

# India Digital Payments Report

Q1 2022





It brings me great pleasure to share that the payment solutions offered by Worldline India have been growing across all categories. While in-store solutions are powering our partner banks to enable cashless transactions via acceptance modes like POS, SoftPOS, QR solutions, our online payment suite is catering to various sections such as e-commerce, insurance, hospitality, travel and tourism.

Since the beginning of the year 2022, Worldline India has added new variants of Android and LINUX based POS terminals in its portfolio while our SMB business has witnessed growth of about 50 % y-o-y. We have also been working closely with government institutions to digitize small ticket size transactions across municipal corporations and police departments.

As the payments industry progresses towards creating user-friendly digital payment products at scale, innovations around Tokenization, UPI and Bharat QR, Tap on Phone, embedded payments, digital currency is imperative and Worldline, being a global leader in the payment services is at the forefront of this digital revolution.

At an organization level, Ramesh Narasimhan has taken the reins of the organization as India CEO and I believe Worldline will continue to perform well under Ramesh's leadership.

On this note, I hope you enjoy our flagship publication 'India Digital Payments Report' where we have analyzed digital payment transactions in Q1 2022 (Jan – March) as well as give our perspective on how ONDC will fuel India's Retail Revolution.

**Deepak Chandnani**  
**Executive Chairman, Worldline India, South Asia & Middle East**

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# Open Network for Digital Commerce: Fueling India's Retail Revolution

It is said that India is a nation of shopkeepers and a walk-through on any main road from a major city to a tier 3 or 4 town will confirm that. Unfortunately, in the past 2 years, they have collectively suffered the most with a significant number of stores closing permanently. However, during the same time there has been a significant uptick in the online space as a mixture of convenience and shifting consumer habits confluence. This means that the onslaught against physical stores will continue and for physical stores to thrive and survive, they will have to have some online presence.

According to the India Brand Equity Foundation, the e-commerce market in India which was \$46.2 billion is forecast to grow to \$188 billion in 2025 and \$350 billion in 2030. As far as retail is concerned, the e-retail market stood at \$25.7 billion in 2020 and is expected to reach \$120-140 billion in FY26. Comparatively the Indian retail market stands at \$810 billion and is projected to rise to \$1.4 trillion in 2026 and \$1.8 trillion in 2030. Looking at this, it is clear that the e-retail component is still a small percentage of the overall retail market. One of the main reasons for this gap is that a significant percentage of small physical retailers are unable to sell their goods online – this is for a variety of reasons including the inability to get on to a online platform to sell their goods.

This is where the Open Network for Digital Commerce (ONDC) comes in. ONDC is a government backed platform and was set up in early 2022. The need for the creation of ONDC, according to the strategy document released in January 2022 is, “For the overall growth of the digital commerce sector with broad-based participation from buyers and sellers, there is a need to alter the current market structure. At such a juncture, if we want to reimagine the mechanism to bring the participants together with special emphasis on trust, we simply can't turn it into a store of value. It may be very natural to think of a 'platform of platforms' concept, but that too can't eliminate the problem of storage, universality, or trust.”

The platform suggests a “shift from an operator-driven monolithic platform-centric model, to a facilitator-driven, interoperable decentralized network” which will allow, among others, “Encouragement for widespread participation; especially that of small and medium enterprises including hyperlocal merchants (Kirana) from all across the country.”

While the platform will be built for scale and has multiple principles such as decentralized, open, interoperable, evolving, among others, the heart of the platform is getting millions of hitherto 'unconnected' merchants to start selling their goods online. The ONDC aims to onboard and 30 million sellers and 10 million merchants and cover 100 cities and towns by August 2022. This target is a stiff one and if achieved will be nothing short of a significant milestone in India's e-retail journey.

There is already considerable interest from many large companies to be part of the ONDC platform on either the buyers side or the sellers side. However, for this to take off in a large scale – much like how UPI has taken off – it is not only necessary to widen the net of sellers and merchants but to entice more buyers to follow the e-retail route.

**Sunil Rongala**  
**Senior Vice President – Strategy, Innovation & Analytics**

<https://www.ibef.org/industry/ecommerce>

<https://www.bain.com/insights/how-india-shops-online-2021/>

<https://www.ibef.org/industry/retail-india>

## Q1 2022 in Review

We have analyzed transactions available in public databases as well as transactions processed by us in the first quarter (January - March) and derived some unique insights.

