

A STUDY ON PAYTM'S GROWTH IN INDIA AS A DIGITAL PAYMENT PLATFORM

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ABSTRACT: Two words that come to almost every Indian's mind while Shopping, Post demonetization, are "Paytm karo." Paytm has brought a paradigm shift in the retail industry by completely transforming the payment methodology. Initially, this online wallet cum e-commerce website was used to make payments for limited utilities like mobile and DTH recharge and shopping bills. Over the years, this portal has expanded its scope and has brought about anything and everything under the ambit of its operations. Customers now can recharge their metro card, pay bills for utilities like electricity and water, transfer funds to other bank accounts, book flight/train/bus tickets, make hotel reservations, etc. Now the latest **Paytm Succes Story** is ever expanding with the addition of e-retail and m-commerce stores. This gives the option to small vendors to list their products on the website and allows them to expand their customer base.

Keywords: Pay tm, Digital Payment, Digital Wallets, E-Commerce

I. INTRODUCTION

One97 Communications Ltd established "Pay Through Mobile" which is popularly known as PayTM in August 2010 as a prepaid mobile recharge website. Vijay Shekhar Sharma is the CEO of PayTM. PayTM was launched as a mobile recharge website but today it is India's leader in e-commerce. . It allows to transfer money into its integrated wallet by debit card, credit card and net banking. This wallet can be further used to make payments for recharge, bill payments and shopping (Unicorn 2016). In the last 6 years, it has evolved over and has become the first choice of the users among all the existing payment platforms in India. It started by allowing the recharges for mobile phones, but soon it started providing payment options for other utilities such as metro card, Direct To Home (DTH), data cards, electricity and water bills, flight and bus tickets. Additionally, it gives advantage of buying goods from its e-retail platform. After capturing the e-commerce market it has also jumped into M-commerce too which allow small business owners to list their products on its website. The PayTM mobile wallet was launched in the year 2013. There are various other payment platforms like PayTM but PayTM has managed to dominate the market with its high security features, it is highly secured because it is approved wallet by Reserve Bank of India.

The present study is taken into consideration only one objective that ‘to know Paytm’s Growth in India as a Digital Payment Platform. ’The study is based on secondary data, which is collected through various books, business magazines, journals, newspapers, research studies internet, web sites, and etc., which is presented about growth of paytm since from origin.

II. REVIEW OF LITERATURE:

Prof Trilok Nath Shukla in his paper “Mobile Wallet: Present and the Future” (June 2016) has discussed about mobile wallet, working, types and its advantages and disadvantages. His analysis included perception of consumers and retailers about mobile wallets. He concluded that mobile wallets will be used to engage with the customer by the marketers and digital businesses. Irrespective of the market status of these mobile wallets, marketers should take advantage of the emerging opportunities.

FE Bureau (2017) states that According to the RBI: Demonetization has increased the growth of Paytm&Mobikwik which is known as the Digital payment companies.

Vijay Shekhar Sharma. (Paytm founder) **Oct 23, 2018** China’s Alibaba and Japan’s SoftBank-backed Paytm Mall is stepping up focus on categories like grocery and fashion, which can increase repeat customer transactions as it looks to compete with Walmart-backed Flipkart and Amazon India, which control over 80% of the online retail market. Paytm Mall wants to differentiate itself, with online to offline (O2O) push to deliver 50% of the orders in 24 hours from 33% right now,

Kiran Vasireddy, COO – Paytm, December 12, **2018**said, “Paytm has become the preferred payment choice amongst customers for in-store payments in India. Today, Paytm is accepted at the largest variety of stores ranging from large brand outlets to online platforms as well as small retailers across India. With ‘Paytm Cashback Days’, we celebrate our customers choosing Paytm as their preferred mode for payments at offline or online merchants by rewarding them with the best deals & cashback of the year. This will be a significant part of our efforts to push the adoption of mobile payments in the country & also help our Merchant partners significantly.”

