XPLORE
PUBLICATIONS

XPLORE PUBLICATIONS

Chapter 17

COMPARITIVE ANALYSIS BETWEEN THE FINTECH COMPANIES OF INDIA

In: *TRANSFORMATIONS IN MANAGEMENT: UNLOCKING THE RECENT PERSPECTIVES AND DRIFTS*. edited by Dr.M.Mahadev , Dr.Lakshmi P . ISBN 978-81-963834-0-4.

COMPARITIVE ANALYSIS BETWEEN THE FINTECH COMPANIES OF INDIA

NEETHU K

IFIM College , Bangalore

Dr. LAKSHMI P

Assistant Professor, Department of Management IFIM College, Bangalore

Abstract

Any new technology that aspires to enhance and automate the usage of financial services is referred to as "fintech," or financial technology. Many fintech businesses use mobile innovations, vast amounts of informative data, and analytics to tailor goods for various consumer segments. Fintech has inserted technology at the heart of financial services, changing how these businesses communicate with their clients. The analysis were made on 4 companies those are Paytm, phonepe, Bharath pe and razor pay. As per the result the highest percentage increase from FY2019 to FY2020 is Bharath pe . the study is also made on the impact of fintech companies on an Indian economy. The term "Financial Technology" (abbreviated "Fintech") refers to the methodology and cutting-edge methods of providing financial services. These technologies are in direct competition with established systems for delivering financial services. Financial services are enhanced and automated with this technology. Financial services are made simpler for business users, consumers, and companies using specialised software and algorithms. It is a cutting-edge method that was developed for the creation of digital currency.Additionally, double-entry bookkeeping can be done with it. The term "fintech," which was first used to describe computer technology, is now frequently utilised in the back offices of banks and trading companies.Fintech is increasingly employed for a variety of financial tasks, including bank transfers, check deposits via smartphones, credit applications, and raising money for new businesses. Nowadays, more people are becoming aware of and using fintech.

Key words: Fintech, Indian economy, revenues, UPI payments, demonetization

Introduction

Fintech, the phrase, is an aggregate of "economic era". Fintech is not anything however abbreviation of "Financial Generation" that goals to complete with traditional strategies of finance. These Fintech businesses provide monetary services by integrating software program and cutting-edge generation and the offerings which consist of online money transfers, loans, mobile bills, depositing a check with your smartphones, handling your investments and plenty of other things without going to financial institution all the time. The importance of fintech can summarized in the following points. Its universal because it can be used by anyone from anywhere of the world. It's more secure because there are some fintech apps which are maintained by the government of India (e.g., Phonepe). It is creating an economic growth in India by considering itself as the 3rd largest fintech market in the world. It's a commanding business of the current trend. As per the prediction, by 2025 there would be an increase of 25% in the fintech sector. It is estimated that

$84 billion companies will be established. This is the major reason for connecting financial

institutions with the fintech companies. India has adopted 87% of fintech industry, which significantly leads to higher than 64% of global average rate. India is considered as the fastest emerging fintech markets in world-wide and it as also considered as the Asia's biggest destination for fintech related deals and gets ahead by China. Advanced technologies and a customer-centric approach are the two important things which helped the fintech industry for its profound growth in this era. According to the researchers like Arneris, Barberis & ross, there are some different stages of fintech those are Fintech 1.0, Fintech 2.0, Fintech 3.0. It is expected that Indian fintech market will reach around $150 billion in valuation by the year 2025. There are some different segments of fintech industry in India, those are: faster disbursal of loans, real time payments, investment advisory, transparent insurance advisory and distribution, peer to peer lending and other services that traditionally required by the human capital which are now expeditiously becoming a part of the digital native in the fintech world. Fintech industry in India can also focus on the different aspects like lending money for consumers as well as Ministry of Micro, Small and Medium Enterprises sectors and simultaneously, on financial services like insurance, global lending and personal finance that are included within this sector. The segments of the fintech industries are named in the following ways: PayTech, LendTech, Digital Banking, InsurTech, Wealth Tech, Finance FinTech and Regulation Tech.

Fintech companies make financial services more reachable to the large number of publics. The fintech services include traditional financial transactions like investing, saving, and loan processing. And it also encircles complete financial technologies related to blockchain and cryptocurrency. In India ICICI bank was the first bank to introduce internet banking with the certain limited services like transferring money and account details within the bank. the bank began to do some experiments and research with the online banking in the year 1980s and they acquire the technique of it by the year 1990s.

Objectives

1. To understand the impact of fintech companies on an Indian economy.
2. To compare and analyse the revenues of different companies from the FY2019 TO FY2021.

