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# A Comparative Study of Business Strategies of Phonepe and Paytm

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**ABSTRACT:** In today's world, smart phones have become an essential part of everyday life. India will surpass 299.24 million smart phone users, topping the US as the world's second-largest smart phone market by the end of 2019 as affordable smart mobile devices are rapidly penetrating the region. Shoppers embrace digital wallets at an incredibly fast rate, mostly because of convenience and ease of use. Paytm was introduced in 2010 by ONE97communication with several number of features. After Paytm came into the market, many companies came up with mobile wallets using imitating strategy, some of the mobile wallets are Google Pay, PhonePe, mobikwik, Amazon Pay and many more. Usage of mobile wallets started pacing up right after demonetization. Some mobile wallets are doing well while some are facing problems to survive. Paytm used rule the market until PhonePe and Google Pay came into the picture. Paytm, PhonePe and Google Pay are competing well in the market. The main aim of the study is to analyse the adoption and usage of Paytm with PhonePe among the users in lucknow. Keywords: Mobile wallet, Paytm, PhonePe.

## I. INTRODUCTION

In this day and age, cell phone has become significant piece of regular daily existence. As it has gotten increasingly moderate, the quantity of cell phone clients has expanded drastically. Alongside cell phone generation, a lot of administrations have been made to use the potential elements of cell phones. Smartphones are utilized as specialized gadgets, yet in addition to be utilized as mingled instrument, stimulation apparatus, web get to device, and even instalment device. Thanks to innovation, portable clients would nowadays be able to utilize their cell phones to profit exchange or instalment by utilizing applications introduced in the telephone. Other than instalment, individuals can likewise store receipts, coupons, business cards, bills... in their cell phones. When cell phones can work as cowhide wallets, it is designated "Computerized Wallet" or generally known as "Portable Wallet". Inspiration of the examination originated from different elements. Above all else, the versatile wallet is an ongoing term. As such, it is a "popular" point that has been talked about in specialized gatherings and monetary sites in quite a long while of late. One can see "Portable Wallet" on various occasions from the web, yet he doesn't have a clue what versatile wallet is. In this manner, the examination is made because of individual interest to increase useful information about versatile wallet during the exploration procedure so as to see how buyers see this new mechanical assistance. Besides, I am one of a cell phone clients and I might want to misuse the ability of the telephone. Different clients maybe likewise have this craving. Consequently, I lead this examination to watch individuals' assessments about this new help. For all intents and purposes, this exploration will be helpful for the business partners of versatile wallet who might want to grow the business to procure more pieces of the pie. It is additionally useful for people, for example, understudies to improve the information on versatile wallet which would possible be able to prompt further research. In 2018 National Payments Corporation of India (NPCI) honoured for driving the largest number of UPI network merchant transactions. In 2018 Best Mobile Payment Product or Service Category at the 2018 IAMAI India Digital Awards. In 2018 Winner of the 2018/2019 UPI Digital Innovation Award from NPCI: Winner of the ' Best Mobile Payment Product or Service ' AT THE 2019 IAMAI.2019 9th India Digital Awards: ' Best Digital Wallet ' project at the 2019 Indian Retail and e-Retail Awards

## II. THEORETICAL BACKGROUND

Internet people or user base in India reaching 627 million by the end of June 2019 and India's Internet and Mobile Association (IAMAI) reporting that Internet users in India grew larger by the end of 2019, the emergence and future growth of ecommerce and m commerce is a foregone conclusion. This is evident from the worth of the billions of dollars that the top seven Indian e-commerce companies, including Amazon, Flipkart and Paytm, reached in the early years of their establishment. While the signs for both global e-commerce and the number of online users is promising, the online strategic architecture is still evolving. In the absence of reference curves for different business indicators,



contradictory approaches are being tried by leading organizations in the same industry. Some try to be almost everything to generate more and more business / traffic on their platform while others try to be very focused on achieving a unique positioning in a specific domain. Only time will determine which of these business models will generate long-term sustainable and above-average returns in the virtual world. There are growing configurations, priorities and characteristics of financial services offered by virtual mobility technologies. They may have banking features, known as mobile banking, depending on the combination of agents, technologies, and goals. These may also have 9 transaction payment capabilities that are known as mobile payments, as well as replicating the concept of money with electronic applications, which is then called mobile money. The meanings of these terms are not fixed, however, and their limits are not very precise. In addition, there is significant ambiguity about the words that are often commonly used, regardless of their original meanings. This is the case with mobile payments: it can refer to bill payments, acquisition payments, or financial resource or money transfer between economic agents, and it can still enter the banking domain. Other concepts, such as mobile money, mobile transfer and/or mobile banking, would be more appropriate in certain contexts. Such ambiguity of terminology is not limited to mobile services, but also to their aims. The broad use of these incorrect concepts has led us to create an initial theoretical basis to support the analysis of literature.

