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PAYMENT INNOVATION IN INDIA

India has emerged as a global leader in payment innovation, driven by real-time payment systems, government initiatives, and a robust fintech ecosystem. In 2024, over 100 billion real-time transactions were processed, with the Unified Payments Interface (UPI) alone handling 8.7 billion monthly transactions. Government programs like Digital India and Pradhan Mantri Jan Dhan Yojana (PMJDY), which opened over 480 million bank accounts, have bolstered financial inclusion. The integration of UPI with Aadhaar has enhanced payment accessibility and security. Fintech startups, including Razorpay, PhonePe, and Paytm have contributing to India's rise as the third largest fintech ecosystem and driving its transition to a cashless economy.

Why should you read this report?

If you are looking to understand latest payment trends and how to take advantage of the innovations to drive better Customer Experience and Competitive Advantage, this report offers a deep dive into India’s rapidly expanding digital payment transaction ecosystem. The report highlights opportunities to reach underserved populations and strengthen your market presence. As the world’s third-largest fintech hub, India offers a wealth of partnerships and technologies that can elevate your new product offerings and drive growth.

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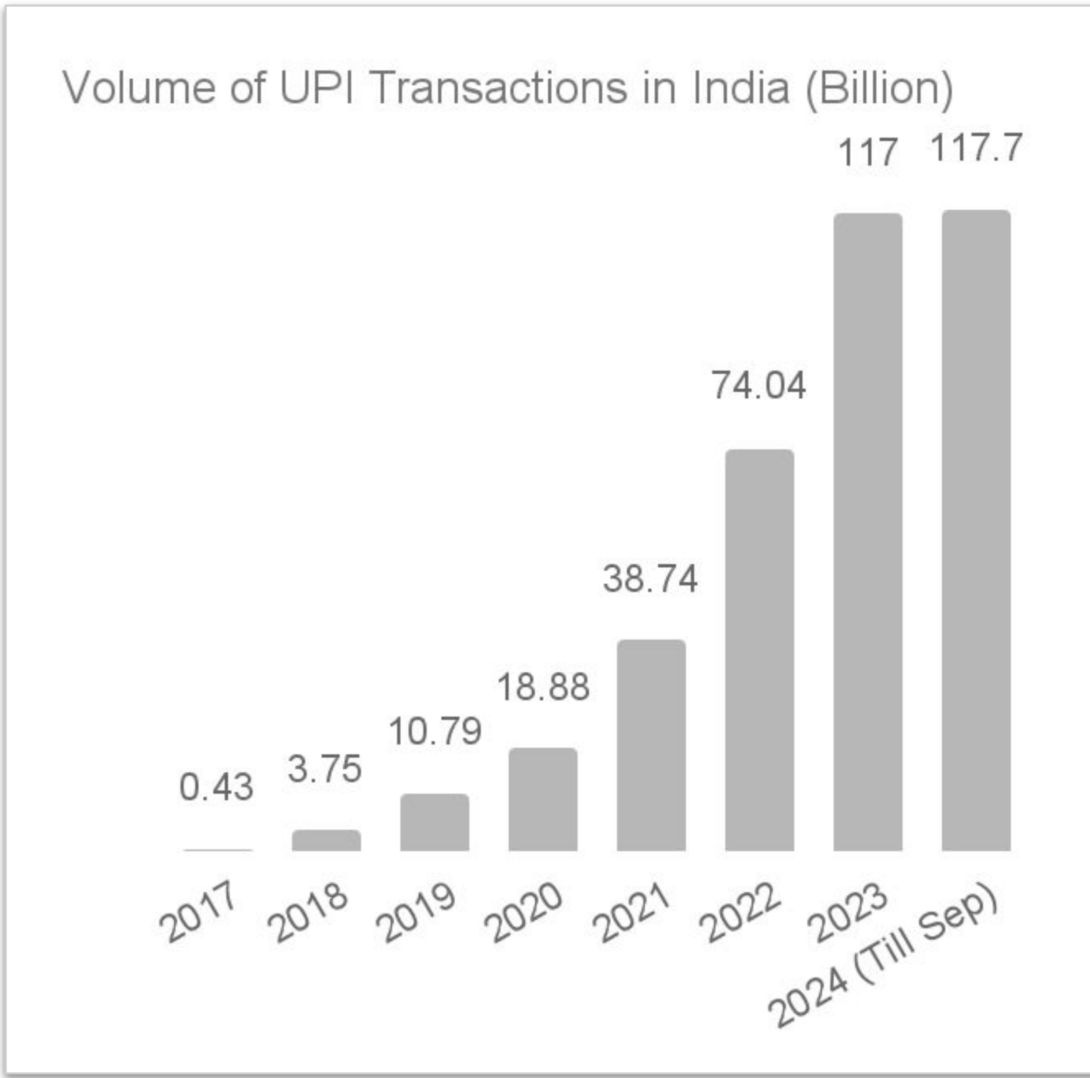
Payment Innovation in India

