



BUSINESS REPORT

FINTECH FIRM: PHONEPE

PREFACE

This business report on the fintech firm- 'PhonePe' focuses on the brief history of the firm followed by year wise functional and technological innovations. Furthermore, report highlights the strength, weakness, opportunity and threat for PhonePe through an analysis framework. As we dig deeper into the firm, future strategic recommendations are formulated by thoroughly analysing firm's opportunities and threats. PhonePe is a highly potential Indian fintech firm with promising future. It has ushered in an era of growth and expansion for itself and never turned back. In Indian industry of digital payment, PhonePe operates as a market leader with a market share of 46.3% while Google Pay is trailing with a market share of 36.4%, as reported in 2021. (StartupTalky, 2022)

GENERAL BACKGROUND

History

PhonePe is a financial technology and digital payments startup based in Bengaluru, India. Sameer Nigam, Rahul Chari, and Burzin Engineer founded PhonePe in December 2015. In August 2016, the PhonePe app, which is based on the Unified Payments Interface (UPI), went live. It is owned by Flipkart, a Walmart affiliate. PhonePe allows users to send and receive money, as well as recharge mobile phones, DTH, and data cards, pay bills, invest in tax-saving funds, liquid funds, buy insurance, mutual funds, gold, and silver. In addition, PhonePe's Switch platform allows users to book Ola rides, pay for Redbus tickets, and book flights and hotels on Goibibo. Over 2.5 crore merchants accept PhonePe as a payment method. More than 15,700 towns and villages in India, there are physical and internet merchant establishments. In June 2018, the app reached a milestone of ten million users, as well as 500 million transactions in December 2019. It now has over 35 million registered users and over 15 million monthly active users.

Over one crore users downloaded the app within three months of its release. PhonePe was also the first Indian payment app to receive a 5-crore badge on the Google Play Store in 2018

Areas Disrupting

Insurtech (Insurance)

UPI Payments

Budgeting: Paying bills, mobile recharge

Investment

Mutual funds

- **2018**

In January 2018, PhonePe joined with Freecharge. PhonePe users were able to link their present Freecharge wallets to PhonePe app as a result of this agreement

RedBus, Ola, eat.fit, Goibibo, Swiggy, and over 300 more consumer businesses have worked with PhonePe to integrate their current PWAs (progressive web apps) or mobile-sites to its Switch platform. These collaborations allow businesses of all sizes to create and deploy apps on PhonePe Switch, providing consumers with a single login and payment experience.

- **2019**

PhonePe launched tax-saving funds in 2019 to help consumers save money on taxes by investing in equity-linked savings programmes. PhonePe was the first ever payment app to allow clients to bid on Initial Public Offerings using the UPI network in the same year.

- **2020**

PhonePe was the very first digital payment platform in India to offer international travel insurance in January. It also partnered with Aditya Birla Mutual Fund to offer Liquid Funds, which combine the benefits of a fixed deposit with a mutual fund.

PhonePe introduced a chat feature to its app in February, allowing users to have chats with one another while seeking money or confirming payment receipt. PhonePe teamed up with general insurers Bajaj Allianz and ICICI Lombard in May to launch two coronavirus-specific insurance plans to cover hospitalisation costs during the COVID-19 pandemic. It also introduced Super Funds in same month to assist customers build long-term wealth by allowing them to invest in mutual funds that specialise in equity, debt, and gold.

The business introduced domestic multi-trip insurance in June, which covers all risks connected with all forms of travel within India for a low annual price. The company partnered with ICICI Lombard in July to create Hospital Daily Cash insurance, which covers expenses incurred while in the hospital due to injury or illness.

From over five lakh insurance programs sold on its platform in September, PhonePe became one of country's leading insure-tech distributors. In the same month, the business added seven additional categories to its Mutual Funds range.

With the launch of vehicle and bike insurance coverage in October, the firm entered the motor insurance market. PhonePe has emerged as India's fastest-growing insurtech firm. With a 35 percent market share in November, PhonePe has been the leading digital marketplace for buying gold.