### III. INDUSTRY PROFILE

All this M-wallets come under Digital Wallet industry. The online portfolio focuses on mobile calls, expanding product expectations by optimizing delivery, advertising and marketing strategies. In the case of a computerized system, the cellular portfolio can be used to save money and can therefore be used to purchase goods and services from a corporation or fund that has a special agreement with the entity to accept this contract. In compliance with the RBI guidelines, customers who have saved money on a mobile wallet are deposited in a m-wallet escrow account. M-wallets receive a bonus that is considered a bank-electronic wallet contract. This uses payment codes that are currently available in all rural and urban shops. Digital transactions are accepted, and service options are not billed. For each transaction, however, a fee will be charged. At first, most e-wallets only offered charging facilities so people were thinking of replenishing their wallets. But now something has changed, through their digital portfolio one can also pay for their education and expenses. And since it is an alternative payment mechanism for virtual suppliers and wallets, you can quickly, safely and securely use mobile applications. Innovation attainment is acknowledgment of position and market leadership based on the various advantages that consumers sell at rates or costs. Online portfolios in everyday life are very significant. Under Sam Pipro's leadership, a sophisticated portfolio is presented to simplify the user interface and give an idea of safe 10 execution in high-quality virtual portfolio applications such as Paytm, Free charge and iPhone. India is one of the world's most expensive economies, accounting for 12 percent of GDP and GDP, and 3-4 times more than a comparable economy compared to countries like Brazil and South Africa. The cash-to-cash ratio in Indian banks is about 51%, but in most countries, it ranges from 8% to 9%. B2C electronic payments in US dollars. The annual growth rate (annual average for 2016-2020) is expected to be 18.36 percent, amounting to \$ 5608.5 million in 2020. USA. Smartphone sales are expected to rise from year to year, and Internet usage will grow on average over the next few years. There has also been a significant increase in online payment services to support this development. Currently part of digital payments, the Portfolio market has increased the amount of money transfers, banking, purchases, ticket sales, account replenishment and billing by about 30% over the next five years. M-Rupee, Airtel Money, Vodafone MPesa, Oxygen Portfolio, mobikwik, Idea Money & Paytm are just a few of the most popular area Pad S5460 E-Wallet games.

### IV. NEED FOR THE STUDY

Paytm was introduced in Indian market. Initially it faced few problems in the beginning but paced up quickly with its offers and features which made people to go cashless. After demonetization many mobile wallets came into the race with Paytm. Where most of the mobile wallets are still struggling to survive, but not in the case of Google pay and PhonePe. Paytm, PhonePe and Google Pay are competing well in the segment of mobile wallets. In recent times it is seen that most of the people are moving towards PhonePe rather choosing Paytm and other mobile wallets.

### V. REVIEW OF LITERATURE

- Rajini (2019) studied about the emerging trends in payment methods. He explained that the offline payments are offset by the online digitalized payment methods i.e. through m-wallets or e-wallets. And also explained that these recent trends are mainly caused and used by the younger generations



- Sindujaa and Gayathry (2019) in their research paper on GPAYTM made a comparative study on the adaption and the usage of the google pay and Paytm mobile wallets in current generation and how UPI and USSD software have helped in mobile payment applications in India in payment transaction and how these wallets are helping the present generation
- . • Sheetal et.al. (2019) did their research on the payments that are being done through mobile wallets post Demonetization process and explained about the growth in usage of the mobile wallets and online transactions which uses UPI and USSD software after demonetization in Indian economy and also studies about the replacement of plastic cards with mobile wallets and e-wallets.
- Dadapeer and Kumar (2019) through their research on the transactions in banking has explained how banking sector innovating itself and changing its technology in the process of cashless transactions which includes digital wallets and M-banking and many more.
- Thomas (2019) through his research on microfinance that are being offered by Women Self Help Groups has explained about the growth in technology in finance aspect and how woman and woman self-help groups are using digital wallets through their mobile phones for their cashless money transaction

## VI. COMPANY OVERVIEW OF PAYTM

Paytm was founded by its founder Vijay Shekhar Sharma in Noida, a region adjacent to India's capital New Delhi, in August 2010 with an initial investment of \$2 million. It started as a prepaid phone and DTH recharge network and later added data card, mobile post-paid and landline bill payments in 2013. In January 2014, Paytm Wallet was launched by the business. It introduced online deals and bus tickets into e-commerce. In 2015, it launched more usage cases such as fees for college, metro charges, payments for power, gas, and water bills. It also began to control the Indian Railways payment gateway. Paytm launched ticketing for films, events and amusement parks as well as booking flight tickets and Paytm QR in 2016. The company launched two new wealth management services — Paytm Gold Savings Plan and Gold Gifting to simplify long-term savings. The company focused on gaming and investment, collaborated with AG Tech to launch a Game-pin mobile games platform and set up Paytm Money with an investment of 9 crore to offer investment and wealth management products to Indian In May 2019, the company launched two new wealth management product.