Key Points on Payment Innovation in India

Why Payment Innovation in India?

1. Drive inclusion
2. Enable business



How Payment Innovation was done in India?

1. Infrastructure development by Government
2. Low friction & high-speed transaction
3. Zero transaction fee from Government & Banks

Source: NPCI

Comparative View on Real-time Transactions

India becomes Highest User of Real-time Digital Transactions

84%
of Digital Transaction in India were Real-time

480+
Institutions participating in Real-time Payment

77
Mobile Apps that are integrated into the UPI ecosystem

Real-time Payments Volume in 2023 (Top 5)

Country	% of World's Transaction	Transaction Volume (Billion)
India	49	130
Brazil	14	37
Thailand	8	20
China	7	17

266.2 billion real-time payments transactions were recorded globally in 2023

What did India do?

- **UPI**: Linked to multiple bank accounts → UPI Lite (internet not required) → UPI2.0 (link to OD account, pre-authorised transaction, invoicing, QR facilities)
- **Government Initiative**: Network Connectivity → Digital Literacy → Electronics Manufacturing → Information Accessibility → Vajra: DLT platform for payments & authentication
- **Financial Inclusion**: Accessibility in remote areas → Direct Benefit Transfer [DBT] → Access to Microcredit → Remittance
- **Biometric Authentica-tion**: Iris Scans → Fingerprints
- **Contactless Payments**: NFC → Sound-waves → Miss-call
- **Merchant Services**: QR code Payments → Virtual POS
- **Startup Ecosystem**: Rise of Fintech → Focus on unbanked → Regulatory Support → Talent Availability
- **Security**: Tokenisation → 2FA & MFA → Blockchain → Regulatory Framework
- **Digitisation**: E-retail → Traveltech → Entertainment

Paytm 1st Fintech to Introduce Mobile Transactions in India

CASE STUDY

FOUNDED IN 2010

Paytm offerings:

Digital Banking, Payment, Ecommerce marketplace, Movie & Travel ticketing, Insurance marketplace, Utility bills, DTH recharge

Paytm App MTU (Aug 2023): **90M**

Paytm Consumers: **407M**

Paytm Merchants: **37.5M**

Paytm Loan Disbursals: **8.8M**

No. of Merchant Transactions: **9.12B**

Source: Paytm Performance Update, Aug '23,
Paytm Recap 2023

How PaymenTech has led to Financial Inclusion in India?