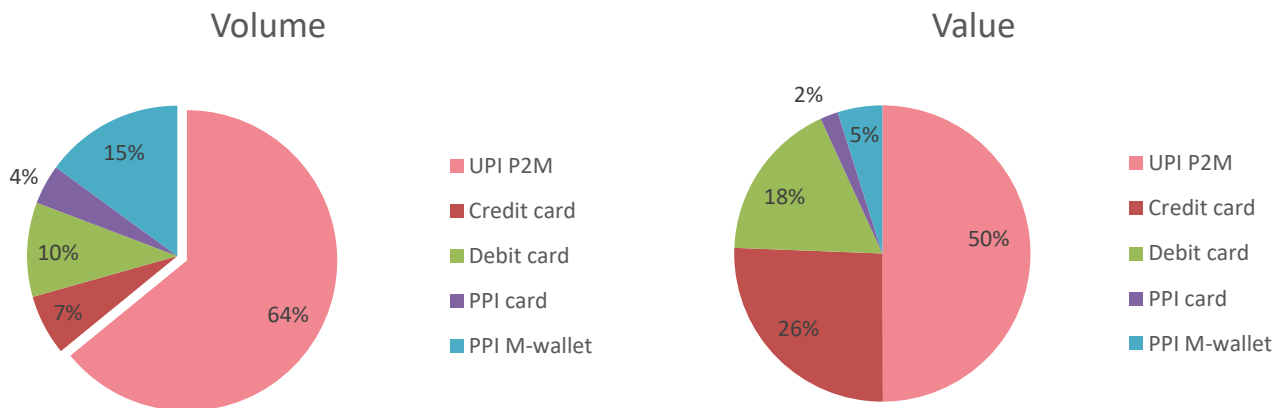


## How India Pays?

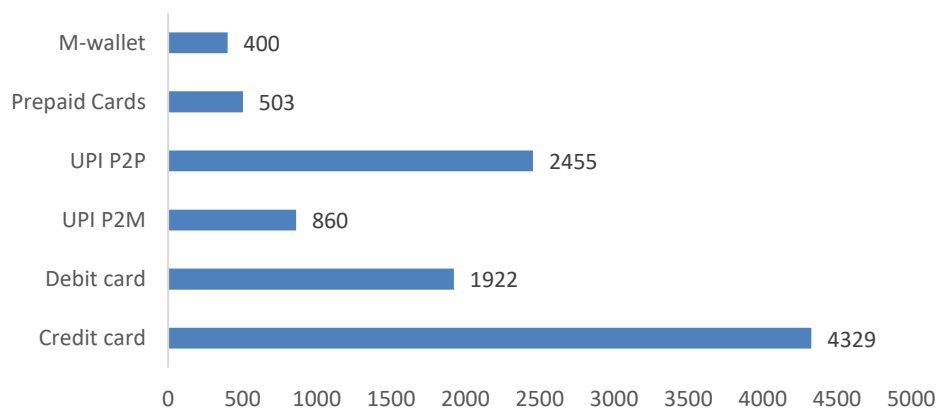
In Q1 2022, 9.36 billion transactions amounting to INR 10.25 trillion were processed through payment modes like Debit and Credit cards, Prepaid Payment Instruments like mobile wallets and prepaid cards, and UPI P2M (Person to Merchant).

**UPI P2M transactions emerged as the most preferred payment mode among consumers with a market share of 64% in volume and 50% in terms of value.**

This is not altogether surprising given the growth of UPI. However, 2 points of note. Credit cards accounted 7% of transactions but 26% of value indicating that customers still prefer to use their credit cards for high value transactions. Debit cards account for 10% of transactions but 18% in value – the volume and value has shrunk from previous years and is likely because of the rise of UPI.



Average Ticket Size (INR)



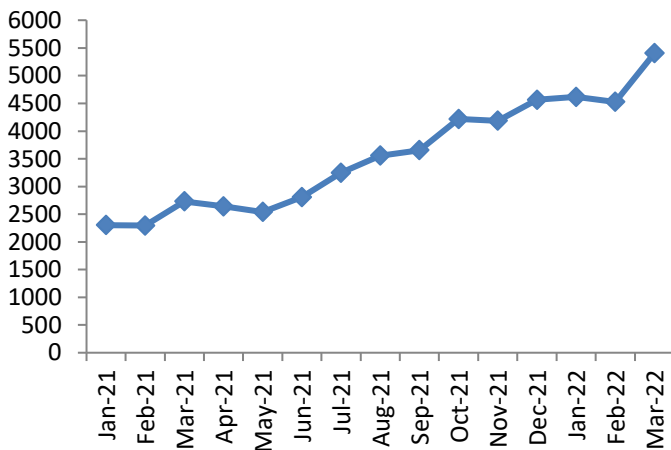
## Unified Payments Interface

In Q1 2022, UPI clocked over 14.55 billion transactions in volume and INR 26.19 trillion in terms of value.

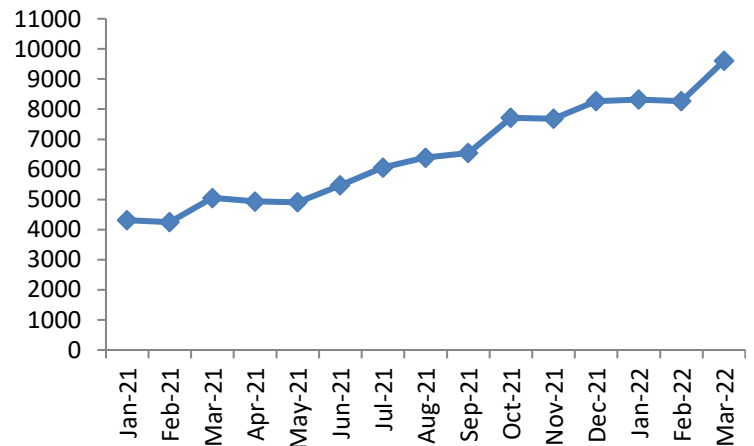
**Its transactions volume and value has almost doubled since last year recording about 99% increase in volume and over 90% increase in value compared to Q1 2021.**

In Q1 2022, the top remitter banks were State Bank of India, HDFC Bank, Bank of Baroda, Union Bank and Paytm Payments Bank while the top Beneficiary Banks were Paytm Payments Bank, State Bank of India, YES Bank, Axis Bank and ICICI Bank.

**UPI Volume (million)**



**UPI Value (INR billion)**



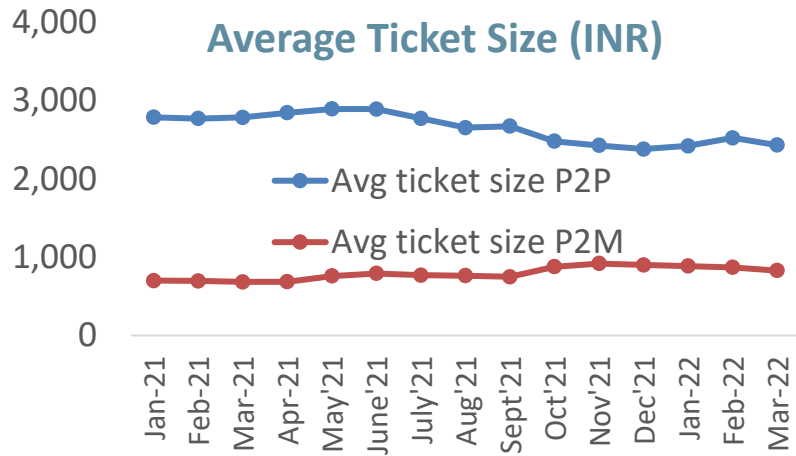
**As of Q1 2022, the top UPI Apps in terms of volume were PhonePe, Google Pay, Paytm Payments Bank App, Amazon Pay, Axis banks App while top PSP UPI Players were YES Bank, Axis Bank, State Bank of India, HDFC Bank and Paytm Payments Bank.**

Among the top UPI Apps, Phone Pe, Google Pay and Paytm accounted for 94.8% of UPI transactions volume and 93% of UPI transactions value as of March 2022. .

