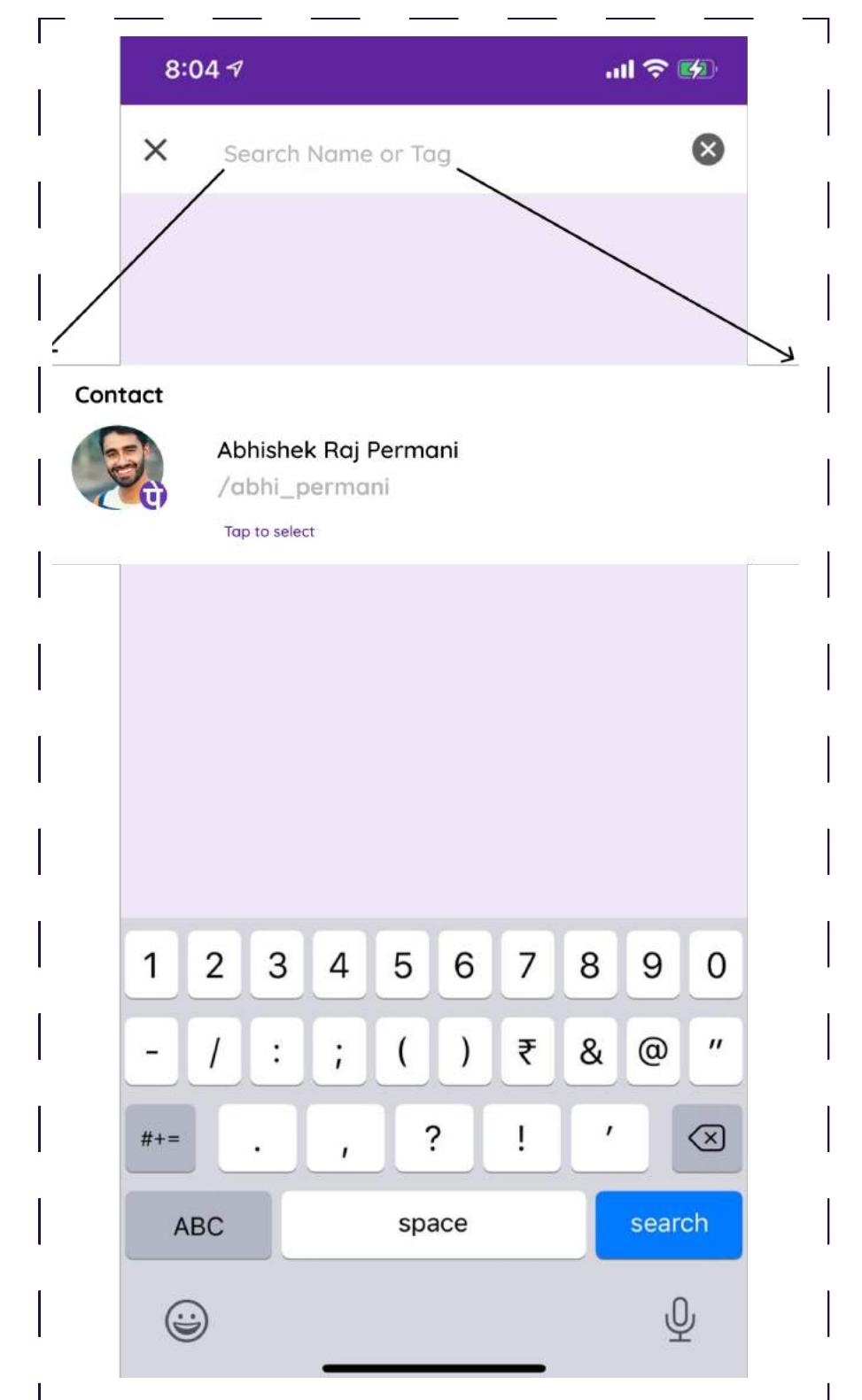
- Merchants can create a **unique tag** and make any P2P/P2M transactions
- Tag can be **validated** with a Name on PhonePe account

Outcome of Solution

- Prevent users from **spams & frauds**
- This will reduce the fuss, anxiety, and waiting for payment process
- Feeling of getting **socialized** by making payment using tags

Limitation:

- Too many options for payment method may lead to **confusion** among users
- Less tech savvy merchants might not find it useful.



Solution Prioritization

Parameters	RecordBook	Leaderboard	Tag	Relevance
Acquisition	8	5	3	Holistic and competitive environment to grow along with lessening burden on business operations
Implementation Cost	-5	-4	-1	Smoothly performing calculation at the back end, data storage on PhonePe Recordbook and leaderboard comparison through complex algorithm
Merchant satisfaction	8	3	6	Recordbook: Analysis report PhonePe Tag: no number sharing. Dissatisfaction among lower ranked merchants on leaderboards.
Activity on app	9	3	2	Increased activity on Recordbook for analysis and listing of assets. PhonePe Tag and Leaderboard doesn't require much app activity.
Ease of Use	8	10	10	PhonePe Tag and Leaderboard doesn't contribute to engagement.
Business Value	4	8	6	Leaderboard provides merchants motivation to increase transaction. PhonePe tag increases transactions of merchants hesitant to share their number
Decrease in drop off	8	5	6	Motivation to feature in leaderboard, reduced drop off due to not sharing of numbers and PhonePe Record provides sufficient reasons to visit the app for analysis.
Total	40	30	32	



Conclusion

PhonePe Recordbook is a better solution in terms of user acquisition, merchant satisfaction and activity on app and is a better solution overall.