Mobile Banking and Apps
Accessibility and Basic Banking Services

Digital banking users in India in 2022: 295.5M**

UPI
Ease of Transactions, Interoperability

56.1 %
P2M transactions share of all UPI transactions
(Jan 2022)

Digital Wallets
No Need for Bank Accounts & User-Friendly Interface

Alternative Lending Platforms
Microfinance and Peer-to-Peer Lending

1302
Alternative Lending startups

Government Initiatives*
DBT & Pradhan Mantri Jan Dhan Yojana

500.9M Number of bank accounts under Jan Dhan
55.6% (278.2 M) Women account holders under Jan Dhan
66.7% (334.5M) Jan Dhan Accounts in rural & semi-urban areas

QR code
Inclusion of Small Businesses

79%
of total monthly UPI QR Transactions are in Tier 2 and Tier 3 cities
(Nov 2022)

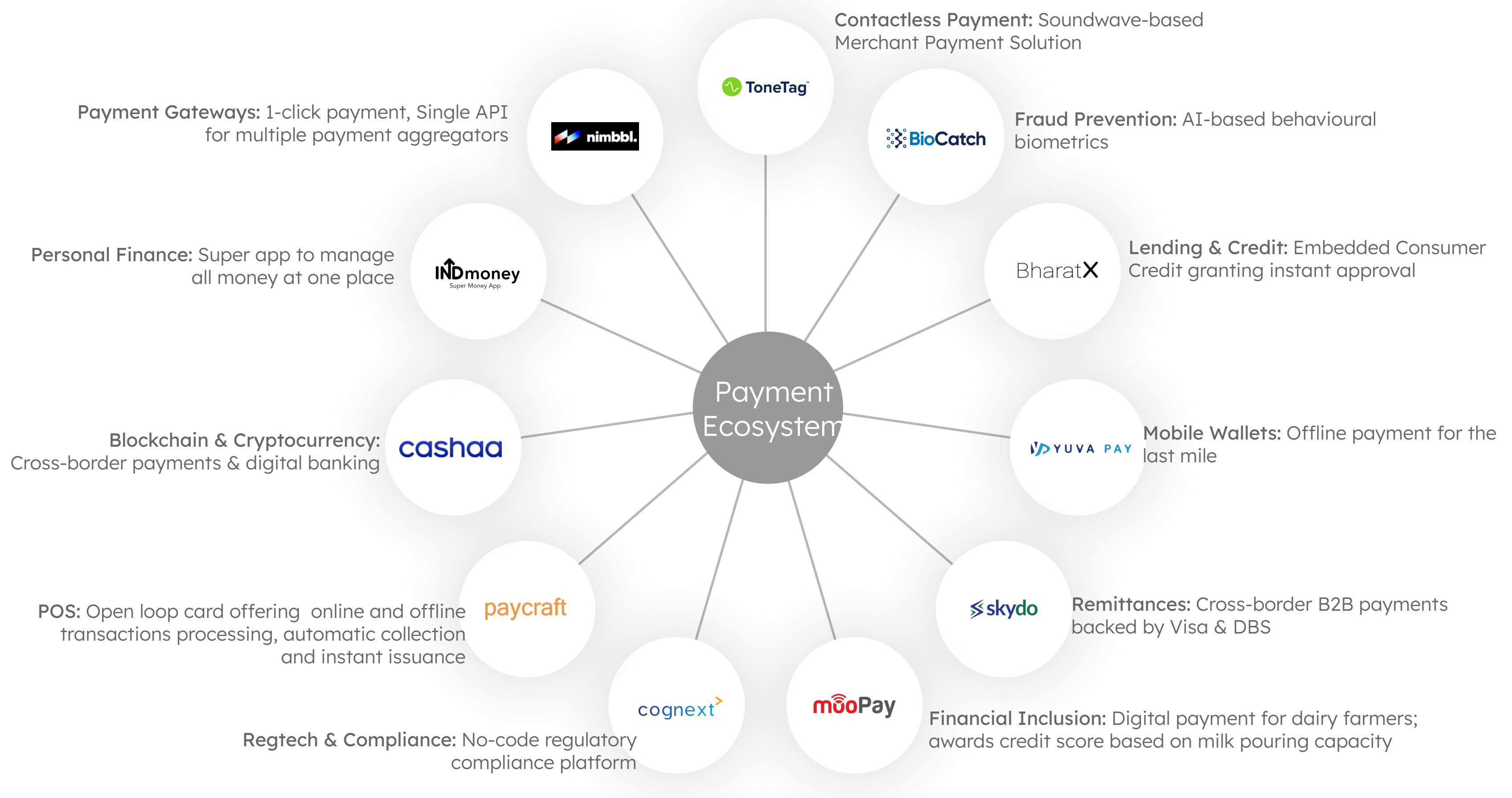
*Data from - Aug, 2023 govt. Records **Statista, Outlook Business, BW Businessworld, Traxcn

