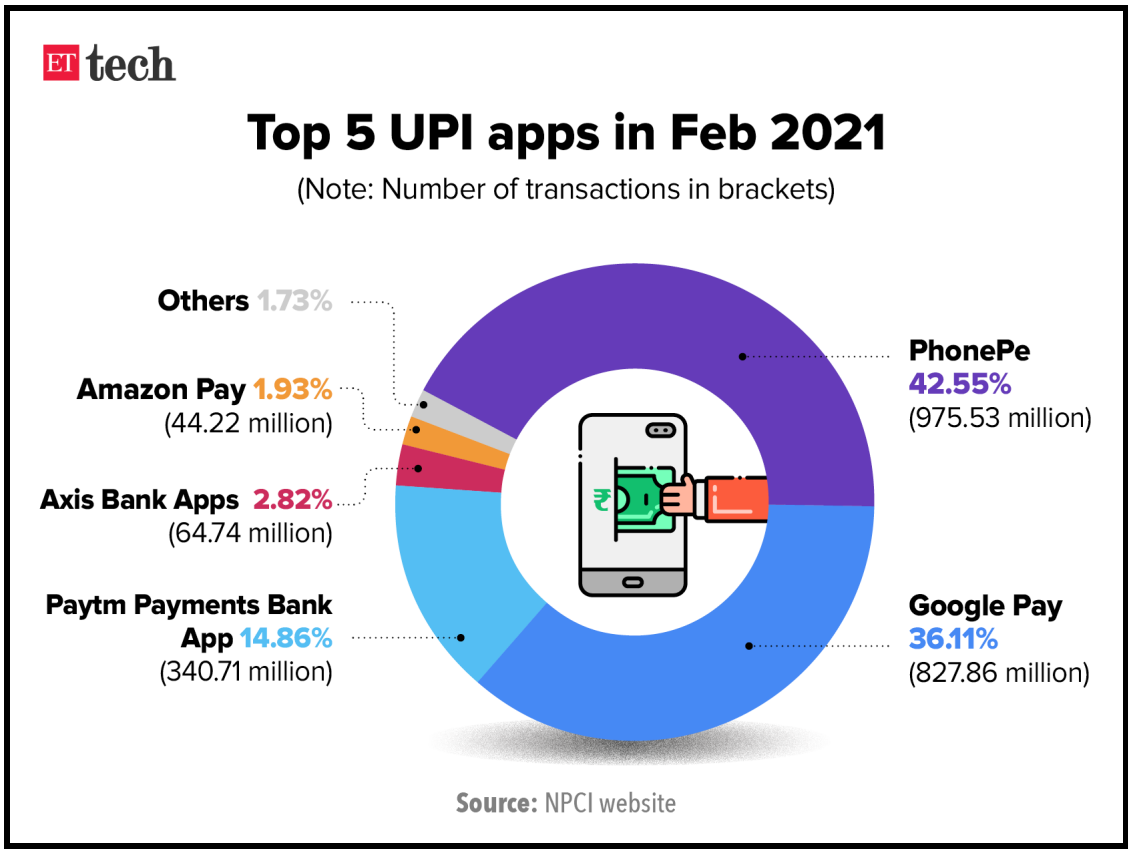
Case Study - PhonePe

In March 2021, PhonePe became the first digital payments platform to cross a billion transactions on UPI. With over 300 million registered users, 130 million MAUs (monthly active users), and over 40% market share in digital payments, it has grown to become a one-stop destination for all things money.



