FINTRACK
Integrated to PhonePe

IDENTIFIED PROBLEM
Users **overspend** while using **online payment apps** due to the **lack of an expenditure check**.

RELEVANCE IN POST COVID

Due to Covid, people went **cashless** and preferred **contactless mode of payments**. It became the **new normal**.

As people **stopped using cash**, keeping **track** of the **expenditure** became **difficult**.

According to a research done by *Fortune Institute of International Business, New Delhi*-
- For **89%** people, **UPI became a habit**
- **81%** people are using **UPI Often**

WHO ARE AFFECTED?
The **students** and the **working professionals** from the **Higher class** and **Middle class** families in the **Urban cities** of **India**.

v.nnd.2015.06

INDIA TODAY

Since the pandemic, everyone preferred contactless payment over cash payments. Due to the ease in digital transactions, payment apps are the new normal.

Covid-19 accelerated the digitalisation of payments
09-Dec-2021 — Key takeaways. The **Covid**-19 pandemic has boosted the use of digital and contactless **payments**. Cash in circulation reached a decade high due ...

PhonePe sees 50 per cent growth in new users amid COVID-19
13-Aug-2020 — Our **transaction** volume for June at over 550 million **transactions** was back to February 2020 levels (pre-lockdown) and our July activity is even ...

But, due to its user-friendly interface, the simplicity it provides, and the additional perks it delivers, such as cashback and special discounts, people tend to overspend.

Indiatimes.com

### People Who Use Payment Apps Like Google Pay And PhonePe More Likely To Overspend
People Who Use Payment Apps Like Google Pay And PhonePe More Likely To Overspend ... were using mobile payments either in-person or online.

Daily Mail

Time to ditch Apple Pay? People who use mobile payments are more likely to OVERSPEND, study reveals
'Overspending via mobile payment may be linked to the intangible nature ... like Apple and Google Pay were used for more online purchases in...
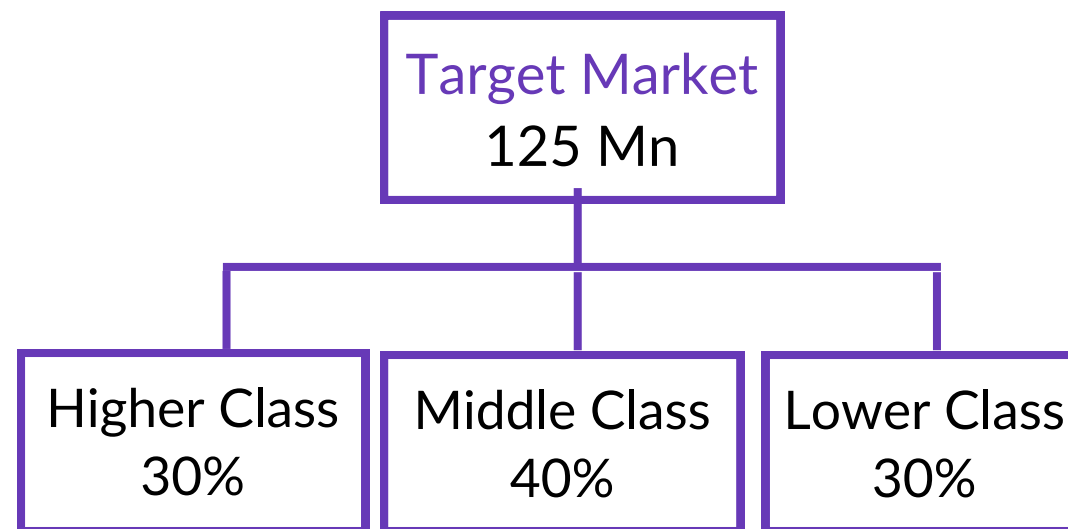
Indian Population
1.38