Literature review

Growth of UPI Payments in India

The primary grounds which were supporting the global assumptions of UPI can be recognized with viriatus operative of it with a very massive population. In extension, UPI has an accessible protocol simultaneously, which different technologies can also be fabricated, which empowers a very larger and higher advantageous network than its opponents for the financial payments. By promoting what blockchain was asserted to do—cutting out negotiators and convincing largest competition—UPI could expedite global modernization in payment technology. To computerize the financial sector and economy, the Government of India's plannings and techniques are also digital payments transactions, which are immovably increasing developing over the past few years.

These dynamisms have been working with the ideology of accomplishing the digital payments ecological community an indispensable aspect of the Digital India program. (Thomas, 2012). The ambition is to utilize towards digitizing the financial sector and economy with ensuring the allowances of efficiency, originality, and quality. Navigating on the back of these attempts, digital payment transactions have been developed diversly in India, from Rs 2,071 crore in Financial Year 2017-18 to Rs 5,554 crore in Financial Year 2020-21. In the present financial year FY 2021-22, the total number of 8,193 crore UPI payment transactions were disclosed till 20th March 2022.Further, Bharat Interface for Money-Unified Payments Interface (BHIM-UPI) has materialized as the adopted mode of payment by the publics as the payment alliance platform has observed a report of promoting 452.75 crore digital payment transactions with the usual rate of Rs

8.27 lakh crore till the month of 28th February 2022.

This is part of an emerging trend of analytical technologies developing apart from the normal introduction corridors. India has departed from having few start-ups of value to present dozens of billion-dollar estimation unicorns. (Kremers ,2021). The other feature of this exploration is the 'Aadhar digital-identity' program, which has extended to economic incorporation for hundreds of millions of its federations, and the monetary platform that UPI fabricated. The reason behind the UPI creation is for unbiased marketplace and commerce podium that is usable and low-cost. In addition to establish healthy competition, the Reserve Bank of India (RBI) has very judiciously placed explicit restraints on market share in UPI payments. The best implication of UPI helpfulness is its epidemic rise. In the previous 6 years alone, UPI transactions have escalated, now improving to $100 billion per month. For up to 150 million monthly users, these transactions appear broadly through mobile wallets and payments applications. (Mohan,2020).

The RBI hopes that UPI payments to contain 8% of India's total GDP in the year 2025. In addition, banks and NPCI together are in dispose of advancing the attain of UPI to grant customers to link their credit cards to the UPI transactions. Mainly, UPI is already used for provisions from abroad, undercutting traditional subsistence payment barriers that charge between 3% and 5% from total transaction. Currently, UPI transactions are free but to continue the model it will ultimately cost only a very small portion of what consumers and merchants pay to measure money on private payment systems such as Mastercard and Visa. The UPI payment barrier could advance India's GDP by a substantial amount. (Ghosh, P., Vallee, B., & Zeng, Y,2021) On the security fore, UPI has been anticipated to require strong and capable two-factor verification, making it more impenetrable to graft than the older systems in advanced or developed countries.

Paytm:

India's top financial services provider is Paytm. It provides customers, physical businesses, and internet platforms with full-stack financial solutions. The company's goal is to use payments, commerce, banking, investments, and financial services to integrate half a billion Indians into the global economy. Vijay Shekhar Sharma launched One97 Communications Limited, which has the trademark Paytm and has its headquarters in Noida, Uttar Pradesh. Softbank, Ant Financial, AGH Holdings, Elevation Capital, Berkshire Hathaway, T Rowe Price, and Discovery Capital are a few of the company's investors. The country's largest digital bank, Paytm Payments Bank, is owned by

Vijay Shekhar Sharma, founder, and CEO of Paytm, and One97 Communications Limited. It has over 58 million account holders. In order to fulfil its goal of incorporating under- and un-served Indians into the formal banking system, it has invented creative technology innovations that have made banking convenient for people all over the nation.

One of the leading financiers of new Systematic Investing Plans (SIPs) to the Mutual Funds market, its fully owned subsidiary ”Paytm Money” holds the distinction of becoming India's largest investment platform within its first year of operation. In addition to expanding the financial services and wealth management prospects offered to customers, it has already proposed a method to launch Stock Broking, Demat Services, and National Pension System (NPS) services. A brokerage licence has been obtained by Paytm Insurance, as a wholly owned subsidiary of One97 Communications Ltd (OCL). It provides insurance products in four categories, including two-wheeler, four-wheeler, health, and life, to millions of Indian consumers. The company wishes to make insurance simpler and give customers a simple, instinctive online experience. The vision of Paytm is “A company is worth the company it keeps.” Corporate social responsibility of the company is, they would like to cover the entire nation, empowering small businesses along the way. And they promise to run their business in an ethical, moral, and sustainable way. They want to use their power to help the impoverished and catastrophe victims by generating money and other resources. They want to make every effort to mitigate any harm done to the environment. And want to empower those who deserve it by imparting our technical know-how to them. Equal opportunity is something we really believe in promoting for both own employees and everyone else they encounter while working.