Source - ET Tech and NPSI website

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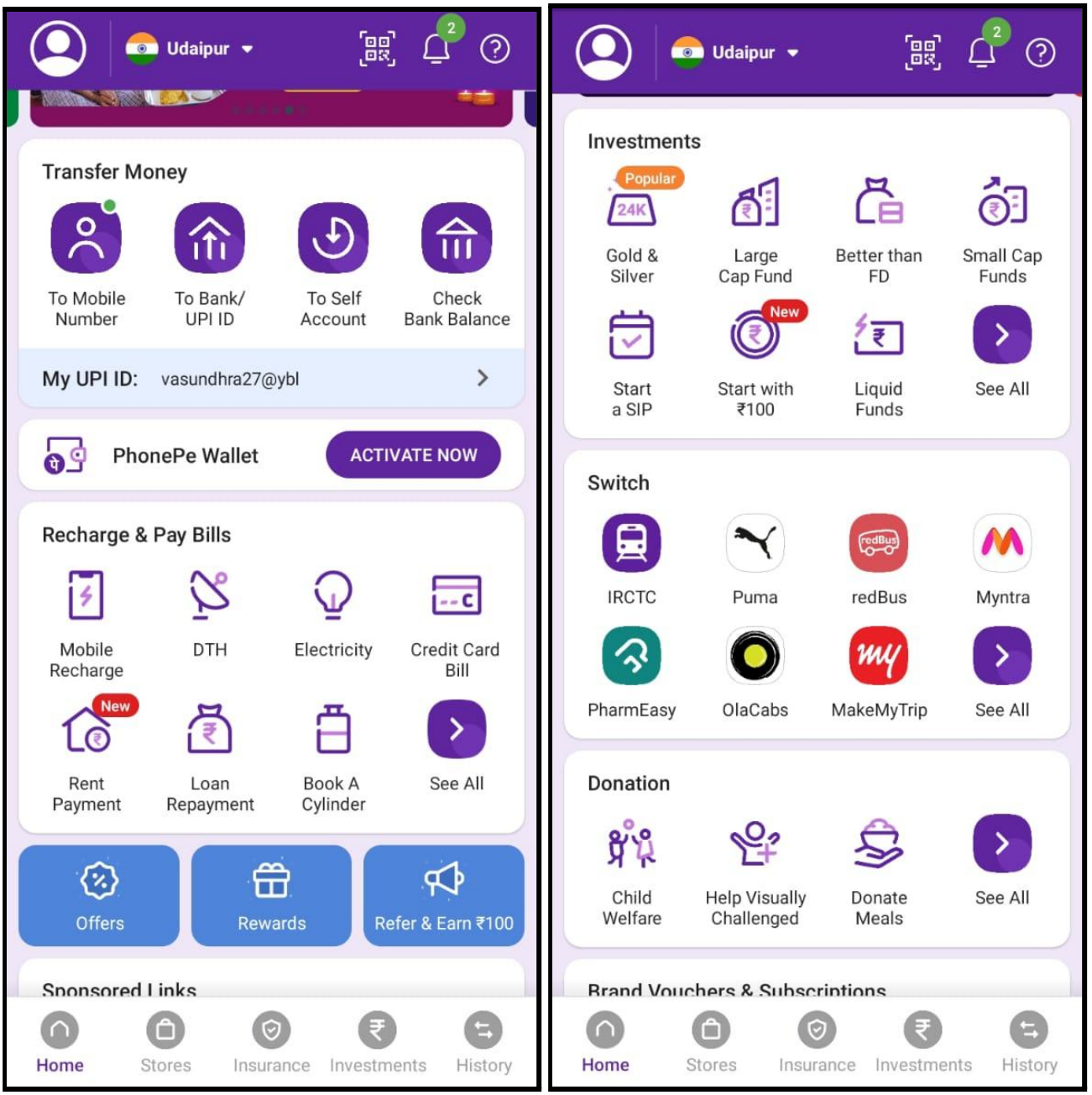
Users can send and receive money, make utility payments, pay at stores, buy gold, buy insurance, and even make investments. PhonePe also launched its Switch platform in 2018, enabling users to place orders on 600 apps directly from within the PhonePe mobile app. PhonePe is accessible at 20 million merchant outlets across 12,000 towns and 4,000 taluks nationally.