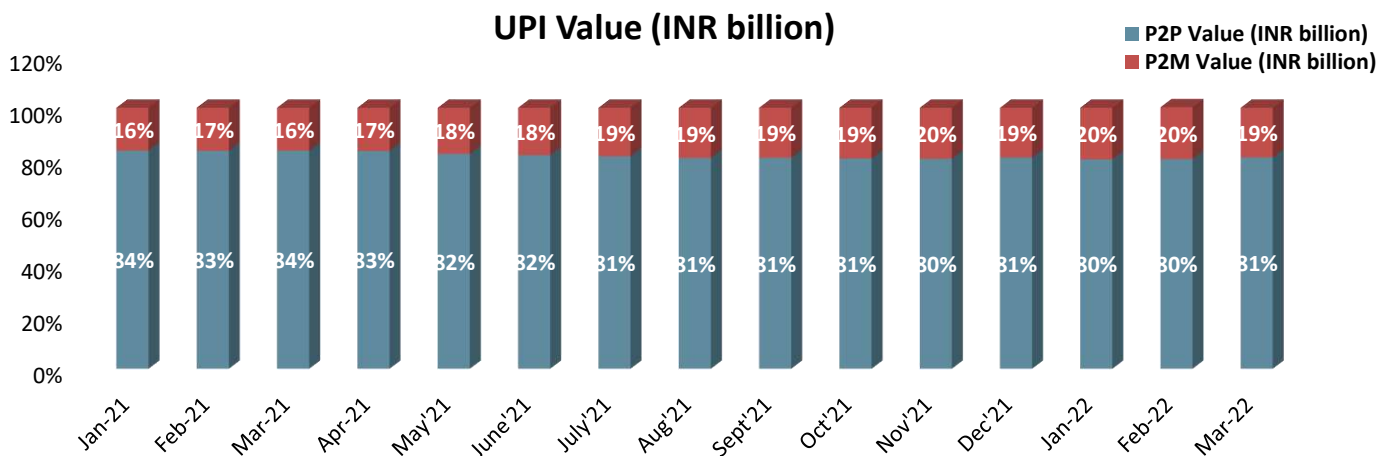
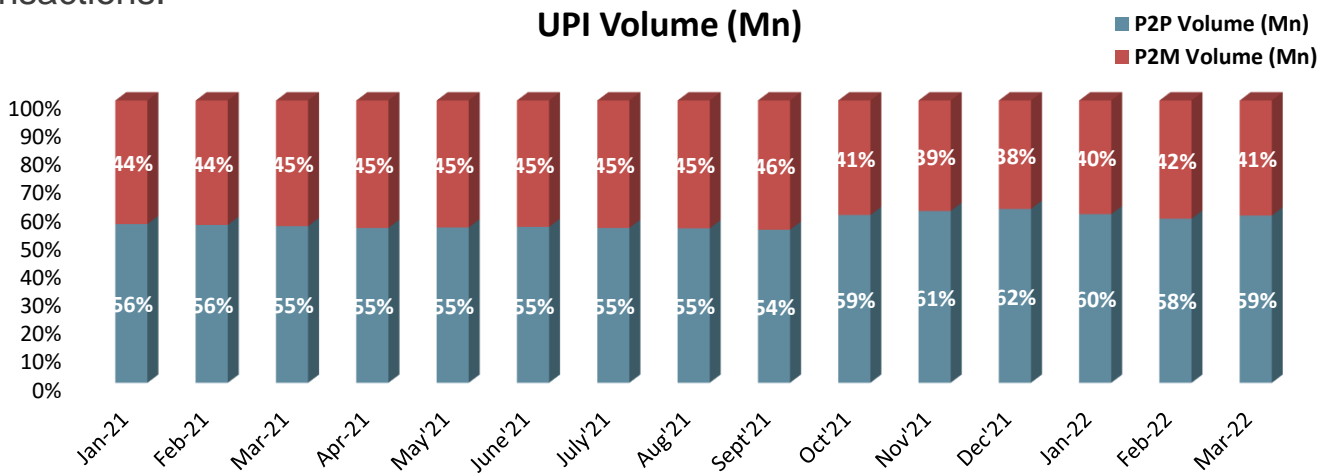
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## Unified Payments Interface

The Average Ticket Size (ATS) for UPI P2P transactions was INR 2455 and INR 860 for P2M transactions as of March 2022.



With merchant adoption for UPI growing swiftly, the ATS of UPI P2M is witnessing a steady upward growth while ATS for P2P transactions is inching down but that is an effect of the volume of transactions as well as a move to P2M transactions. P2M transactions recorded a 24% increase in Q1 2022 as compared to Q1 2021. In Q1 2022, out of total UPI volumes, 56% transactions were P2P while 44% were P2M; in terms of value, P2M transactions generally contributed to about 19% of UPI transactions.