Table 1: Definition of the main concepts employed in this study

SNO	CONCEPT	DEFINITION
	Digital payments	Digital payment is a way of payment which is made through digital modes. In digital payments, payer and payee both use digital modes to send and receive money. It is also called electronic payment. No hard cash is involved in digital payments. All the transactions in digital payments are completed online.
	Digital wallets	A digital wallet refers to an electronic device or online service that allows an individual to make electronic transactions. This can include purchasing items on-line with a computer or using a smartphone to purchase something at a store. An individual's bank account can also be linked to the digital wallet.
	e-commerce	E-commerce -- electronic commerce or EC -- is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the internet. These business transactions occur either as business-to-business, business-to-consumer, consumer-to-consumer or consumer-to-business.
	Mobile payments	Mobile payments include payments made or enabled through digital mobility technologies, via handheld devices, with or without the use of mobile telecommunications networks. These payments are digital financial transactions, although not necessarily linked to financial institutions or banks. There are several models of mobile payments that are currently employed worldwide.
	Mobile money	Mobile money may be related to mobile wallet, which refers to a digital repository of electronic money developed and implemented on mobile devices, allowing peer-to-peer transactions (P2P) between mobile devices (M2M) from users of the same service. It is similar to a normal physical wallet and is able to store money and credit and debit cards.
	Demonetization	Withdrawal of a particular form of currency (such a gold coins) from circulation. On 8 November 2016, the Government of India announced the demonetization of all ₹500 and ₹1000 banknotes of the Mahatma Gandhi Series.

III. EVOLUTION OF PAYTM

Paytm was founded in August **2010** with an initial investment of \$2 million by its founder Vijay Shekhar Sharma in NOIDA, a region adjacent to India's capital New Delhi. It started off as a prepaid mobile and DTH recharge platform, and later added data card, postpaid mobile and landline bill payments in **2013**.

By January **2014**, the company launched the Paytm Wallet, and the Indian Railways and Uber added it as a payment option. It launched into E-commerce with online deals and bus ticketing. In **2015**, it unveiled more use-cases like education fees, metro recharges, electricity, gas, and water bill payments. It also started powering the payment gateway for Indian Railways.

In **2016**, Paytm launched movies, events and amusement parks ticketing as well as flight ticket bookings and Paytm QR. Later that year, it launched rail bookings and gift cards.

Paytm's registered user base grew from 11.8 million in August 2014 to 104 million in August 2015. Its travel business crossed \$500 million in annualised GMV run rate, while booking 2 million tickets per month.

In **2017**, Paytm became India's first payment app to cross over 100 million app downloads. The same year, it launched Paytm Gold, a product that allowed users to buy as little as ₹1 of pure gold online. It also launched the Paytm Payments Bank and 'Inbox', a messaging platform with in-chat payments among other products. By 2018, it started allowing merchants to accept Paytm, UPI and Card payments directly into their bank accounts at 0% charge. It also launched the 'Paytm for Business' app, allowing merchants to track their payments and day-to-day settlements instantly. This led its merchant base to grow to more than 7 million by March **2018**.

The company launched two new wealth management products - Paytm Gold Savings Plan and Gold Gifting to simplify long-term savings. It launched into gaming and investments, partnering with AGTech to launch a mobile games platform Gamepind, and setting up Paytm Money with an investment of ₹9 Crores to bring investment and wealth management products for the Indians.

FUNDING

In 2007, Paytm's parent One97 Communications Ltd. got its first institutional investor, venture capital firm SAIF Partners.

In March 2015, Paytm received its funding from Chinese e-commerce company Alibaba Group based in Hangzhou, China, after Ant Financial Services Group, an Alibaba Group affiliate, took 25% stake in One97 as part of a strategic agreement. Soon after, it received backing from Ratan Tata, the MD of Tata sons.

It subsequently launched a 'Paytm for Business' app in 10 regional languages of India, allowing these merchants to track their payments and day-to-day settlements conveniently. In August 2015, the Reserve Bank of India granted 'in-principle' approval for Payments Bank to Paytm. In 2017, the company launched the Paytm Payments Bank with the aim to bring banking and financial services access to half-a-billion un-served and under-served Indians.