*the values are on the scale of 10

RecordBook Mockups

Record
This will take user to page where they can add items /stocks to their inventory

Billing
This will be used at the time of billing of products in front of customer

Catalogue
A merchant-friendly, lucid platform to list and create the items. Hence, form their own personalized catalogues.

Tutorial
takes the user through an aided journey to know more about catalogue creation and analysis report

Analytics report
It provides valuable insights about the goods sold, monitor the sales and track the stocks in inventory

This button will give users instructions about the page

If the list is long, User can directly search product via search icon

This option creates a e-copy of the above bill which can be shared at social media platforms or messaging apps

This option provides user flexibility to view the data under different time duration and sales under that particular period of time

This inventory shows the stock left of items in the particular category and sales generated per item under the specific duration selected

It will show more statistical data related to the business like profitability ratio and scope of improvement or item to concentrate on

It denotes the total sales from that particular category

It denotes average time an item is spending in the inventory before it gets sold

It denotes the net profit (MRP - CP) earned by that category to the business

Cost Price is the actual price at which the merchant bought the article.

Select your item

Enter cost price

Enter MRP

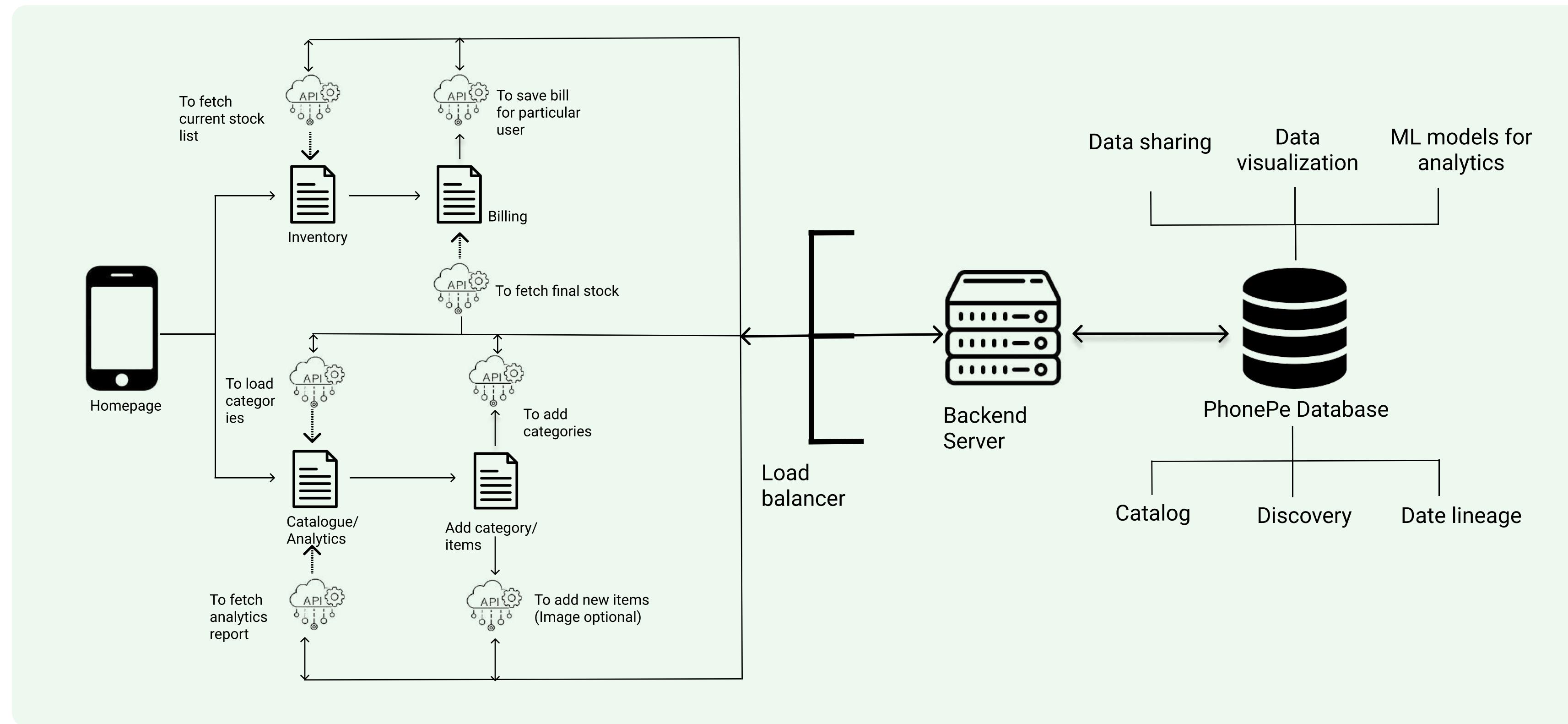
Add Product

S. No.	Item	Quantity	Price ↑	Amount ↓
1	Lays, Wasabi	2	Rs 20	Rs 40
2	Lays, PlainSalted	5	Rs 20	Rs 100
3	Colgate, Shine	2	Rs 50	Rs 100
4	Dairy Milk, Bubbly	4	Rs 75	Rs 300
5	Ariel Matic, Plus	2	Rs 250	Rs 500
6	Dettol original	5	Rs 20	Rs 100
7	Eclairs toffee	10	Rs 2	Rs 20
8	Oreo biscuit	4	Rs 20	Rs 80
9	Haldiram bhujia	2	Rs 50	Rs 100
10	Hershey chocolate	5	Rs 10	Rs 50

Usability

- User will be able to refill stock and billing in the least possible steps.
- Tutorial and FAQs in help section for new users.
- Accurate and efficient workflow with more tapping and less typing.
- Less prone to errors.

Technological Aspect



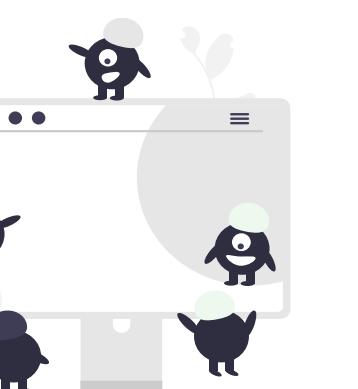
Tech Used:

- ML models :** Python , Keras , Pytorch can be used
- Backend Server :** Nodejs and Express
- Database :** PostgreSQL/MySQL can be used
- API**
- Cloud Servers:**(GCP OR AWS)

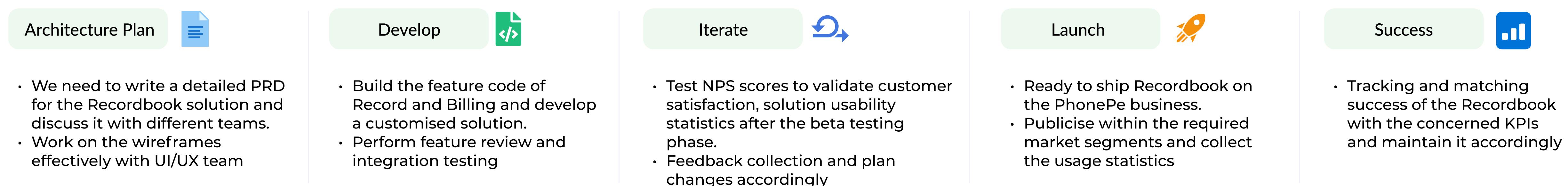


Potential challenges

- Backend Server crash due to excessive requests
- Load balancer disrupt due to heat.