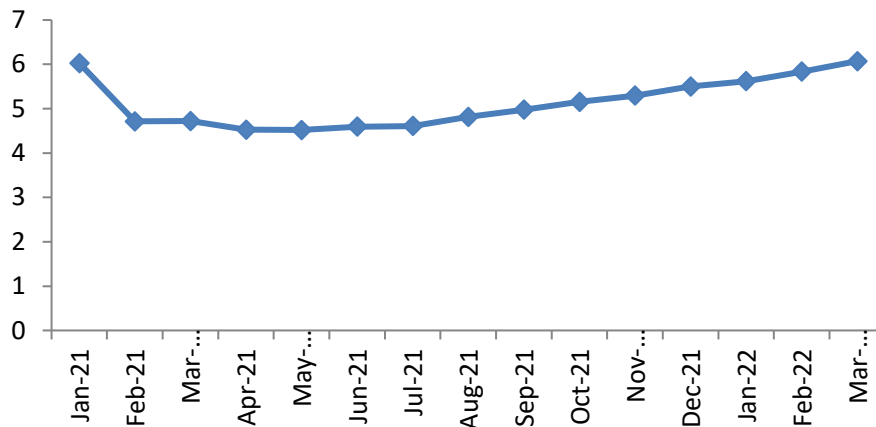


## Merchant Acquiring

As of March 2022, the total number of POS terminal deployed by merchant acquiring banks were 6.07 million with over half a million POS terminals deployed during Q1 2022.

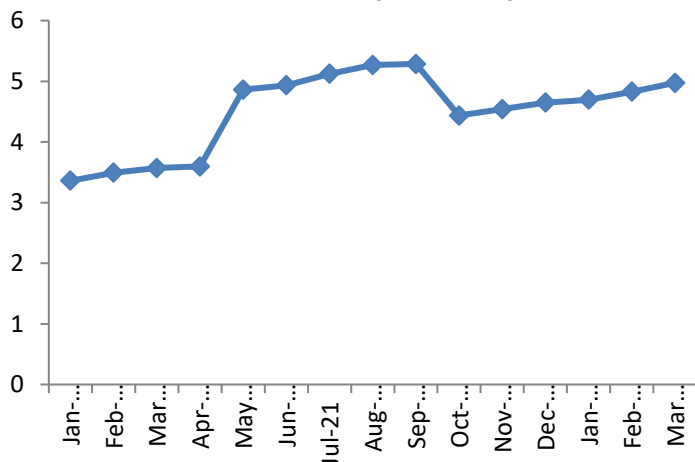
POS deployment witnessed over 28% growth in Q1 2022 compared to a year before.

**POS Terminals (million)**

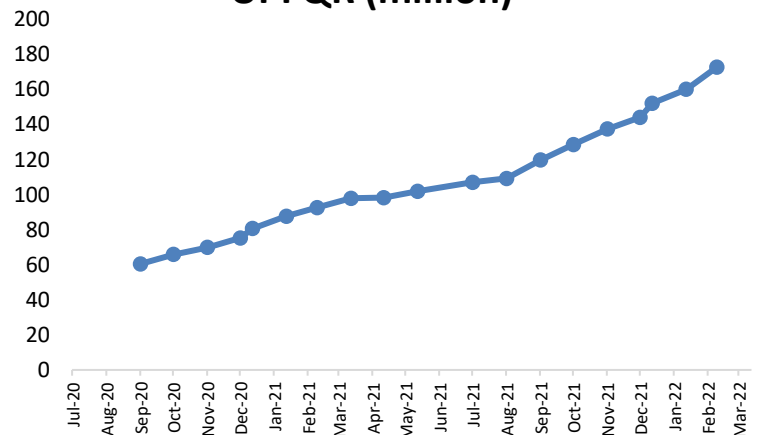


As of March 2022, the total number of Bharat QRs were 4.97 million, a 39% rise as compared to March 2021 while UPI QRs stood at 172.73 million, registering an increase of 87% as compared to March 2021.

**Bharat QR (million)**

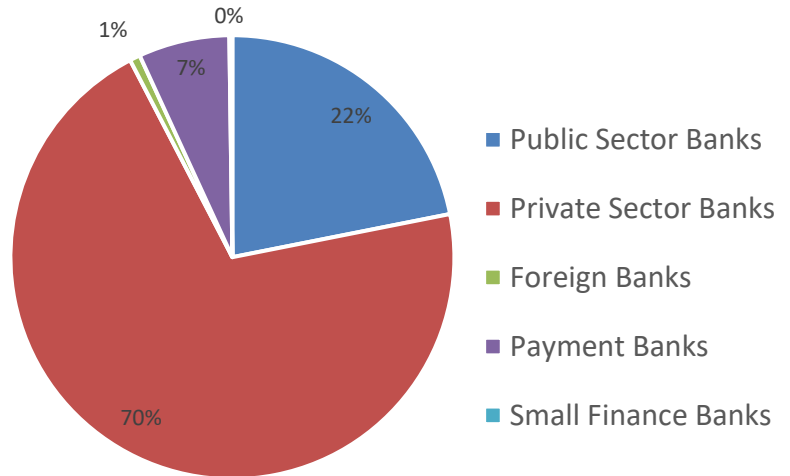


**UPI QR (million)**



## Merchant Acquiring

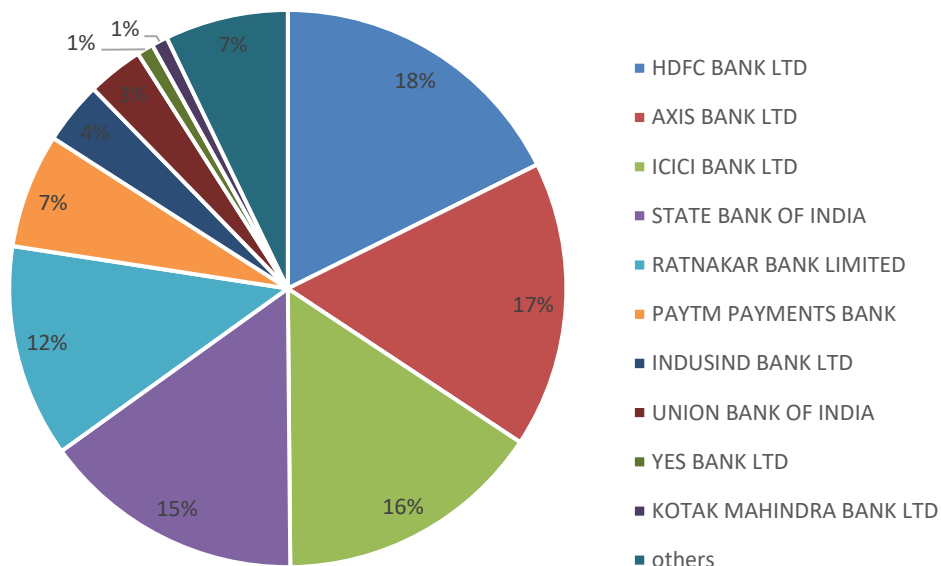
Overall, Private sector banks represented about 70% of the POS terminal market while Public sector banks accounted for 22%. Payments banks accounted for 7% market share, and foreign banks continue to represent a 1% share.