The same year, Paytm launched an app for Canadian mobile phone, cable, Internet, electricity and water bill payments. In 2018, it set up Paytm Money to build investment and wealth management offerings for its users. This business was expected to bring direct mutual funds and money-market funds to the Indian masses. In August 2016, Paytm raised funding from Mountain Capital, one of Taiwan-based MediaTek's investment funds at a valuation of over \$5 billion.

In May 2017, Paytm received its biggest round of funding by a single investor – SoftBank which also has a large stake in Alibaba, thus bringing the company's valuation to an estimated \$10 billion. In August 2018, Berkshire Hathaway invested \$356 million for 3%- 4% stake in Paytm, although Berkshire Hathaway confirmed that Warren Buffett was not involved in the transaction.

MAJOR SOURCE OF REVENUE

- Paytm's revenues are generated from multiple sources. This includes:
- Interest (ranging 4-6%) received from escrow account maintained in a nationalised bank,
- Advertisements on its websites,
- Commission from utility payments and recharges,
- Commission of 1% for transferring money from merchant e-wallets to their bank accounts (Gupta 2016).
- The total revenue during 2015-16 was 3360 million which was higher than 2100 million in the previous year. However in 2015-16 it showed a loss of 3370 million.

Major Investors In Paytm

- The major investors in Paytm includes:
- Ant financial known as Alipay,
- Alibaba groups,
- SAIF partners,
- Silicon Valley Bank and
- Sapphire venture (Bailay & Chakravarty 2015).
- In March 2015, Paytm received an investment of US\$ 575 million from Alibaba group a famous Chinese e-commerce company. Similarly Indian industrialist Ratan Tata too made a huge personal investment in it. Furthermore, paytm has also started working on Alibaba's financial services model which helps sellers and consumers to borrow small loans on their debit cards from the e-commerce firm.

INVESTMENTS AND ACQUISITIONS

- **In 2013**, Paytm acquired Plustxt for around \$3 million. Plustxt was started by IIT Graduates Pratyush Prasanna, Parag Arora, Lokesh Chauhan and Lohit V that allowed fast texting messaging in any Indian Language.
- **In 2015**, Paytm invested \$5 million in auto-rickshaw aggregator and hyperlocal delivery firm Jugnoo. The funds were meant to enable Jugnoo to scale up its operations across the country, and improve its driver efficiency. It also acquired Delhi-based consumer behaviour prediction platform Shifu and local services startup Near.in.
- **In 2016**, Paytm invested in logistics startups LogiNext and XpressBees.
- **In April 2017**, Paytm invested in healthcare startup QorQL which uses artificial intelligence (AI) and big data to help doctors improve their productivity and quality of care, and enable patients to manage their health better. In July 2017, it acquired a majority stake in online ticketing and events platform Insider.in, backed by event management company Only Much Louder (OML) and mobile loyalty startup MobiQuest. The same year, Paytm acquired Little & Nearbuy, and merged both.
- **In June 2018** the company acquired the startup Cube26.

MARKETING

In July 2015, One97 Communications, the firm that owns the brand Paytm, acquired the title sponsorship rights for India's domestic and international cricket matches at home for a period of four years starting in August 2015. The rights include sponsor branding of series with the title sponsor logo, designation as the title sponsor of the series, visibility at the stadium, and broadcast sponsorship rights. This also includes all BCCI domestic (Ranji Trophy, Duleep Trophy etc.) matches in India.

Previously, Paytm had acquired sponsorship rights during the 8th season of Indian Premier League. It has also served as an associate sponsor on Sony TV network (which has the telecast rights for IPL) and was the official partner of the IPL team Mumbai Indians. In March 2018, Paytm became the Umpire Partner of the IPL for five years.

PAYTM PAYMENTS BANK

In August 2015, Paytm received a license from Reserve Bank of India to launch a payments bank. The Paytm Payments Bank is a separate entity in which founder Vijay Shekhar Sharma will hold 51% share, One97 Communications holds 39% and 10% will be held by a subsidiary of One97 and Sharma. The bank was officially inaugurated in November 2017 by the Indian Finance Minister, Arun Jaitley.¹ The inauguration ceremony featured prominent banking personalities including former RBI Executive Director PV Bhaskar, Saama Capital Director Ash Lilani and former Shriram Group Director GS Sundarajan. It is set to launch over 100,000 banking outlets across India by end of 2018. Paytm Payments Bank has appointed veteran banker Satish Kumar Gupta as its new Managing Director and CEO.