Key Payment Innovations Enabling Business

Contactless Payments and NFC Technology	Open Banking and APIs	Voice-Activated Payments
Digital ID Verification	Cryptocurrency and Blockchain	Bharat QR Code (P2M) Introduced in 2016 216M: Volume of the BHIM UPI QR code (Sep. 22)
FASTag Introduced in 2014 508.55M: Total tolls 64M: No. of FASTag issued 3.24B: No. of transactions	IMPS [Immediate Payment Service] Introduced in 2010 492M: No. of transactions	Artificial Intelligence and Machine Learning

Sources: The Hindu, Statista

PaymenTech India Startup Ecosystem



India Fintech Industry

Indian Fintech Industry Growth (Talent & Startups)

$30 Billion (2021)
$584 Billion (2022)
Indian fintech market Value

24
No. of Fintech Unicorns in India

3rd
Largest Fintech ecosystem in the world

Market Opportunities in India

$2.1 Trillion
Estimated Size of the Fintech Market by 2030

22%
Estimated Market Size CAGR (2022-2030)

Lending Tech
To Emerge as the most lucrative Fintech Sub-sector by 2030

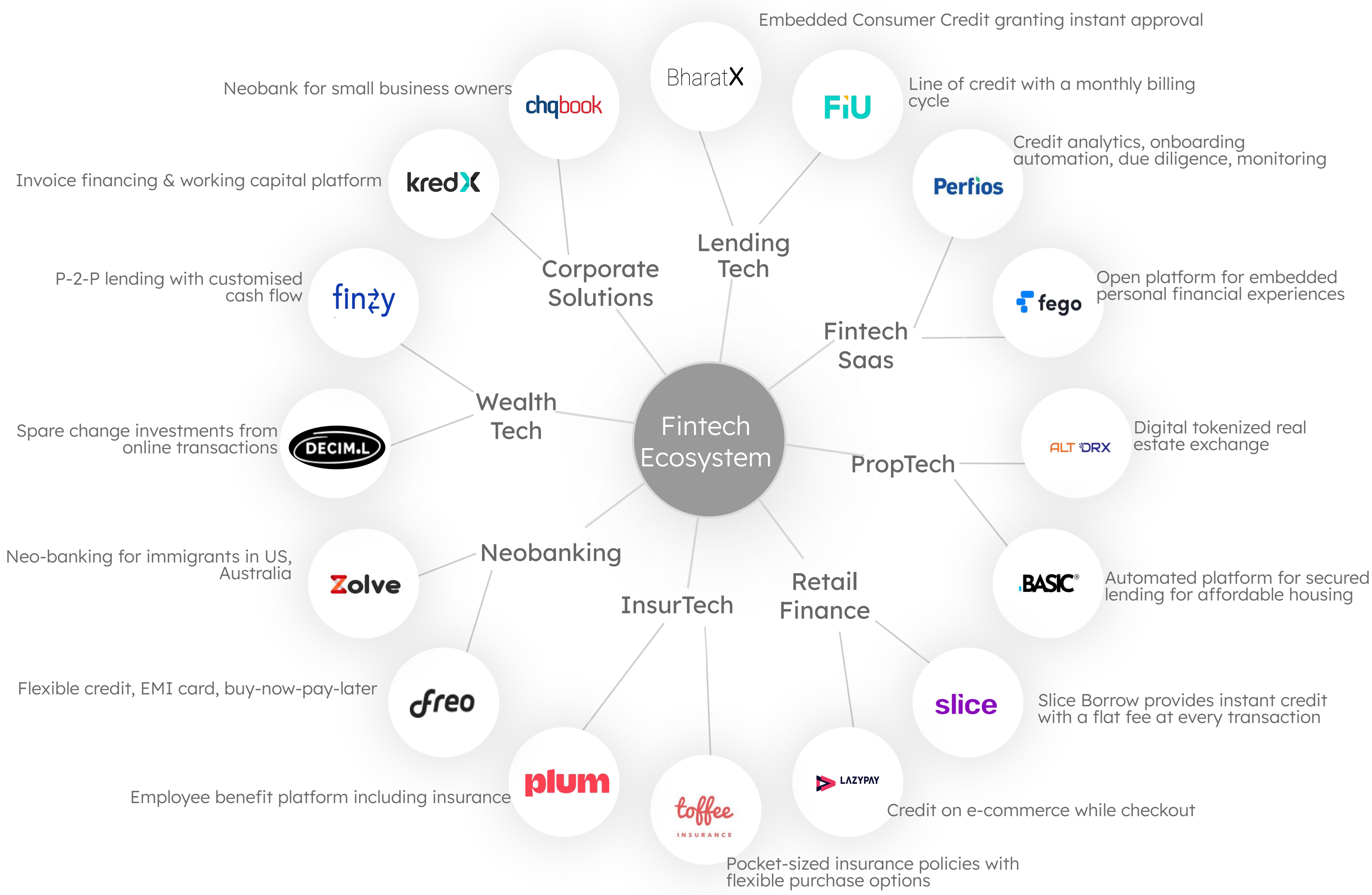
Fintech Funding & Valuation in India

$4.5 Billion
Total funding received by Indian Fintech startups (2022)

14%
% Share of Global Funding

Sources: Statista, ET BFSI, The Hindu Business Line, inc42.com

Fintech Solution Spider Map



India FSI Talent Overview

196
No. of Indian banks

46
No. of foreign banks in India

1.6K