Urban (30%)
~ 400 Mn

Rural (70%)
X
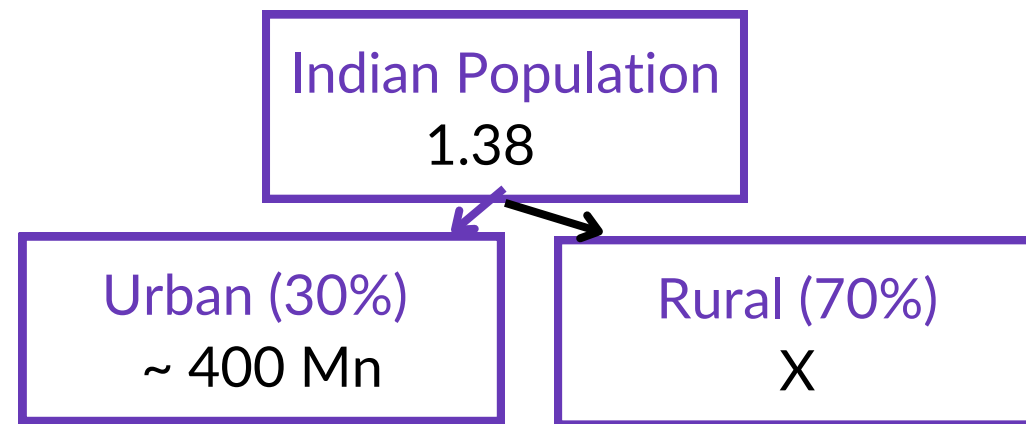
Average age expectancy = 70 years

Target age group = 18 - 40

Target market = (400 Mn*22)/70 ~ 125 Mn

Target Market
125 Mn

Higher Class
30%

Middle Class
40%

Lower Class
30%

People who are using Online transactions apps -

Higher Class (80%) = 35 Mn

Middle Class (70%) = 35 Mn

Lower Class (20%) = 11.25 Mn

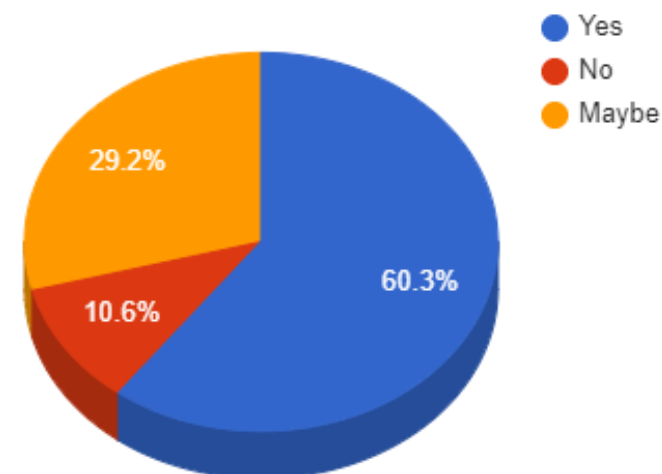Market Share of PhonePe = 48%

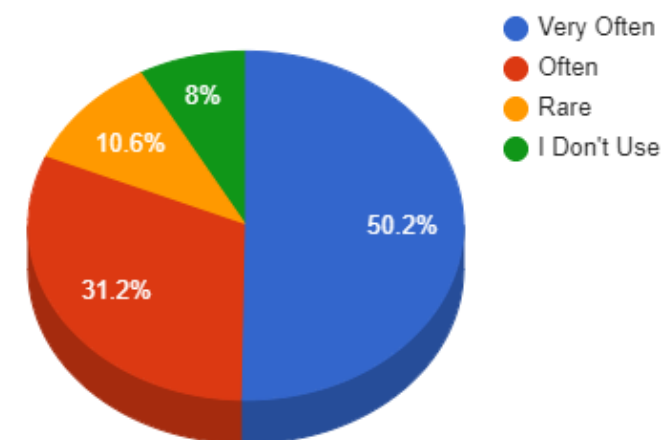**Total Individuals Affected = 40 Million!!!!**