Phonepe:

Phonepe was incorporated in December 2015, PhonePe. Flipkart bought the company in April 2016. the FxMart licence was given to PhonePe as part of the Flipkart acquisition, and it was renamed as the PhonePe wallet. The CEO of the company was chosen to be Sameer Nigam, the founder of PhonePe. The business teamed up with Yes Bank in August 2016 to introduce a mobile payment app based on the UPI technology, which is supported by the government. Over 1 crore users downloaded the app within three months of its release. In 2018, PhonePe became the quickest Indian payment app to receive the Google Play Store's 5 crore badge. In August 2017, the PhonePe app passed BHIM to become the industry leader in UPI transactions. As their official payment partner for the 2021–22 Indian Super League season, PhonePe collaborated with Kerala Blasters FC in September.

In March 2021, PhonePe became the first online payment system to surpass 100 crore monthly UPI transactions. In terms of transactions completed through the Bharat Bill Payment System, it also became the leader. Since the introduction of the AutoPay functionality feature, PhonePe has registered over 10 lakh UPI-enabled AutoPay mandates, according to its report. On its platform, it has also processed more over 200 crore transactions in a single month in October. PhonePe declared in May 2022 that it has paid $50 million for the India-based Wealth Management Fund Wealth Desk and $25 million for the Smart Beta Wealth Management Platform OpenQ with the total transactions total $75 million.

Together, the largest transaction platform in India, PhonePe, and the most reliable donating platform, GiveIndia, have launched donations on PhonePe. Through this agreement, PhonePe customers now have a smooth, secure, and transparent option to donate to organisations that are important to them. The ”Donate” category, run by GiveIndia, will highlight a lot of charitable organisations that focus on various social problems. These organisations include, to name a few, Nanhi Kali, the Akshaya Patra Foundation, Pratham, CRY, Goonj, and Helpage India. GiveIndia conducted a thorough investigation of each NGO featured on PhonePe to make sure all donations reached their intended recipients and had a significant positive impact on the lives of the underserved. Periodic updates on the beneficiaries' development are also provided by GiveIndia to the donors.

Bharathpe:

Ashneer Grover and Shashvat Nakrani are the co-founders of BharatPe in the year 2018 with the goal of bringing financial inclusion to Indian business owners. The first ZERO MDR payment acceptance service, the first UPI payment backed merchant cash advance service, and the first UPI payment interoperable QR code were all introduced by BharatPe. The only ZERO MDR card acceptance terminals in India were introduced by BharatPe in 2020 under the name Bharat Swipe. The company, which currently provides services to over 60 lakh merchants in 100 locations, is a market leader in UPI offline transactions, handling more than 8 crore UPI transactions each month. Since its start, the company has already helped its merchants receive over Rs 1,200 crores in payments. Over 900 crores of rupees are made by BharatPe's POS business each month. Up to this point, BharatPe has raised close to US$ 270 million in equity and debt.

Since the majority of companies at the time operated in a closed ecosystem, retailers had to install numerous QR codes in order to accept payments from different payment gateways. However, BharatPe benefitted from interoperability, a crucial aspect of UPI. The fact that merchants only needed a single QR code and didn't have to pay transaction fees in order to accept payments from all government-backed payment gateways was advantageous to them. How BharatPe makes money considering that it charges vendors and business owners so little presents a significant hurdle for the company's business model. The other BharatPe model contains the solution. Ashneer, the MD, found that although small business owners are prepared to pay interest on loans taken out for business expansion, they are averse to pay costs related with digital payments. BharatPe launched a service to lend money to shop and business owners to earn profits by doing market research. With its revolutionary business strategy, BharatPe decided to address this gap by lending money to local retailers or merchants in order to make money. The company's value tripled in just six months because of this phenomenal period of expansion. According to a report released on August 4, 2021, BharatPe is now a unicorn and the 19th unicorn firm in 2021. It is also one of India's top five most valuable Fintech start-ups.

Razorpay:

Shashank Kumar and Harshil Mathur established Razorpay in 2015. For Indian companies, Razorpay is developing a cutting-edge digital banking platform (neo bank). The goal is to make banking and payments easy for companies of all sizes and types.

