



Boom to Barred: A Harsh Pitfall in the Paytm Fintech Company

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ABSTRACT

In the past decade, especially after the 2016 shock demonetization announcement, 'Paytm karo' became catch phrase that underline massive boom in digital payments in India. Riding that wave of 'digital India', Paytm, which started off as a prepaid mobile & DTH recharge platform, went on to become a market leader in the country's QR & mobile Payments networks. Riding that wave of 'digital India', paytm which started off as a prepaid mobile & DTH recharge platform, went on to become a market leader in the country's QR & mobile payment network. This paper is taken into consideration only one objective that 'to know Paytm boom & barred phase as a digital payment platform. The study is based on secondary data, which is collected through various books, business magazines, journals, newspapers, research studies, websites etc. which is presented about boom to bust cycle from origin.

Introduction

Indian company who transform the world of digital transactions to revolutionize the entire financial services industry & enter into a new field of e-commerce known as Paytm (pay through mobile). Vijay shekhar Sharma founder & CEO of this app in 2010 established its headquarters in Noida & later on enter into a global market. This app helps a lot to entrepreneurs & Indian app developers. Expanding its services from digital world to NPS, paytm first games, paytm insurance, & a mini app store. In 2017, owner stands out of the crowd & listed himself 62nd richest person in India by Forbes magazine in 2020. From creating an Indian website known as indiasite.net at the time of college level in 1997 & then he persist to established a company one 97 communications in 2000 & this entrepreneurial passion served as an introduction of Paytm with an initial investment of \$2million. From a distributor of mobile entertainment to a lead in digital payments in India. Paytm vision is to become India's leading payment app & his motive or mission is to bring half-a- billion Indians to the main stream economy. Paytm is a venture

under the umbrella of its parent company one 97communications. Boom period is divided into two stages: Growth stage & Maturity stage.

1.1 Growth Stage of Paytm Brand- Some of the prominent company's growth highlights are:

- Paytm monthly active users surpasses 10crore as per the news report of jan.23,2024.
- As of jan.2024, Paytm boasts over 300 million wallets & 30 million bank accounts, reflecting widespread adoption.
- Paytm revealed that merchant's gross merchandise value (GMV) increased by an astounding 39% year over year to rs.1.47 lakh crore as per news report of august 2023.
- Merchant memberships experienced significant development, coming to 82 lakh, with an expansion of 41 lakh modern memberships over the past year as per news report of eminent 2023.
- The number of month to month clients on the stage expanded essentially by 19% to an bewildering 9.3 crore as per news report of admirable 2023.
- Merchant subscriptions experienced substantial growth, reaching 82 lakh, with an addition of 41 lakh new subscriptions over the past year as per news report of august 2023.
- The number of monthly users on the platform increased significantly by 19% to an astounding 9.3 crore as per news report of august 2023.
- The user base of Paytm exceeded 58 million account holders as of march 2022, highlighting its continuous growth & popularity in the digital payments landscape.
- Paytm became India's 1st payment app to cross 10 crore app downloads in 2017, which was major milestone.

1.1.I: Investors of Paytm

S.No.	INVESTORS NAME	HOLDING %
1	Vijay Shekhar Sharma	14.97 %
2	Alibaba	7.32%
3	Elevation Capital	17.65%
4	Soft Bank Vision Fund	18.73 %
5	Ant Group	30.33 %
6	Others	11.00 %

1.1.II: ACQUISITIONS by Paytm:

- In 2013, Paytm acquired Plustxt for under \$2 million, the platform allowed fast text messaging in Indian languages.
- In 2016, it acquired delhi-based consumer behavior prediction platform shifu & local services start up near.in.
- In July 2017, it acquired a majority stake in online ticketing & events platform insider.in, from event management company only much louder(OML).
- In 2017, it acquired restaurant deals platform little & hyperlocal e-commerce co. nearbuy.com in 2017, & merged the two companies.
- Paytm acquired the start up cube 26 in Jan. 2018.
- In May 2018- Movie ticket booking platform ticket new from alibaba group for around \$40 million.
- In 2019- Hotel booking platform Nightstay.
- In Oct. 2021, Paytm acquired digital lending company credit mate.
- Paytm invested \$5 million in auto rickshaw aggregator & hyperlocal delivery firm jugnoo in 2015.
- In 2016, invested in logistics startups loginext & xpressbees.
- In April 2017, paytm invested in healthcare AI startup Q or QL.
- It also invested in mobile loyalty programs & analytics start up mobiquest.