PAYTM MALL

In February 2017, Paytm launched its Paytm Mall app, which allows consumers to shop from 1.4 lakh registered sellers. Paytm mall is B2C model inspired by model of China's largest B2C retail platform TMall. For 1.4 lakh sellers registered products have to pass through, Paytm-certified warehouses and channels to ensure consumer trust. Paytm mall has set up 17 fulfillment centres across India and partnered with 40+ couriers. Paytm Mall raised \$200 million from Alibaba Group and SAIF Partners in March, 2018.

AWARDS

2017

- Paytm wins Diamond SABRE Award in Company Of The Year at SABRE Awards 2017
- Paytm wins Diamond SABRE Award in Superior Achievement In Reputation Management at SABRE Awards 2017
- Paytm wins Gold SABRE Award in Financial Professional Services at SABRE Awards 2017
- Vijay Shekhar Sharma recognized among the 50 Most Influential Young Indians by GQ
- Vijay Shekhar Sharma wins at Entrepreneur India Awards 2017
- Vijay Shekhar Sharma named to the 2017 Time 100 List of Most Influential People in the World
- **Vijay Shekhar Sharma recognized as the Entrepreneur of the Year at The Entrepreneur's Moneytech Awards 2017**
- **Vijay Shekhar Sharma announced Data Quest IT Person of the Year.**
- Vijay Shekhar Sharma wins **Forbes Top 40 Under 40 Award.**
- Paytm wins **Best Digital Wallet award at the 11th IMAI India Digital Summit.**
- Paytm wins **Best Consumer Mobile Service award at the 11th IMAI India Digital Summit.**

2016

- Paytm wins **ET Brand Equity Most Trusted Brand of the Year 2016.**
- Vijay Shekhar Sharma wins **IMPACT Person of the Year Award 2016.**
- Paytm wins **FT Future of Fintech Award.**
- Paytm wins **Outstanding Startup of the Year Award** at Forbes Leadership Awards 2016.
- Vijay Shekhar Sharma wins Uttar Pradesh government's top **Yash Bharti Award.**
- Vijay Shekhar Sharma wins **ET Panache Trendsetting Entrepreneur Award.**
- Vijay Shekhar Sharma chosen as **Entrepreneur of the Year** at ET Awards for Corporate Excellence.
- Vijay Shekhar Sharma named **Businessman of the Year** at GQ Men of the Year Awards.
- Paytm wins the **Mobile Wallet Provider of the Year Award** in the B2C category at the Frost & Sullivan Awards Ceremony.

- Paytm receives **ET Telecom Game Changer of the Year Award** for 2015.
- **NDTV Indian of the Year Award** for Paytm CEO Vijay Shekhar Sharma.

2015

- Paytm won **NDTV Cisco Digitizing India Awards** for **Disruptive Digital Innovator**.
- Vijay Shekhar Sharma featured in Economic Times "**India's Hottest Business Leader under 40**"
- Paytm won the **Frost & Sullivan India ICT Award** for **Mobile Commerce Company** of the Year in B2C segment.
- One97/Paytm recognized among **Smart Innovators** of 2014 at the Inc India Awards.
- Vijay Shekhar Sharma recognized among the **most Innovative CEOs** of 2014 by Inc India.
- Paytm Wallet gets the **Best Digital Wallet Award** at IAMAI' India Digital Awards in Delhi on 15th Jan 2015

2014

- Paytm App gets featured in Apple App Store's Best of 2014 in the Mobile/DTH Recharge & Shopping Category
- Paytm is the **winner** of **Indian Express IT Award** in Mobility Solutions 2014
- Paytm App is a **finalist** at the international **Meffys** in Consumer Trust category
- **Gold Winner** at the **MMA Smarties** in the Mobile App category
- **Silver Winner** at the **MMA Smarties** in the mCommerce category
- Among **Delhi/NCR's Top 50 Brands** at a celebration by Paulwriter
- **Best Mobile Money product** at the 4th India Digital Awards