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This was the survey done by the *Fortune Institute of International Business, New Delhi, which explains the problem better*:
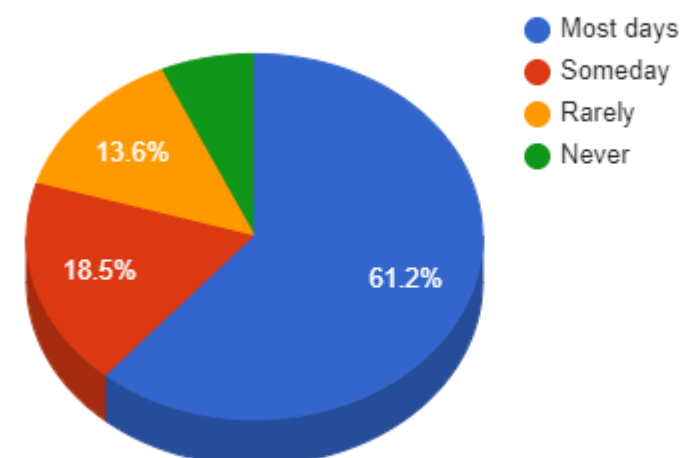
UPI has become a habit

- Yes
- No
- Maybe

60.3%
29.2%
10.6%

How often do you use UPI?

- Very Often
- Often
- Rare
- I Don't Use

50.2%
31.2%
10.6%
8%

This survey was done by me among my college friends:

Do you overspend due to UPI?

- Most days
- Someday
- Rarely
- Never

61.2%
18.5%
13.6%

Earlier with cash transactions, my monthly spending was mostly flat bills and debts, but, since the pandemic, PhonePe made transactions so easy that **I forget to keep track**.

ASHISH GUPTA, 33 YEARS WORKING PROFESSIONAL

I spend a lot while shopping. Earlier I didn't use UPI, so had a track of spendings on notebook. Now, I check the balance sheet from bank monthly and **usually over spend**.