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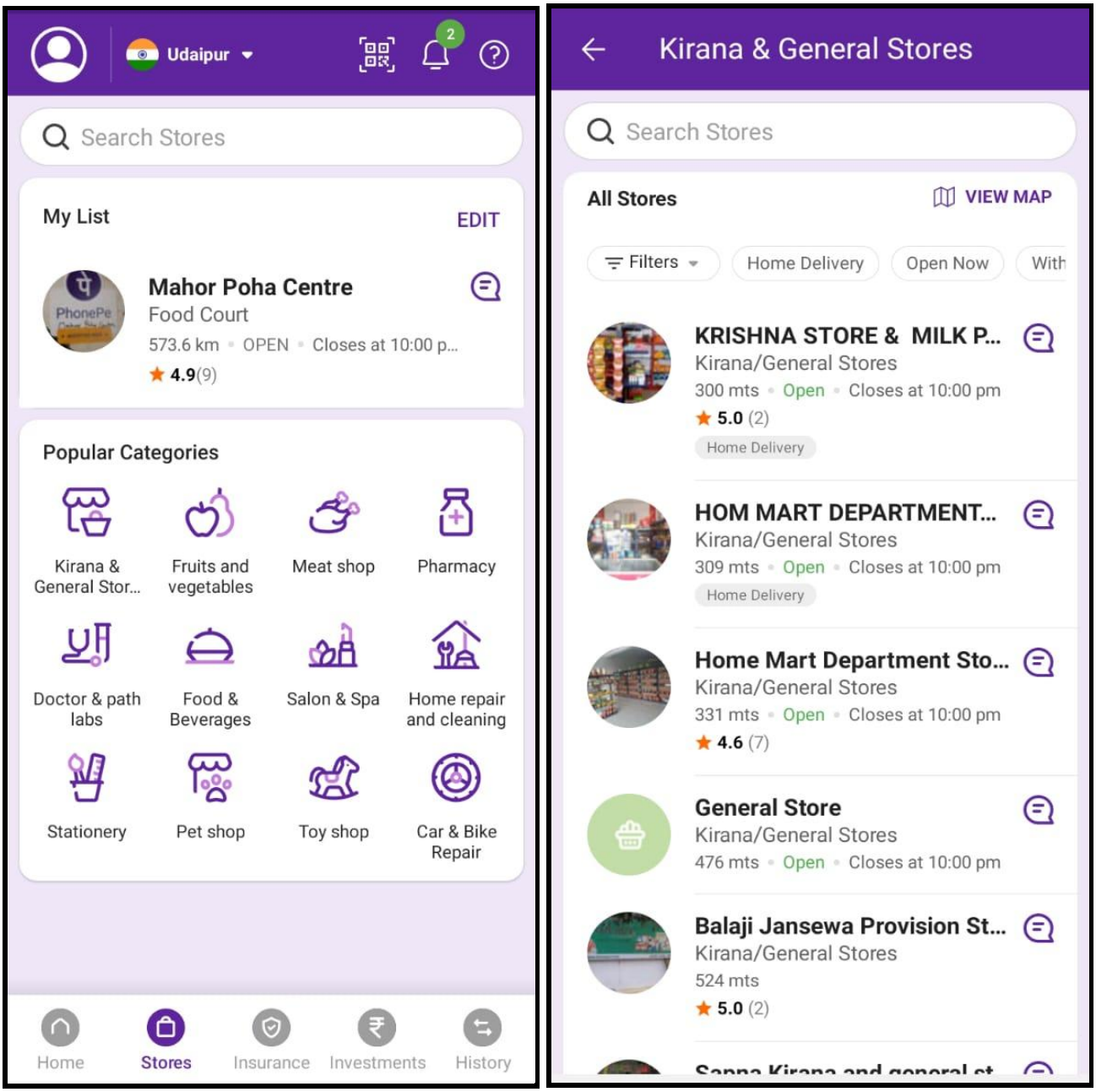
During the pandemic of COVID-19, India was only allowing e-commerce companies to operate in the essential products categories. This is when PhonePe shifted its focus to enable the purchase of groceries and medicines through its 'Stores' feature launched in 2020. It customized its app for users to easily discover an enormous network of about 17.5 million stores and businesses across India to find out about business hours and speak to them directly.



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Business Objective

The vision of PhonePe is:

"To build a large, scalable & open transaction ecosystem that creates the maximum positive impact for all stakeholders"

The company aims to reach 500 million customers by 2025 and digitise more than 25 million grocery stores through PhonePe stores. However, the primary business goal for the current fiscal year would be to get customers engaged in **multiple** categories across the platform.

"What's really interesting is that customer engagement is deepening and they're moving beyond multiple categories and engaging with us across diverse use cases," says Hemant Gala, Head - Payments, Banking and Financial Services.

Source -

- https://www.phonepe.com/about-us/
- https://www.phonepe.com/pulse/explore/transaction/2021/3/
- https://theorbitshift.com/2021/06/16/product-management-at-phonepe/
- https://youtu.be/iOQMdgIGlyA
- https://startuptalky.com/phonepe-success-story/

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Problem Statement

PhonePe claims that once a new user has done two or more of these three use-cases, they tend to stay with PhonePe and repeat transactions happen in almost 100 per cent cases.

Therefore, as a product manager at PhonePe, you decide to increase the number of categories in which a customer makes transactions.
For example, if a customer uses PhonePe to recharge their phone number, you want them to engage with other categories as well, such as paying electricity bills or gas bills. This will not only help in increasing the overall user engagement on the platform but will also help them derive more value from the platform.

As a newly hired PM at PhonePe, how would you leverage AI/ML to solve the problem in collaboration with the Data Science team?

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