1.2 MATURITY STAGE

Investment done by international investors

S.No.	YEAR	INVESTOR NAME	AMOUNT
1	2011	SAP	\$10 million
2	2015	Alibaba	40% stock
3	2016	Taiwan	\$5 billion
4	2017	Soft Bank	\$10 billion
5	2018	Hathaway	\$356 million

LAUNCHED PRODUCTS & SERVICES

S.No.	YEAR	PRODUCTS & SERVICES
1	2014	paytm wallet
2	2016	Movies events & amusement parks ticket, flight booking & paytm QR, rail tickets & Gift cards



3	2017	Paytm gold, paytm payments bank
4	2018	Paytm business app, paytm gold savings plan, gold gifting for long term savings. paytm money started
5	2019	Loyalty program Ist credit card

- In 2015, paytm added education fees, metro recharges, electricity gas & water bill.
- In 2015, users base grew by 9.22 crores & travel business crossed \$ 500million.
- In 2017, 10 crore app download by users .
- In 2018 paytm allow merchants to accept payments & doing banking transactions at 0% charge.
- In 2018, merchants base grew more than 70 lakh.
- Joint venture for games with AG Tech holdings to launch gamepind , a mobile gaming platform.
- In 2019, paytm raised \$1 billion in a funding round.
- In 2020, Tata starbucks partnered during the pandemic covid-19 for customers to order food online.

Objectives of Study

1. To Study the Introduction Phase Of Paytm.
2. To Study the Maturity Phase Of Paytm.
3. To Study the Barred Phase Of Paytm.

2. Barred Phase of Paytm

- 2016 Nov. California based PayPal filed a case against paytm for using a logo with a similar color combination.
- 2018 may violating users privacy & policies.
- On 18 september 2020 sept., due to violations play store 's gambling policy firm's official app was unlisted from google play
- 2022- RBI barred paytm payments from signing up new customers because after an inspection governing body came to know that company leaking customer data to china based entities.
- RBI stop the bulk activities from 29 feb 2024 afterwards extend till 15 march because company did not conduct proper back ground checks on the source of funds before on boarding clients.

Conclusion

The bigger issue with paytm is that company has not been on the good books of the regulator & going forward ,their lending partners also could possibly re-look at the relationship in our view. In oct. 2023,paytm was fined rupees. 5.39 crore, but they were very least concern about the reasons behind the penalty. The company non-sincere attitude noticed by RBI & warn company so many times but no action taken by paytm. Cut to 2024,& the company faces one of its most worrying crises. RBI dealt a severe blow to paytm, barring its paytm payments bank from offering its core services such as wallets & fund transfers. Thus, after RBI announcement to barred services of paytm company face many big downfalls like users base are moving out & gradually the reach comes down which effect the hit on their key strength of paytm; secondly, non – banking lenders who do not operate as a bank but give out loans all these guys use paytm as a platform to reach out to customers after the RBI news finance lenders also started looking at other payment providers because of the regulatory issues that are surrounding paytm now in this way reach of distribution is one of the biggest strength for paytm is slowly crumbling down & company has taken years to build this kind of reach. When the reach goes down the revenue also goes down for paytm & the competitors are taking it out so it is difficult for customers to come back once again on paytm, install a wallet & then continue banking with paytm once you loose the trust especially with banks. This is like a speed braker for company in my opinion I believe we have to learn from what we have seen in the US when Mark Zuckerberg was questioned about data privacy used in wrong ways owner just accepted & came back so; complaints has to be there but different people have different opinions.

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