### Investments and acquisitions:

- Paytm acquired Plustxt for about \$2 million in 2013. Plustxt started with IIT graduates Pratyush Prasanna, Parag Arora, Lokesh Chauhan and Lohit V who allowed fast text messaging in any Indian language. Paytm invested \$5 million in Jugnoo's autorickshaw aggregator and hyperlocal Delivery Company in 2015.
- 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 start-up Near.in. In 2016, Paytm invested in both Logi Next and Xpress Bees logistics start-ups.
- In April 2017, Paytm invested in Qor QL, a healthcare start-up that uses artificial intelligence (AI) and broad data to help doctors boost their efficiency and quality of care and make it possible for patients to better manage their health.
- It acquired a majority stake in Insider.in online ticketing and event platform in July 2017, backed by Only Much Louder (OML) event Management Company and Mobi Quest mobile loyalty start-up. Paytm purchased little & Near-buy the same year and merged both. The company acquired the Cube26 start-up in June 2018.

### Achievements

1. 2014 “Paytm is gold winner at the MMA Smarties in the Mobile application category”
2. 2014 “Paytm is silver winner at the MMA Smarties in the ecommerce category”
3. 2014 “Paytm wins the best mobile money product at the 4th Indian Digital Award”
4. 2013 “Paytm wins knowledge Faber Best Mobile Wallet Program Award.”
5. 2013 “Paytm is Gold Winner at the MMA Smarties for ecommerce.”
6. 2012 “Paytm is recognized as the Most Innovative Start-up of the year at the Entrepreneur India event Organised by Franchise India.”



**VII. COMPANY PROFILE OF PHONEPE**

On 26 August 2014, Fx Mart was licensed to operate. In December 2015, PhonePe was incorporated. The company was acquired by Flipkart in April 2016 and was transferred the Fx Mart license to PhonePe as part of the Flipkart acquisition and rebranded as the PhonePe wallet. Sameer Nigam, founder of PhonePe, has been appointed as the company’s CEO. The business collaborated with Yes Bank in August 2016 to release a UPI-based mobile payment application based on the government-backed UPI platform.[3][16][17] More than 10 million users downloaded the application within three months of its launch. PhonePe was also the first Indian payment device to get a 50 million badge on Google's play store in 2018. BHIM overtook the PhonePe application to emerge in August 2017 as the market leader in UPI transactions

**Innovation**

- PhonePe launched a POS device in India in October 2017. The POS device enabled by Bluetooth looks like a calculator and works with AA batteries. The hardware uses Bluetooth connectivity and allows all mobile devices that can access the PhonePe application to pay.
- PhonePe was partnering with Freecharge in January 2018. This partnership empowered users of PhonePe to link their existing Free Charge Wallets with the PhonePei application. PhonePe also entered into similar partnerships with Jio Money and Airtel Money.
- PhonePe also collaborated with RedBus, Ola and Goibibo to release micro applications on their platform to develop and deploy user-friendly applications on their platform with a single login and payment experience

**VIII. DATA ANALYSIS AND INTERPRETATION**

Gender	%	Count	CF
Male	63.15	72	72
Female	36.85	42	114
Third Gender	-	-	-
Total	100	114	

From the above table, it evident that 72 are male, 42 are female and no third gender have responded.

Age	%	Count	CF
Below 25 years	72.81	83	83
25-35 years	17.54	20	103
35-45 years	2.63	3	106
45-55 years	3.51	4	110



55 years and above	3.51	4	114
Total	100	114	

From the above table, it can be seen that 83 are below 25 years, 20 are between 25-35 years, 3 are between 35-45 years, 4 are between 45-55 years and 4 are above 55 years of age have responded to the questionnaire sent

**Interpretation**

Majority of the respondents who use mobile wallets are basically millennial i.e. below the age of 25. They cover 72.8% of population in the survey conducted .

Respondents that use mobile wallets

	%	Count	CF
Yes	85.96	98	98
No	14.04	16	114
Total	100	114	

Majority of the respondents are aware of mobile wallets and find it preferably comfortable to use and adapt to the technological changes.

Mobile wallets	%	Count	CF
PhonePe	38.60	44	44
Paytm	14.91	17	61
Google Pay	32.46	37	98
Amazon Pay	1.75	2	100
Others	12.28	14	114
Total	100	114	

From the above table, it is evident that 38.60 % of respondents prefer PhonePe, 14.91% of respondents use Paytm, 32.46% of respondents use Google Pay, 1.75% of respondents use Amazon Pay and 12.28% of respondents use other mobile wallet



**Interpretation**

According to the survey done most preferred wallets are PhonePe and Google pay as they don't indulge in wallet top ups and directly get debited from the bank account and also offer better offers than other mobile wallets.