No. of FS GCCs in India (2800 locations)

1.5M
People employed directly by Banks

5.1M
People working in IT & ITES

1.6M
People employed by GCC

TOTAL TALENT POOL: 8.2M

All data is approximate gathered through various public sources

How SBI is leveraging Startup & Talent universe to Grow Business?
YONO - You Only Need One: 50M USERS

State Bank of India (SBI)
Founded: 1806
Number of Customers: 448.9M
Number of Branches: 22K+
Total Assets: US$750B
Revenue (FY 2023): US$59B

Mutual Funds & Investments
- Groww
- Scripbox
- Paytm Money
- ETMoney

Travel and Ticketing Services
- MakeMyTrip
- Cleartrip
- IRCTC
- OYO

Insurance Services
- Policybazaar
- Digit Insurance
- HDFC Ergo
- Max Life Insurance

Online Shopping & Retail
- Flipkart
- Amazon
- Myntra
- Tata Cliq

Bill Payments & Recharges
- Paytm
- Google Pay
- PhonePe
- FreeCharge

Digital Lending & Credit
- ZestMoney
- EarlySalary
- MoneyTap
- PaySense

Financial Management Tools
- Walnut
- Moneycontrol
- ET Markets
- Good Return

Entertainment & Lifestyle
- BookMyShow
- Cure.fit
- Zomato
- Swiggy

Global Impact

MasterCard ToneTag

ToneTag specializes in data-over-sound technology, enabling transactions without the necessity for NFC or internet.

MasterCard collaborated with ToneTag to enhance its contactless payment offerings to enable various devices, including smartphones, point-of-sale terminals, etc.