Initially focused on B2B payments, and today handling payments and totalling billions of dollars for tens of thousands of

companies in India. In the previous five years, they have been the first to launch the majority of significant advances as the top payments provider in the nation. With the introduction of RazorpayX, they hope to establish themselves as a top supplier of banking and payout services to companies, offering a wide range of solutions for current accounts, payroll, vendor payouts, and other needs. The company has given thousands of businesses loans totalling millions of dollars over the last year. The organisation has a proven track record of meeting the needs of clients, ranging from sole proprietors and small businesses to huge corporations. Sequoia Capital, Tiger Global, GIC, Ribbit Capital, Matrix Partners, and numerous illustrious angel investors have helped the company raise more than $200 million USD too far. The corporate social responsibility is to provide opportunities for Children from economically disadvantaged households to learn these life skills. Children begin participating in the programme at age 6 and continue until they are 18 years old.

Research methodology

Secondary data was collected from various websites. Data regarding revenue from FY 2019 to FY 202I was collected and percentage change was calculated using excel.

Table no:1 Revenues of different fintech companies from FY2019 to FY2021

Name of the company	Paytm		Phonepe		Bharathpe		Razor pay	
revenue of FY19(in Rs Cr)	3579.7		184.0		6.0		193.0	
revenue of FY20(in Rs Cr)	3628.9	1.4	372.0	102.2	110.0	1733.3	508.9	163.6
revenue of FY21(in Rs Cr)	3186.8	-12.2	690.0	85.5	120.0	9.1	841.2	65.3

> From the above table it is evident that Bharathpe shows highest percentage increase from FY2019 to FY2020(1733.333) followed by Razor pay (163.6378). Impact of Fintech on Indian Economy:

Fintech start-ups have enormous development potential in emerging countries like India. Demonetization has changed the digital revolution into a reality that encourages people to go cashless, and as a result, Fintech has dramatically increased in India's financial sectors. (Ghosh, P., Vallee, B., & Zeng, Y. 2021) . The entire sector of financial services, financial products, and financial procedures has altered and advanced significantly over the past few decades thanks to the development of this technology. The practises and procedures used by financial institutions have undergone a significant shift. The traditional operations of banking, investing, trading, and other financial services have changed because of collaboration between technology and financial services. People in India are primarily motivated by money.

A step toward establishing a cashless society has been made possible by the creative concepts of Fintech. Fintech has a significant impact on how people manage their money and has altered how they conduct daily transactions. (Mention, A. L, 2019) . It has developed into one of the most prosperous industries during the last five years. It has a sizable fund base in addition to investments from major Indian market players like Google and WhatsApp. Indigenous businesses have a big impact on the growth of sectors like Paytm, Phonepe, Mobikwik, and Free charge. The National Association of Software and Services Companies (NASSCOM) said in 2017 that 400 fintech companies have begun operations in India. Large-scale international funding gave Indian fintech companies a boost. (Kulik, L., & Korovkin, V, 2021)

Discussion

The term "fintech," which was first used to describe computer technology, is now frequently utilised in the back offices of banks and trading companies.Fintech is increasingly employed for a variety of financial tasks, including bank transfers, check deposits via smartphones, credit applications, and raising money for new businesses. Nowadays, more people are becoming aware of and using fintech. The study was made on impact of fintech on Indian economy and growth of fintech in india. As per the analysis table it is evident that Bharathpe shows highest percentage increase from FY2019 to FY2020(1733.333) followed by Razor pay (163.6378).

Conclusion

The fintech companies have changed the mode of payment from cash payments, cheque payments to the online payments which is really helpful for the people and even for the growth of the country. These companies are also the main sector which has contributed to Indian economy. The demonetization has helped these companies for their growth and achievement. The companies like Paytm, Phonepe and Razor pay are contributing for the welfare of society through their corporate social responsibility activities. There are some companies which got huge profit in the FY2019 and FY2020 because of the covid pandemic and even there are companies who went to loss because of their competitors' unique strategies.

References

1. *Thomas, P. N. (2012). Digital India: understanding information, communication, and social change. SAGE Publications India.*
2. *Kremers, R. S. (2021). The Everyday Politics of Fintech.*
3. *Mohan, D. (2020). The financial services guide to Fintech: Driving banking innovation through effective partnerships. Kogan Page Publishers.*
4. *Gupta, R., Kapoor, C., & Yadav, J. (2020, June). Acceptance towards digital payments and improvements in the cashless payment ecosystem. In 2020 International Conference for Emerging Technology (INCET) (pp. 1-9). IEEE.*

5. *Ghosh, P., Vallee, B., & Zeng, Y. (2021, August). FinTech lending and cashless payments. In Proceedings of Paris December 2021 Finance Meeting EUROFIDAI-ESSEC.*
6. *Mention, A. L. (2019). The future of fintech. Research-Technology Management, 62(4), 59-63.*
7. *Kulik, L., & Korovkin, V. (2021). India Goes Digital. From local phenomenon to global influencer. Available at SSRN 3829789.*