- Database storage may exceed.
- API and ML models if coded incorrectly would give discrepancies.



Solution Lifecycle



Landing Page Metrics



26

Total No. of users visited



1.6

No. of sessions per user



8 m 11 s

Average Session Duration



9

Max. Page view/ minute



39

Total Number of sessions



97

Total number of page views



50%

Bounce Rate



PhonePe
BUSINESS

Register for trial

Get in touch!

User can register with
Name and Email Id to
try the solution

Have you ever wondered that there are millions of
businesses growing and building profits over
internet?
To empower and assist our merchants ,

Introducing Recordbook

Know more →



It will direct user to the
need of Recordbook on
PhonePe business

Did you feel the same?



There are so many extra items in our shop which are not
getting consumed by the customers , I wish if we could
save our cost



It would be so great if small merchants like us could share
personalized bills to their customers

[Visit my Landing Page](#)

Success Metrics

Product Metrics



Record:

- # users making catalogue
- # different categories created
- # CTR of analytics report
- # users watching tutorial
- # times stock refill

Success Metrics



Time Spent

Average time spent by users on recordbook

Unit conversions

Ratio of the number of users who filled the stock on record to the total number of stock cleared on billing

DAU

users generating bills

MAU

users refilling stocks

Business Metrics



- Additional revenue created per catalogue made
- Customer Acquisition cost spent per user
- Number of shops & services onboarded
- # times payment via PhonePe

Risk and Mitigations

Extra effort : Record keeping and billing creates an extra skill requirement , hence, needs training sessions and time

Solution:

Make the app available in vernacular languages with tutorials on how to use use recordbook for better understanding

High billing traffic : Huge amount of traffic at the shop will make it hard for the merchants to manage recordbook

Solution:

There should be an option to put commonly used items under favourite section to fasten the billing process in case of rush

Lack of merchant trust : Merchant might think that billing inventory is under watch they won't be able to save taxes.

Solution:

Billing data need not to be monitored & merchants should get aware of the good security and privacy of the inventory through different social media.

Adoption : Users may not find interacting with the platform useful and resort to conventional ways of keeping records

Solution:

Introducing attractive offers in beginning on building inventory and billing