### Top POS deployers:

HDFC Bank, Axis Bank, ICICI Bank, State Bank of India, RBL Bank, Paytm Payments Bank, IndusInd Bank, Union Bank of India are the top acquiring banks with significant market share in terms of POS deployment.

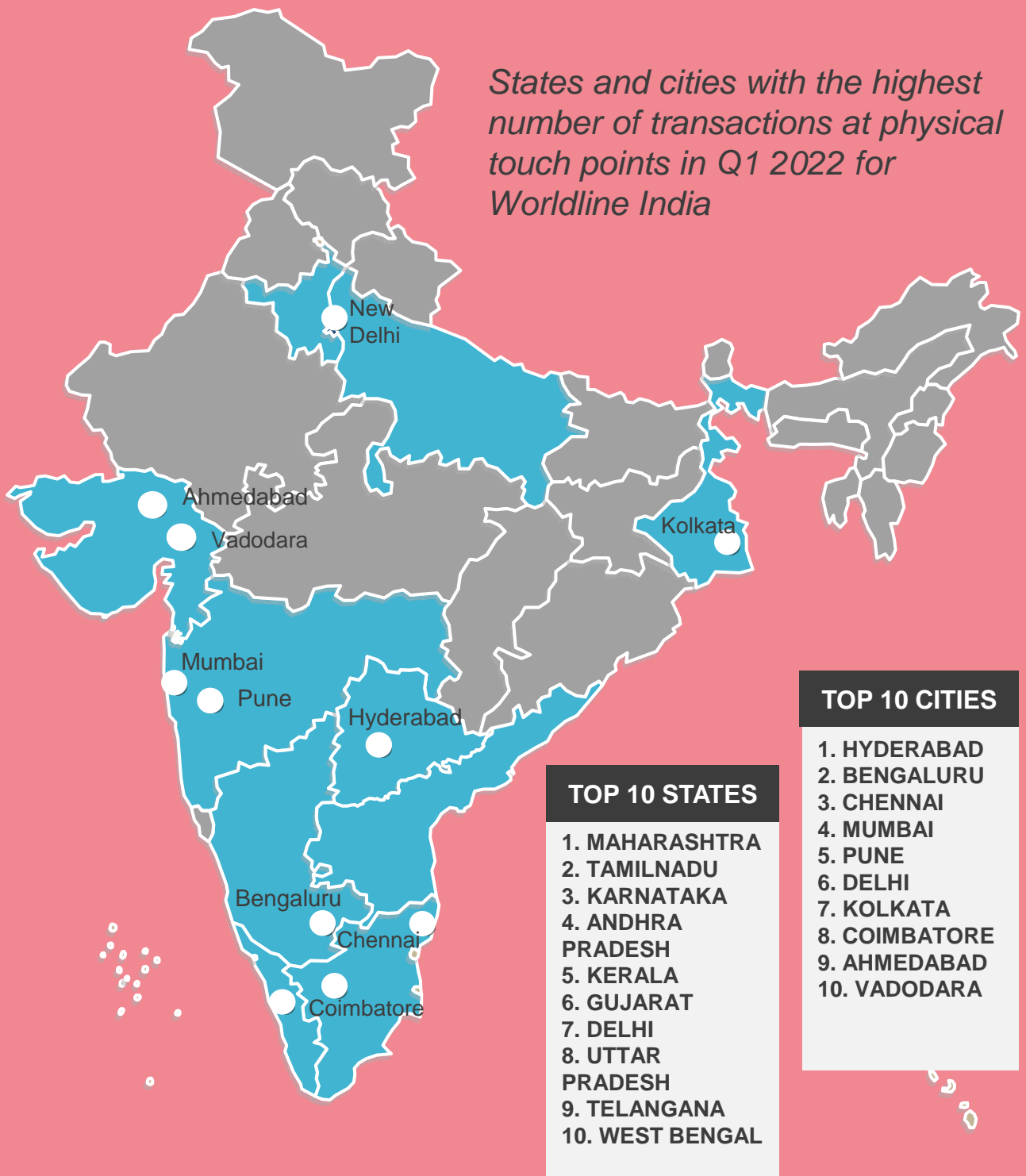
In terms of POS market share, Axis Bank and ICICI Bank witnessed a growth of over 68% and 52% respectively in Q1 2022 when compared to Q1 2021. Paytm Payments Bank too registered a growth of 66% to be amongst the top banks deploying POS terminals.



## Worldline in India Insights

In Q1 2022, frequently visited physical merchant categories like grocery stores, restaurants, clothing and apparel, pharmacy and medical, hotels, jewelry retail, specialty retail, household appliances and departmental stores together accounted for over 60% in terms of volume and about 58% in terms of value.