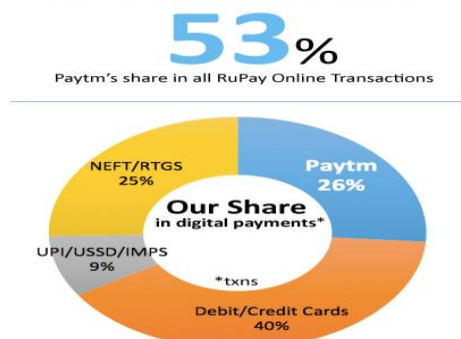
2013

- **Knowledge Faber Best Mobile Wallet Program Award**
- Special mention in **m Billionth Awards** in mCommerce/mBusiness category
- **Gold Winner** at the **MMA Smarties** for mCommerce

2012

- **Most Innovative Startup of the Year** at the Entrepreneur India event by Franchise India

Some Interesting Facts:



Source: [Paytm](#)

IV. SWOT ANALYSIS OF PAYTM

In addition to the portal the company also owns the Paytm payment gateway and the Paytm Wallet. Paytm achieved a major landmark by securing funding from the Chinese e-commerce kingpin Alibaba after it raised over \$625 million at a valuation of \$1.5 billion. Currently, Alibaba Group holds the highest stakes in the owner company of Paytm, One97 Communications.

Strengths: Strengths are defined as what each business does best in its gamut of operations which can give it an upper hand over its competitors. The following are the strengths of Paytm:

- **First mover advantage:** Paytm was the first online payment company to set up operations in India. Their timing was perfect since they started operations at around the same time when smartphones started becoming popular.
- **Convenience options:** Paytm is an epitome of convenience since it is operational round the clock and facilitates easy payment or transfer of funds anytime, anywhere. This makes it increasingly accepted by an urban population who rely on online shopping for even daily use items.
- **Tie-ups with merchants:** Paytm can be used to transact with more than 3 million merchants across India and the number is said to be growing every day. This makes Paytm an easy shopping option for most customers irrespective of their economic background or education.
- **Bucket of services:** Most of what one desires to do online can be done through Paytm. In addition to the Paytm Wallet, today the brand has online reservation facilities, online retail, and online recharge and there is also no need to go through payment gateways of you are using paytm.
- **Offers:** Paytm has been able to grab and hold the attention of customers primarily because of the never-ending offer stream it has been announcing. These are custom designed with the Indian mindset in the frame and thus works like magic for zooming sales.

Weaknesses: Weaknesses are used to refer to areas where the business or the brand needs improvement. Some of the key weaknesses of Paytm are:

- **Need for IT infrastructure:** If Paytm functions have to be robust there has to be good bandwidth and speed. This may be there in most cities in India but may not be the case in remote locations or even tier 2 towns.
- **Lack of awareness amongst users:** Most users are unaware of what Paytm can do for them and confused about how the app needs to be used. The level of awareness of technology tools and the inherent fear of making erroneous transactions is making things worse.
- **Fear of going cashless:** Most Indians are used to transacting on cash and are yet to get used to being used to cashless transactions. However, with digitization and demonetization, things are expected to pick up and this will help online wallet services.
- **Poor customer care:** One criticism leveled against Paytm is its poor customer service. The app and the portal cater to a wide variety of customers whose concerns may be minor. It is alleged that the call center executives are often rude and unable to handle many of the queries,

Opportunities Opportunities refer to those avenues in the environment that surrounds the business on which it can capitalize to increase its returns. Some of the opportunities include:

- **Growing demand for aggregators:** Aggregators and middlemen are in demand everywhere today. With growing technology usage people prefer to make most payments from the convenience of their homes. This has increased the role of payment aggregators in India.
- **Demonetisation:** One of the services that benefitted heavily from the Indian government's demonetization drive was online payment services and Paytm was one of the biggest beneficiaries. In a move to digitize the country, such services will have more opportunities coming their way.
- **The surge in the number of working professionals:** The number of working professionals are increasing profusely. This means that for most couple's time is scarce making them rely more on home delivery services for their sustenance. When the demand for online shopping increases there will be a corresponding increase in the payment portals as well.