MasterCard SIGNZY

Signzy's AI & ML backed Video-based KYC prevents unauthorised intrusion with industry-standard scalability

MasterCard collaborated with Signzy to banks to easily onboard SMEs in remote locations for digital payment acceptance, open SME accounts, and underwrite loans.

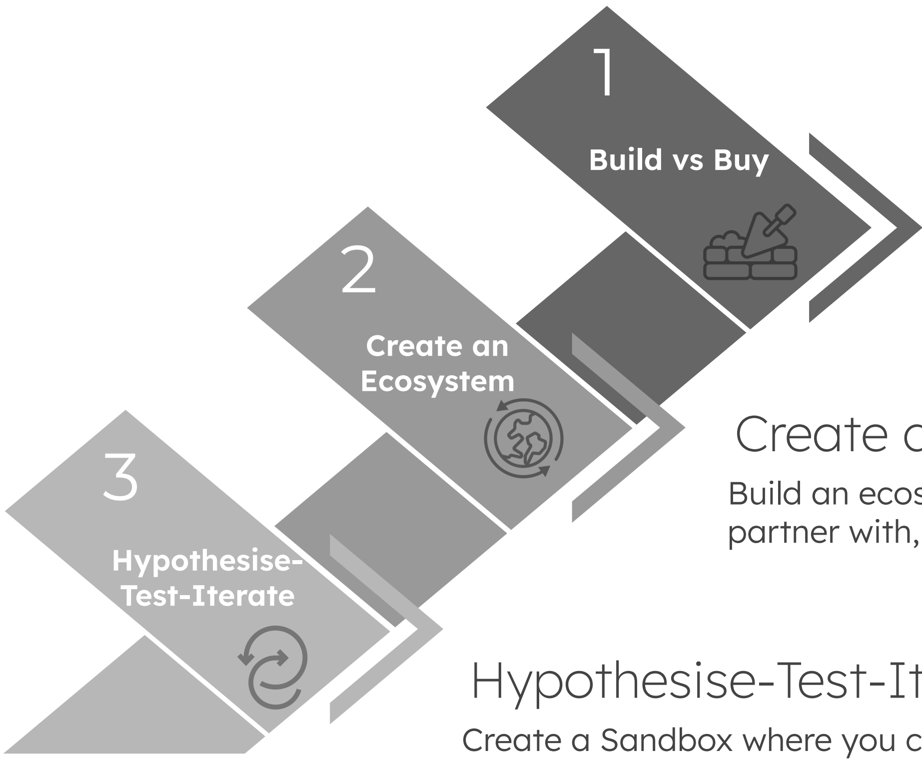
citi MOXO

Moxo is a client interaction platform that provides digital solutions for consulting, accounting, and financial services

Moxo powers Citi Hello for digital interactions between Citigold clients and relationship managers. Solution is compliant with all security standards and bank policies, including auto-recording conversations, storing interactions history over years. Customers can message, call, and video chat.

Key Takeaways

Key Takeaways



Build vs Buy

To shorten the runway to thrive in a disruptive environment, banks should integrate Fintech to develop new products & services

Create an Ecosystem

Build an ecosystem of Talent & Innovation where you can partner with, source from & invest in

Hypothesise-Test-Iterate

Create a Sandbox where you can do continuous testing of your Innovation ecosystem

We can enable your journey in this rapidly changing disruptive economy. OpenI Platform highlights:

- Next disruptor you must know about
- How your competitors are engaging with these disruptors/ innovators
- Startup ecosystem to drive your growth

Navigate with Confidence

BUSINESS GROWTH
Identify high potential startup investment opportunities

STRATEGY & INNOVATION
Source new business models, spot future competitors

BUSINESS OPERATIONS
Optimise business operations

MARKETING
Drive sales and customer engagement (D2C)

PARTNER MANAGEMENT
Procure and manage next-gen disruptors

ASK OUR ANALYSTS

White Space Analysis (Spider map)

Ecosystem as a Strategy

Managed Sourcing

Corporate Venture

Competitive Analysis

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