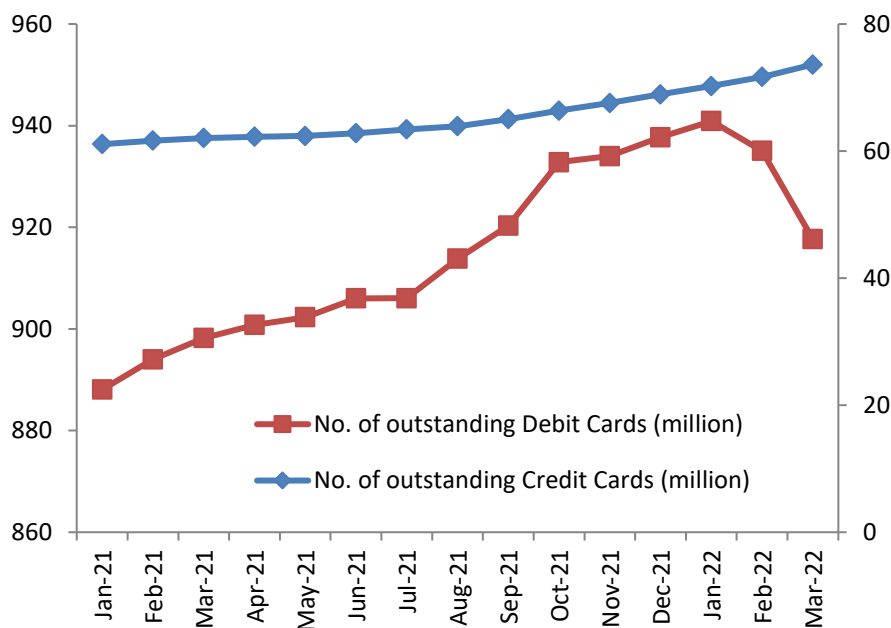
In the online space, e-commerce (shopping for goods and services), gaming, utility & financial services contributed to over 85% transaction in terms of volume and 47% in terms of value.



## Card Issuance

The total number of credit and debit cards in circulation by end of Q1 2022 was 991.28 million.

While the number of outstanding credit cards increased by 19% from 62.04 million in March 2021 to 73.6 million in March 2022, outstanding debit cards increased by only 2% from 898.20 million to 917.66 million during the same period. In fact, during Q2 2022, about 23 million debit cards were withdrawn from circulation which could possibly be a correction in reported numbers by banks or the closure of inactive accounts.



As of March 2022, the top credit card issuing banks were HDFC Bank, SBI, ICICI Bank, Axis Bank and RBL Bank while the top debit card issuing banks were SBI, BOB, Union Bank, Canara Bank and Punjab National Bank.

On April 21, 2022, the RBI issued a Master Direction on Credit Card and Debit Card Issuance and Conduct Directions, 2022. [Reserve Bank of India - Master Directions \(rbi.org.in\)](https://www.rbi.org.in)

On June 16, 2022, the RBI lifted business restrictions imposed on Mastercard Asia / Pacific Pte. Ltd thereby allowing them to on-board new domestic customers. It will be interesting to note how soon this development will impact overall debit and credit card issuance numbers.

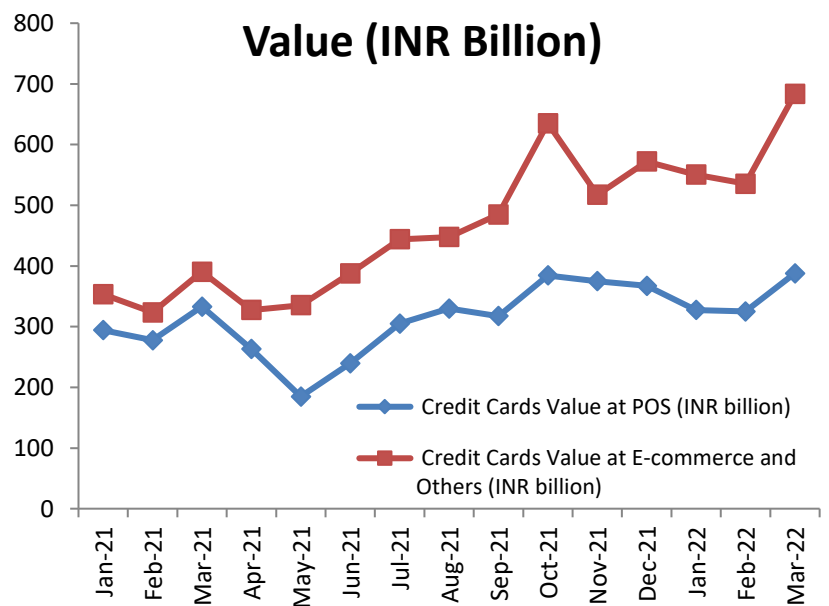
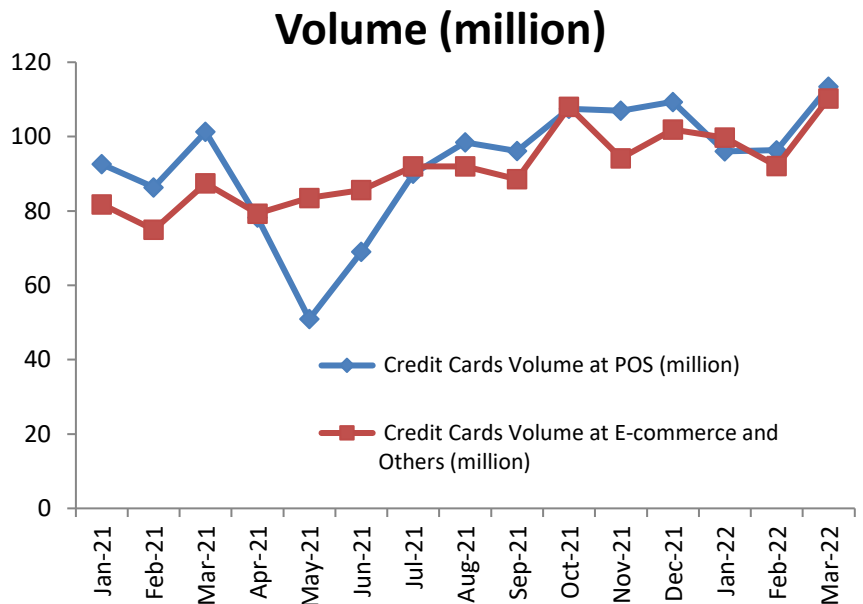
## Card Issuance

### Transaction analysis of Credit cards

**In Q1 2022, Credit cards volume and value stood at 2.02 billion and INR 8.77 trillion respectively.**

The number of credit card transactions at POS accounted for 305.83 million while e-commerce was 302.13 million. In terms of value, consumers transacted INR 1040.03 billion at POS and INR 1770 billion at ecommerce via credit cards in Q1 2022.