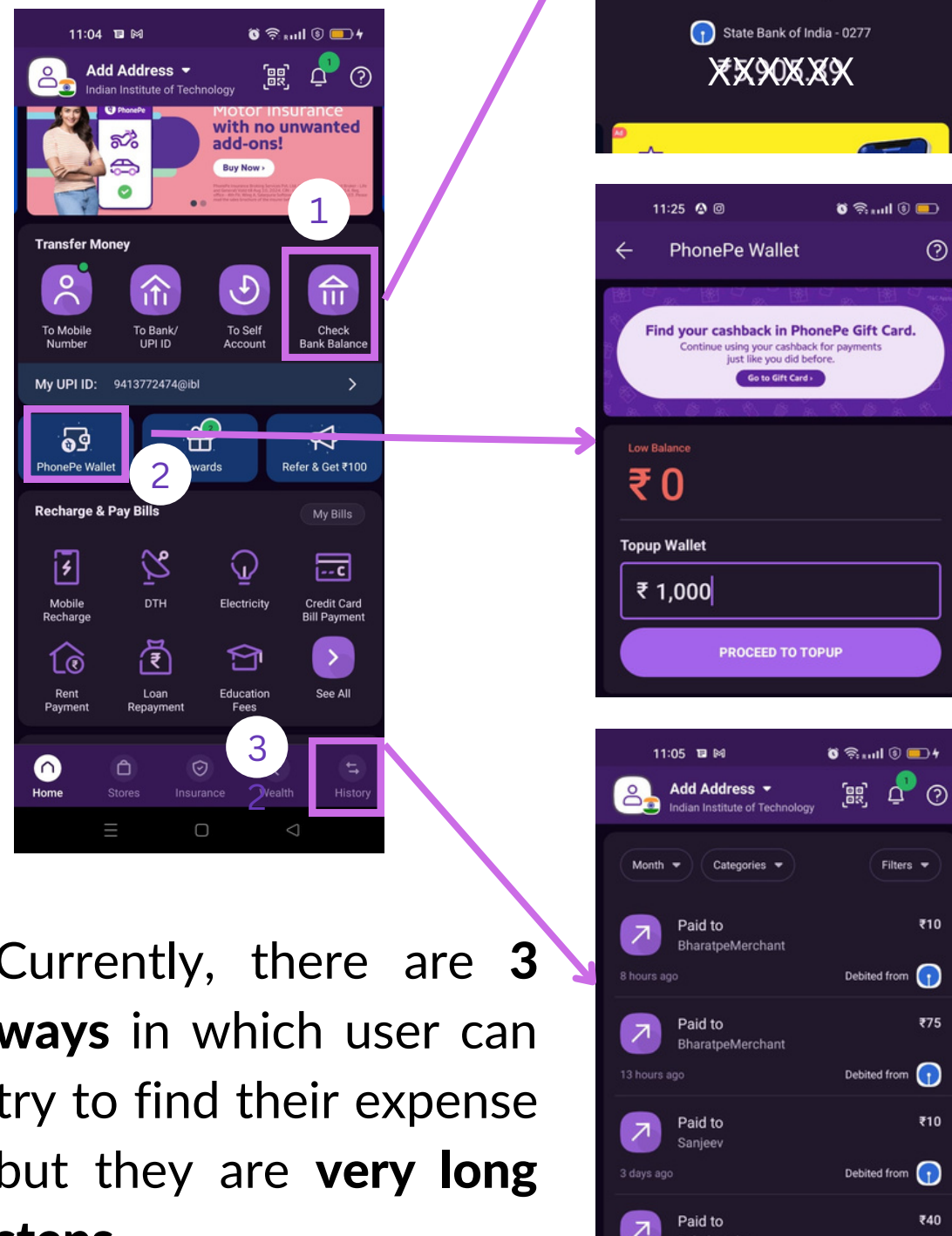**SHREYASI PRASAD, 27 YEARS WORKING PROFESSIONAL**

I spend a lot on street foods. Giving cash off my pocket wallet used to remind me that I spent too much but now I **spend without thinking.**
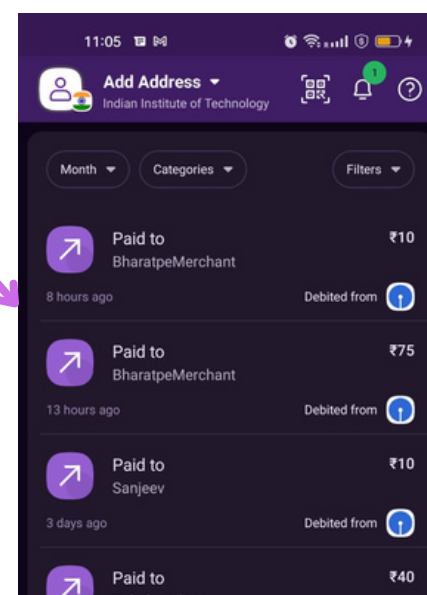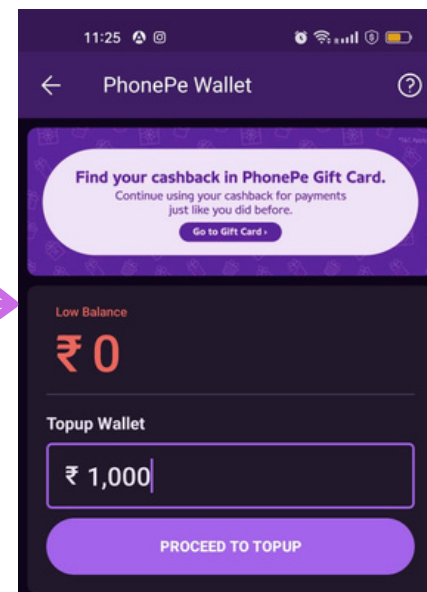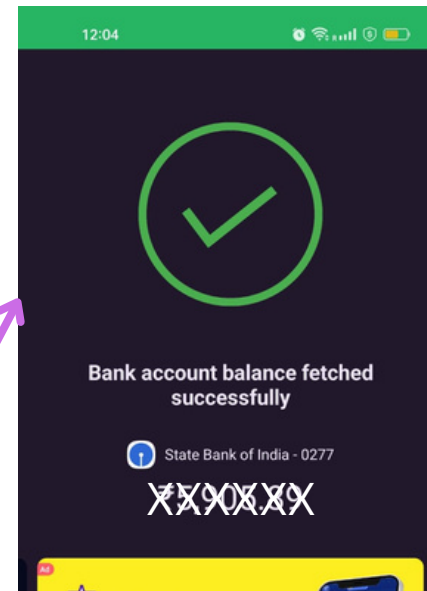
SARANYA SATHEESH, 21 YEARS COLLEGE STUDENT