Threats Threats are those factors in the environment which can be detrimental to the growth of the business. Some of the threats include:

- **Competition:** With lowered barriers to entry, every new entrepreneur is looking at aggregating services. There are a lot of online portals like pay charge, mobikwik etc and even telecom service providers like Airtel and Vodafone are providing online payment gateways.
- **Growing concerns about safety:** Today there is negative imagery of information security and tracking of shopping habits. There is also growing concerns about how safe the information submitted to payment portals are and the level to which such portals or payments made through them are monitored.

V. HIGH GROWTH AFTER DEMONETIZATION

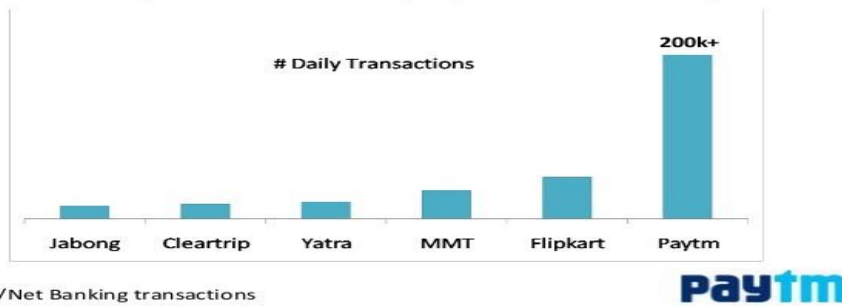
Paytm has focused towards building its brand image more concrete in the running competition. Recently it has appeared to be ahead of its rivals mobikwik, freecharge and others. As per the records, it was found that currently around 177 million of the users use Paytm in their day to day life and make a total of 7 million transactions in a day (Joshi 2017). After demonetization, it has achieved a total of 75 million unique users per month. Among all users around 40% users belong to small cities, 67 million population belong to 56 big cities and the rest from small towns. In Dec 2016, information about total number of users, unique visitors and others things has been mentioned in the list given below.

Total users	177millions
Product	E wallets
Service	online payment/ offline payment
Merchant enroll	8 lakhs
Monthly unique visitors	75 millions
Daily transactions	7 million
Employees	4,500

After demonetization paytm made it easier to pay with its digital payment option. There was around 1000% growth in the money added to its wallet, 300% rise in app download and a gain of 20 million new users was recorded within 2 months (BI intelligence 2016).

Paytm – M/E-Commerce Leader

More transactions happen on Paytm every day than on other leading m/e-commerce players combined together



Expansion Plans

- Last year Paytm's market share among the e-payment companies was 26%. Paytm is now planning to explore new avenues. By 2020, Paytm plans to tap the loan market and disburse small loans to 500 million people.
- The Paytm Payment Bank was launched in May 2017. A 5-member board committee has been formed to expand the physical presence of the Payment Banks.
- Paytm is also planning to give WhatsApp a run for their money by launching a chat app with more sophisticated features. Paytm acquired Shifu and Near.in to improve and strengthen its offline and online platform and enhance customer experience.

VI. CONCLUSION

Paytm is one among the best mechanical advancement in the present century and the administrations offered by Paytm helps in Time utilization and furthermore it is anything but difficult to utilize. What's more, for the up and coming business visionary's Paytm example of overcoming adversity would be extremely motivational and a lesson to learn before beginning another wander. Achievement of Paytm could be it was a plan of action presented in the wake of concentrate the current circumstance winning in our nation and that is the reason it went ahead to wind up outstanding amongst other arrangement after demonetization. Can get consideration in the general public as it centers around making mindfulness among individuals. Instructing individuals about its administrations. Fruitful treatment of Paytm by purchasers and shippers is the best case of its positive effect in the general public. Paytm is the best case of an organization which used online business advertise better.

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