Even though credit cards volume at POS and ecommerce are nearly equal, value of ecommerce transactions is significantly higher as compared with value of transactions at POS. This is in line with the general trend of transactions moving from the physical to the digital space.

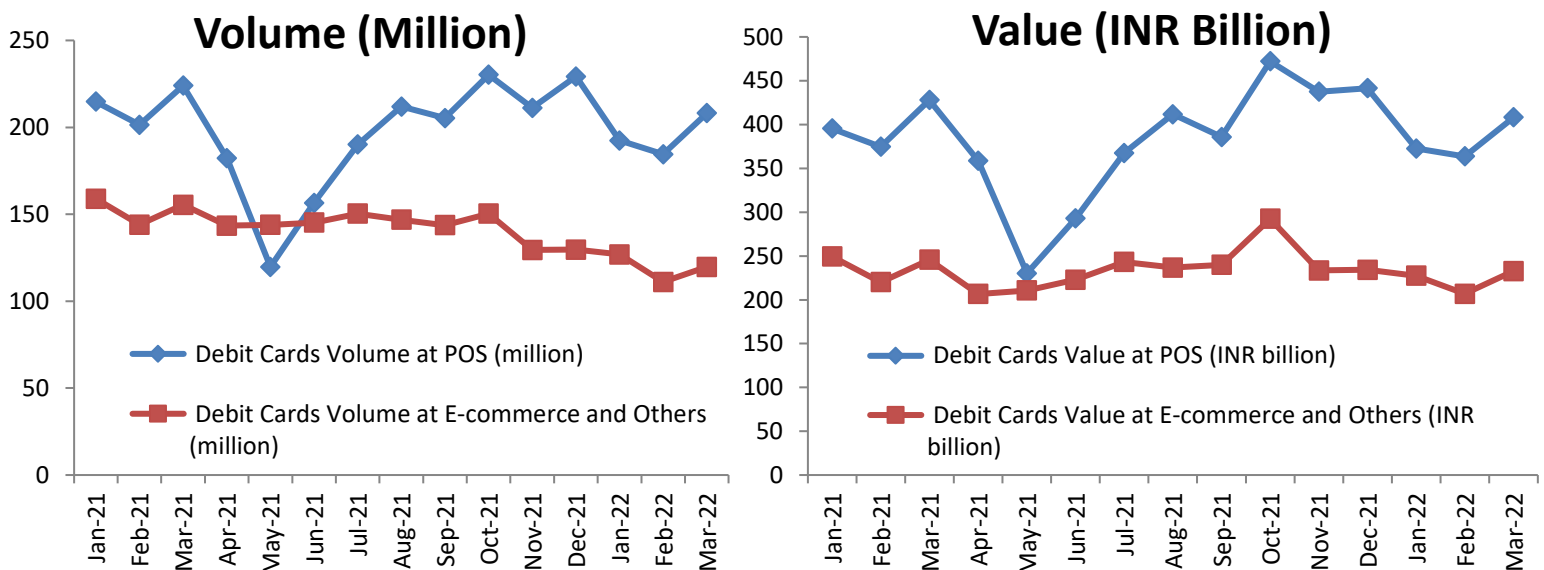


## Card Issuance

### Transaction analysis of Debit Cards

In Q1 2022, debit card transactions volume and value stood at 942.7 million and INR 1.81 trillion, respectively.

Out of the total debit card volume, transactions at POS were 585.11 million and ecommerce were 357.6 million. In terms of value, INR 1.15 trillion was processed at POS terminals while INR 667.23 billion was through e-commerce transactions.



The inference is that consumers are getting more comfortable to make online purchases via credit cards for big ticket size transactions while debit cards are more frequently used for small ticket size purchases at physical touchpoints. Value added services like EMI, BNPL are enabling customers to opt for high value products and services using their cards.

Whitepaper titled 'India taps into a Contactless future' published by Visa and Worldline India highlights that during peak COVID-19 times, the number of domestic F2F transactions grew only by 6.25%, but contactless transactions in March 2021 grew by 28.5%, compared to March 2020.

According to Worldline data, while 25% of all transactions at supermarkets were contactless in January 2020, these transactions rose to 31% by January 2022