Flipkart

CONFIDENTIAL

There are **no provisions** in the app for the user **to keep a check on daily expenses.**

Currently, there are **3 ways** in which user can try to find their expense but they are **very long steps.**

One of the ways to check their spending is through the **Balance available** in the **account**. But that **doesn't give a holistic idea** about the daily and monthly spending. Checking the balance is a **four-step process** which **takes time**.

Another way to budget well is by **adding money** to the **wallet** and keep a track of the spending. But, adding money in wallet is a **repetitive process**. And in PhonePe, the **amount** ican be added **automatically** after 800, hence **can't keep track of** the **expenditure**.

The last way to **check individual spending** is through the **payment history**. We need to **add the expenses** on **our own** to get an idea of the **total money spent** which is **cumbersome**.

SINGLE PLATFORM TO SPEND AND TRACK EXPENSES

After the implementation of this feature, it will become a **one stop solution** for all the users to **track their expend** while **making the payments** in **easy steps**.

YOUNG ADULTS WILL LEARN MONEY MANAGEMENT AND RESPONSIBILITY.

Young adults are **new to budgeting** after moving out of parents' homes. Keeping a track of money for themselves is a task for them and this addition would **keep them accountable**,

IDENTIFY AND ELIMINATE WASTEFUL SPENDING HABITS

Due to the ease of online payments, we don't **think before buying anything** - food, clothes, electronics. This might include some **impulsive shopping** which can be **reduced.** They can **budget** well the **spendings** before making the payments.

MENTAL TRANSACTION COST

Mental Transaction cost or "**anxiety of buying**" is the psychological cost of **making a choice of buying**. "Is the next drink worth the 50 rupees?", anything that requires the user to approve a transaction creates this anxiety, no matter what the mechanism for deciding or paying is. Every time a user open their pocket wallet, they would count the need of their purchase. But with the payment apps, users have very less idea about their balance at a time and hence one penny less on the mental transaction cost

For frugal shoppers, mental transaction costs are a good thing. They are **less inclined to purchase something the more friction** they face. The solutions provided below brings a layer of friction to allow a user to be **mindful of their spending.**

SOLUTION 1

MONTHLY AND DAILY EXPENSE TRACKER

The "**Expense Tracker**" bar displays
- **Daily expense**: The amount of money spend by the user on a particular day
- **Monthly expense**: The money spend up till that day in that month

This allows the user to **self check** and limit their expenditures.

SET BUDGET

This pops up on clicking the Expense Tracker bar. It allows the user to **set daily and monthly limit** for payable amount. This **does not restrict** the user from paying over the set limit. A **notification** will be sent to remind the user of the set expense restriction.

NOTIFICATION

When the user closes on to the set expense limit, a **notification** is triggered. The notification can be c**urated according user behaviors** to improve user responses to this.