- **2021**

In March, PhonePe has become the first digital payment platform to reach 100 crore monthly UPI transactions. Also, it served as the leader in respect of Bharat Bill Payment System transactions. Since the implementation of the AutoPay capability feature, PhonePe has recorded over 10 lakh UPI-enabled AutoPay mandates. In October, it processed more than 200 crore monthly transactions on its platform. (Wikipedia,2021)

- **2022**

In March 2022, the PhonePe app had the most transactions in a single day. In addition, the UPI app has set a new milestone by processing 100 million payments in a single day. There were over 370 million people who have signed up for the phone. In addition, the corporation says that it has digitised roughly 30 million offline users from small villages and cities. (TheIndiaPrint, 2022)

SWOT Analysis



RECOMMENDATIONS:

- Incorporate account aggregator to launch BFSI lending business

An Account Aggregator is a non-banking financial company that provides the service of accessing or collecting financial information about its customers under the terms of a contract. Incorporating an account aggregator would help PhonePe to launch and assist BFSI lending business. They could collect a user's financial information in order to determine whether the user is capable of obtaining a loan despite their credit score by examining their income and payment habits. This is a fairly a new practice in India, this could give PhonePe the competitive edge that it seeks.

- Retailer partnerships

PhonePe should form partnerships with more retailers. The most popular non-traditional payment methods that exists today are credit and debit cards. Although consumers are more likely to lean towards the usage digital payment systems than payment cards as a result of the advent of digital wallets. PhonePe should take advantage of this by working with multi-brand retail locations to increase revenue.

- Investigate new technologies

PhonePe should also investigate upcoming technologies such as NFC payments at POS terminals. Despite the fact that this technology is still in its infancy in India, it is widely in use in developed countries. These will be implemented in India in a span of few years. When compared to the present QR code system, NFC allows for even faster payment transfer. If PhonePe invests in this technology now, they will have a competitive advantage in the future.

- Expand reach beyond India

Considering the fact that users in India are less techno savvy and majority consider cash as primary form of currency, it is important to educate potential users about the benefits of cashless transactions and online payments through creative and smart advertising. They can cater to non-techno savvy audience through some offline presence and encourage them to switch to digital application by conducting show how seminars, this would enable PhonePe to boost their customer base. PhonePe can use its strong relationship with investors such as Ratan Tata and Alibaba group to expand its reach beyond India as well.

- Introduce Stock Broking and Asset Management

PhonePe claims a 45 percent market share in digital payments and a user base of 300 million. (Business Line,2021). Considering that PhonePe has touched upon a large segment of techno savvy users that trust PhonePe, it is not wrong to say that they have an audience which might have a leaning interest towards stock broking and asset management. Introducing stock broking would make a user's experience smoother on a one stop destination, where both regular and

institutional investors could buy and sell stocks as well as take advantage of other services such as send and receive money, recharge mobile phones, DTH, and data cards, pay bills, buy insurance, mutual funds, gold, and silver. This could make PhonePe an one and only stop for all digital monetary activities. Users could accumulate, manage, and trade investments at the same place.

- Build User trust and collaborations using PhonePe Pulse

PhonePe has launched PhonePe Pulse, an interactive website that displays data, insights, and trends on digital payments made through its app. The company sees this as a way to contribute back to the ecosystem, with the goal that this data will assist the government, policymakers, regulatory agencies, media, industry analysts, merchant partners, start-ups, academic institutions, and students. PhonePe might take advantage of this to gain user confidence and work with other firms that could benefit from the information in order to create profit.

Summary

PhonePe has proven to be a capable and ever-evolving organisation throughout the business report. It has launched a number of services and technology to meet the needs of different client segments over time, such as insurance programmes in the event of the pandemic in 2020. It has managed to establish itself as a digital brand in India. PhonePe has the potential to become one of the top fintech firms internationally in the near future if it follows recommendations such as forming profitable partnerships, investing in new technology, gaining customer confidence, and expanding its reach beyond India, introducing stock brokerage and asset management. In the next two years, the payments platform is on course to achieve something big.

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