Respondents choosing PhonePe over

	%	Count	CF
PhonePe over Paytm	32.50	52	52
PhonePe over Google Pay	36.25	58	110
PhonePe over Amazon Pay	31.25	50	160
Total	100	160	

In the above table 160 multiple responses are received from 114 respondents where in 32.50% of total responses chose PhonePe over Paytm, 36.25% of total responses chose PhonePe over Google Pay and 31.25% of total responses chose PhonePe over Amazon Pay

**Interpretation:**

According to the survey conducted PhonePe is highly preferred by the respondents over all the mobile wallets mostly when compared with Google Pay

Respondents choosing Paytm over:

	%	Count	CF
Paytm over PhonePe	31.39	43	43
Paytm over Google Pay	25.55	35	78
Paytm over Amazon Pay	43.07	59	137
Total	100	137	

In the above table 137 are multiple responses that are received from 114 respondents where in 31.39% of total responses chose chose Paytm over PhonePe, 25.55% of total responses chose Paytm over Google Pay and 43.07% of total responses have chosen Paytm over Amazon Pay.

**IX. RESEARCH METHODOLOGY**

**Research Design**

This study focuses on comparison of adaption and usage of Paytm with PhonePe mobile wallets. Descriptive research design is adopted for this study.

**Sample Design**

Simple random sampling design.

**Sample Size**

The present study calls for primary data. The data is collected from 114 respondents of Lucknow city.



**Data Sources :** Primary data is collected from 114 respondents through a survey method using a questionnaire which has both open-ended and closed-ended questions.

#### **Tools of Data Collection**

The study calls for only previous data and previous data is collected through structured questionnaire.

### **X. LIMITATIONS OF THE STUDY**

- A clear and exact picture of the case study cannot be given because the sample size is limited to only 114.
- Accurate data cannot be fetched because the respondents may be biased.

### **XI. FINDINGS, SUGGESTIONS AND CONCLUSION**

- Millennia's is the major factor which is influencing in the usage of mobile wallets. Younger generation is the one who is more up to date with the changes that are happening in the smart phone world.
- There are few essential features in PhonePe as well as Google Pay which is attracting more number of users.
- PhonePe and Google Pay directly links with respective bank accounts which is a time saving process.
- Paytm charges more when compared with mobile wallets which in turn leads the users to use other mobile wallets that charge less for the money transfers.
- PhonePe is doing good in satisfying customers by providing effective customer support services.
- Google Pay and PhonePe are providing more secured transactions.
- The time required for transactions in Paytm is more when compared with PhonePe and Google Pay.
- Paytm is lacking in providing effective customer support.
- Majority of the respondents would like to suggest PhonePe to others as it provides ample amount of features and also provides more security for the transactions made.
- The study shows that major number of respondents who use mobile wallets are male.
- As the current youth is fonder of using smart phones the majority of the respondents are aged below 25 years of age.
- Majority of the respondents who participated in the study are students.

### **XII. SUGGESTIONS**

- The development of these wallets cannot be effective unless people become aware of technological improvements and know about government interventions. Mobile wallets, for example, have seen popular momentum, and a large number of Indians may be shifting add cash directly to mobile wallets. The reliability and speed of the cellular
- Network may play a prominent role for this reason. Even in most developed cities and cities such as Bangalore, Mumbai, Chennai, Delhi, etc. these electronic devices are difficult to make transactions because of the low quality of cellular networks.
- In order to raise awareness of the products that ultimately increase the number of Paytm customers, more marketing efforts should be carried out.
- People will only start using electronic payment methods if they feel their money and transactions are free of security problems. To make this possible, telecom companies need to improve security and help people move to electronic payment methods by convincing them that cashless is secure.
- The cash limits per transaction per day should be increased for the person.
- As there are many problems with the refund process as per the customer feedback, such issues should be considered as foremost priority and should be solved.
- Application bugs should be addressed and the payment system should be modified.

### **XIII. CONCLUSION**

The study undertaken to make a comparative study between Paytm and PhonePe. However, it is seen that Google pay is posing a major competition to both PhonePe and Paytm. Majority of the respondents are either opting for PhonePe or for Google Pay. Through the study it is that Paytm is dominated by PhonePe and Google Pay which are introduced into



the market after Paytm. Previously in Paytm the payments or transactions are not directly linked with the bank account which was a major drawback but now they are working on it. Paytm is lacking in the quality of the services and some of the features and services provided by PhonePe and Google pay. So, Paytm should recognize the need of the users and should start pacing up with Google Pay and PhonePe by increasing its quality of services and by introducing new features

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