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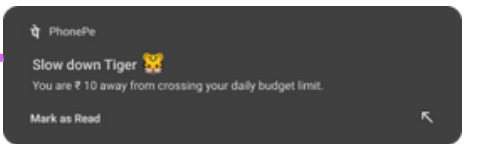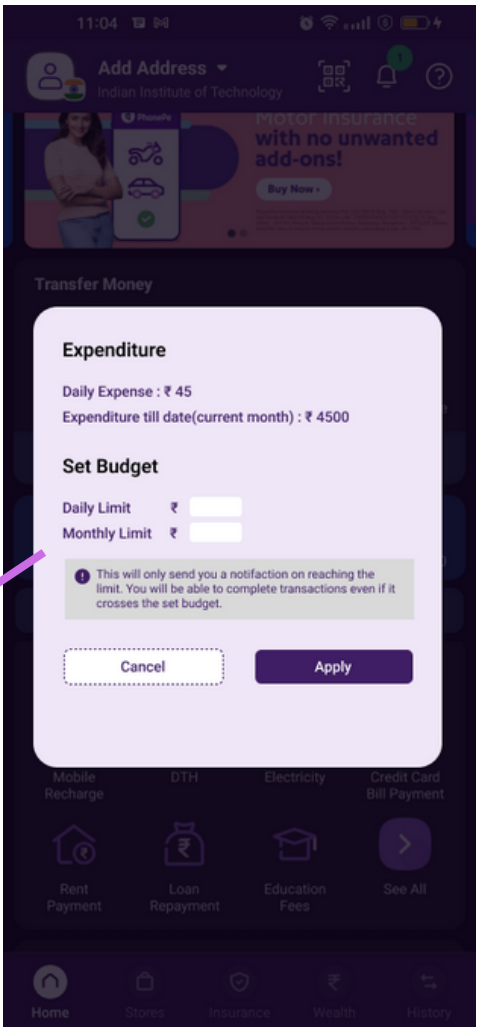
SOLUTION 2

EXPANDING WALLET

Wallet can be expanded to **imitate a pocket wallet.** A feature called "**Set monthly top-up**" can be added that allows the user to set a **fixed budget for every month.**

MONTHLY BUDGET

On setting up monthly budget, the wallet is **topped up every month** to **match the set amount.** For eg. If a user sets ₹20k as budget and spends 15k that month, a top-up of ₹15k happens next month to set the budget again to ₹20k.

