Razorpay Onboarding Funnel Optimization

Case Study – Associate Product Manager Project

Tools Used: Power BI, Excel, Product Strategy

Overview

Razorpay is a leading Indian B2B payments platform that enables businesses to accept, process, and disburse payments. While it boasts a growing base of signups, many merchants do not reach the point of successfully transacting.

This case study explores the onboarding funnel to identify where merchants drop off and proposes product improvements to increase the merchant activation rate.

@ Problem Statement

Despite a high number of merchant sign-ups, only a small fraction complete the onboarding process and make a successful first payment. This creates a leak in the funnel that directly impacts Razorpay's merchant activation, LTV, and revenue pipeline.

Funnel Stages

The onboarding journey was modeled in 5 steps:

Step Funnel Stage

- 1 Merchant Signed Up
- 2 **KYC Details Submitted**
- 3 **API Keys Generated**
- 4 Payment Gateway Integrated
- 5 First Successful Payment

Funnel Analysis (Power BI)

Total Signups: 400

First Successful Payments: 103

Conversion Rate: 26%

Average Session Duration: 24.84 minutes

Drop-off % by Stage:

From → To	Drop-off %
Signup → KYC	0%
$KYC o API \; Keys$	0%
API Key → Integration	24%
Integration \ First Dayment	200/

Integration → First Payment 29%

* Key Insight:

The **biggest friction points** are not during signup or KYC, but when merchants start integrating Razorpay into their platforms.

Key Observations

- **Technical drop-off:** 24% of merchants failed to proceed after API key generation.
- **Final activation failure:** 29% dropped during the integration → first payment step.
- **User fatigue risk:** With 25+ minutes average session duration and low output, many merchants likely feel stuck or unsupported.

Hypothesis

If we reduce technical complexity and increase live support during integration, more merchants will complete the onboarding funnel and successfully transact.

Proposed MVP-Level Solutions

Issue	MVP Feature	Why It Helps
Integration confusion	Pre-built plugins (Shopify, WooCommerce)	Reduce code-based friction
Risk of drop before setup	Test mode access without KYC	Let merchants try before full commitment
Lack of live help	Contextual chatbot during integration	Assist users in real time, reduce abandonment

Success Metrics

Metric	Baseline	Target
Conversion Rate	26%	40%

Metric Baseline Target

Integration Drop-off 24% < 15%

Time to First Payment 24.84 mins < 15 mins

Onboarding NPS Not collected +8pt increase

Razorpay Onboarding Funnel Analysis & Problem Diagnosis

Funnel Overview:

The Razorpay merchant onboarding process was modeled into five distinct stages:

- 1. Merchant Signed Up
- 2. KYC Details Submitted
- 3. API Keys Generated
- 4. Payment Gateway Integrated
- 5. First Successful Payment

Quantitative Summary:

- Total Signups: 400
- First Successful Payments: 103
- Conversion Rate: 26%
- Average Session Duration: 24.84 minutes

Stage-wise Drop-off Rates:

- Signup → KYC: 0%
- KYC → API Keys: 0%
- API Keys → Integration: 24%
- Integration → First Payment: 29%

Key Problems Identified:

1. Technical Drop-off:

- o A significant number of merchants (24%) drop off after generating API keys.
- This suggests confusion or friction in the integration step, likely due to technical complexity or lack of guidance.

2. Activation Failure:

- 29% drop-off occurs between integrating the payment gateway and completing a first payment.
- Possible causes include failed test transactions, delay in KYC approval, or unclear next steps.

3. Time-Intensive Onboarding:

 With an average session duration nearing 25 minutes, the onboarding process may be cognitively demanding or inefficient.

4. Lack of Progressive Onboarding Aids:

o No clear handholding post-API generation or test payment simulation.

MVP Product Recommendations & Mapped KPIs

Problem	MVP Feature	Description	Success Metrics
Drop-off post API key	Pre-Built Plugins	Provide one-click integrations for popular platforms like Shopify, WooCommerce	↑ Integration completion rate, ↓ Drop-off from API step
No test-first option	Test Mode Before KYC	Allow merchants to simulate transactions before KYC verification	↑ Activation trials, → Lower exit before KYC
Dev friction during integration	Live Chat + Contextual Docs	Embed a contextual chatbot + tailored documentation during onboarding	↑ Integration NPS, → Support tickets
Abandonment at final stage	Step-by-Step Guide or Video	Walk merchants through the "first payment" setup visually	↑ First payment completion, → Drop-off post-integration

These MVP features are lightweight but strategically aligned with Razorpay's merchant acquisition and activation goals. They require minimal engineering lift but could significantly improve the merchant onboarding experience.