NOTIFICATIONS AND REWARDS

Users are **positively reinforced** through motivating **notifications and rewards**. When a user spends less than monthly budget, they receive **offers** on phone recharge, grocery, bills for paying through PhonePe. This is also a **promotion** for such brands.
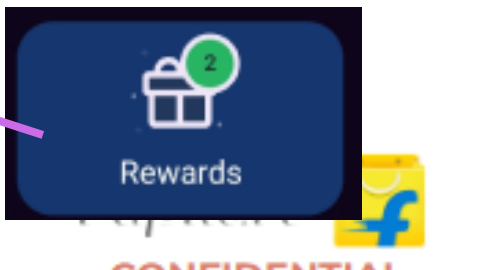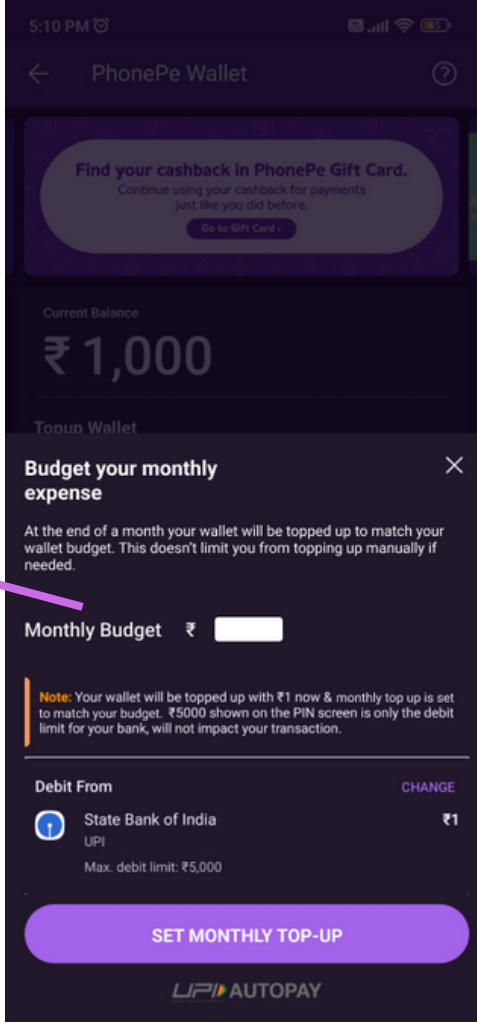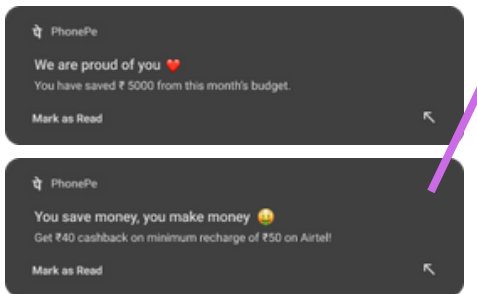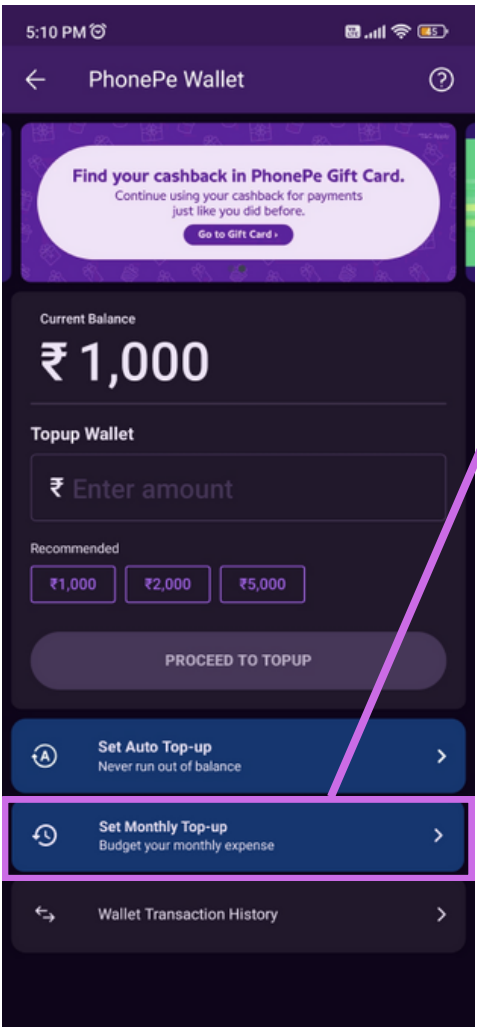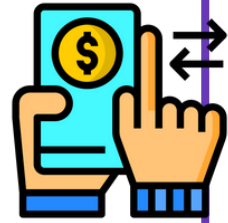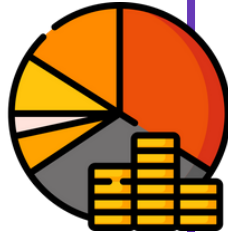
SUCCESS METRICS (KPI)

ESSENTIAL TRANSACTIONS/USER

Essential Transaction can be defined as the transactions that involve bill payments, recharging, grocery and insurance. If **No. of Essential Transactions/ Total Transactions per user** tends to 1, overspending is limited.

NUMBER OF BUDGET SET/PHONEPE USERS

Number of users who sets budget/ Total PhonePe Users: This determines if PhonePe users are engaging in budget setting and tracking features.
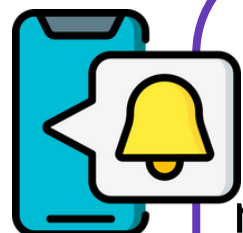
NUMBER OF OFFERS REWARDED/PHONEPE USERS

Number of users who received rewards/ Total PhonePe Users: This determines if PhonePe users are engaging in wallet feature and are staying in the budget limit
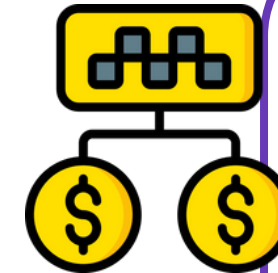
NOTIFICATION CLICK RATE

Measuring the **clickthrough rates of push notifications** related to budget tracking will give an idea about how users respond

SCALABILITY OF THE SOLUTION

SPLIT THE MONEY WHILE PAYING

PhonePe doesn't have a feature to split the money while making the payment. Adding this feature can help to **reduce the debts**, which are most often forgotten over time among friends.

BUDGETING

We can add a complete **budgeting and expenditure analysis** in the app. This can help customers to keep a track on impulsive buys. They will be able to **compare the money spent in different months** .

DIVIDE THE EXPENDITURE INTO CATEGORIES
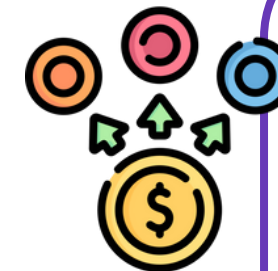
As most of the businesses are registered with PhonePe, we can access the enterprise. This can help to get a **comparative analysis of expenses category wise**, thus an understanding **on what the user spends unnecessarily**.

THIRD PARTY TOOL
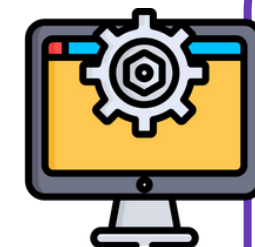
Showing the daily and monthly expenses directly on the app can be made **a third party tool** so that it can be used by **other payment gateways.**

POTENTIAL PITFALLS

DECREASE IN NUMBER OF TRANSACTIONS
The number of **transaction per user** might **decrease** since they will be mindful of their expense

POTENTIAL SOLUTION
Promotion of these features can **capture new audience**. The rewards for saving are such that a user is **incentivized** to do all basic transactions like bills, grocery and recharge on PhonePe instead of using other payment apps thereby **increasing engagement per user**.
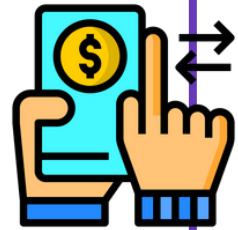
WALLET REQUIRES KYC SETUP
KYC setup adds an **extra step** in setting up a wallet

POTENTIAL SOLUTION
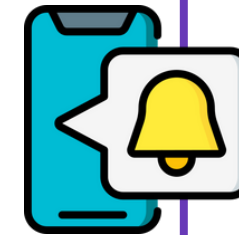This is required to do **only once** in the initial setup.

DEPENDED ON NOTIFICATION STATUS
Users might have their **notifications off**. This will limit the appeal through alerts.

POTENTIAL SOLUTION
Notifications can still be sent through **pop ups** on opening the app.

REWARDS MAY NOT RELEVANT TO USER
The company tie-ups that PhonePe has for offers and rewards **may not be user's preferred**.

POTENTIAL SOLUTION
Relevance can be found through **systematic user research** and by tracking the **offer availing index of users**.

REFERENCES
- User survey conducted with 68 college students
- Open source Census data
- Articles on PhonePe, UPI, Online payment & Pandemic

CURRENT AFFAIRS
- The Indian Times
- Daily Mails
- Economy Today
- Forbes

APPLICATIONS USED
- Canva.com
- Flaticon.com
- Free image sites
- PhonePe
- Figma