## Prepaid Payment Instruments

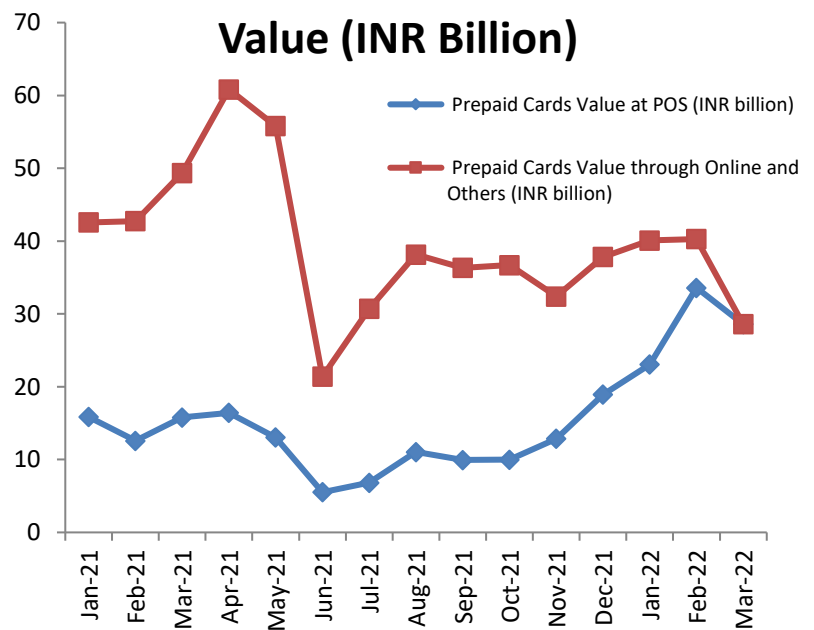
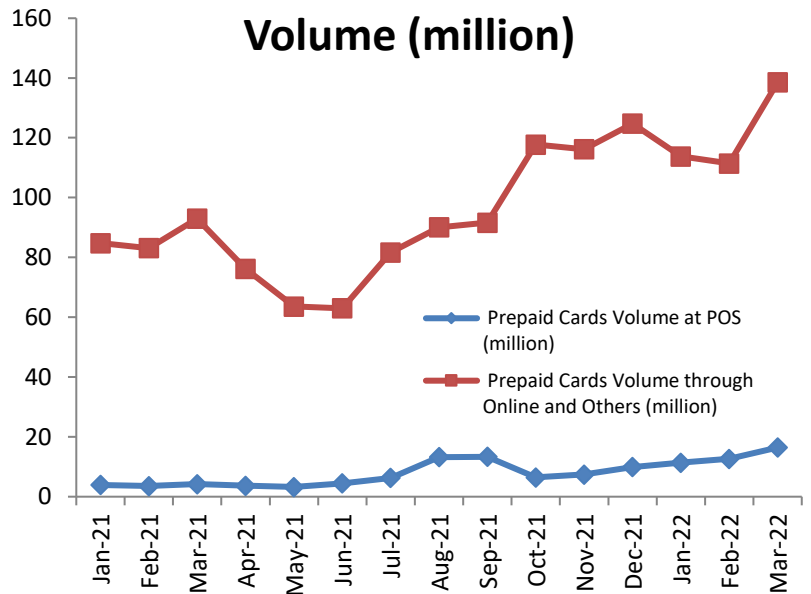
According to a 'Research & Markets report' published in Nov 2021, prepaid card spends are likely to reach \$89 billion by 2025 from \$41 billion in 2021.

As of March 2022, there were 2.74 billion Prepaid Payment Instruments (PPIs) in the country; 2.46 billion were mobile wallets and 276.3 million were prepaid cards. In terms of issuance, mobile wallets witnessed a growth of 20% and prepaid cards grew by 60% in Q1 2022 as compared with the same quarter of previous year.

### Analysis of Prepaid Cards transactions

In Q1 2022, total prepaid cards transactions volume and value was INR 404.25 million and INR 194.26 billion, respectively.

Its transactions at POS accounted for 40.54 million while transactions through ecommerce were INR 363.71 million. In terms of value, prepaid cards at POS processed transactions were worth INR 85.27 billion while INR 109 billion was processed through ecommerce. The growth of PPIs is being driven by the launch of cards such as Slice, Uni etc. which have been launched on prepaid platforms but where cardholders do not have a prepaid wallet and instead pay later for their purchases.



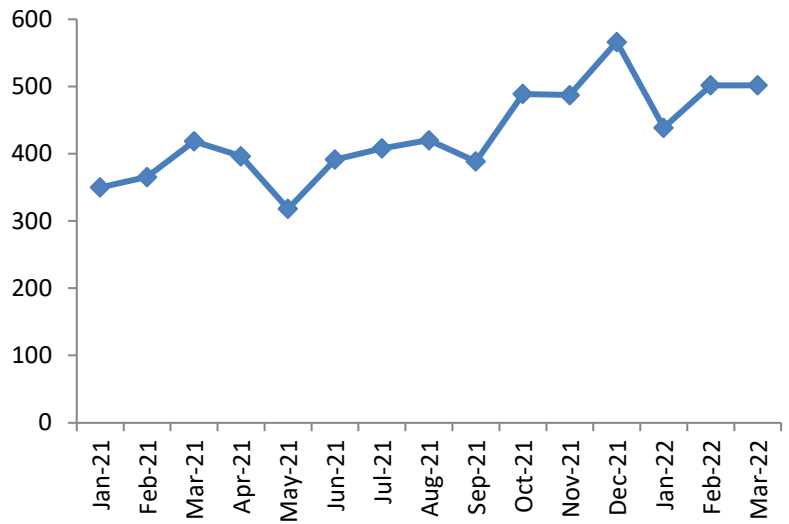
## Prepaid Payment Instruments

### Transaction analysis of Mobile Wallets

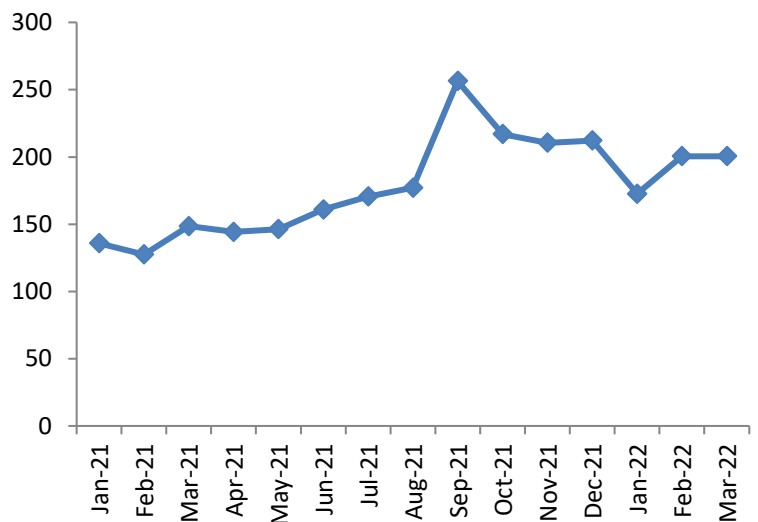
In Q1 2022, the number of transactions through mobile wallets was 1.44 billion and its value was INR 573.67 billion.

This includes purchase of goods and services and fund transfer through wallets. Transactions through wallets are growing steadily recording a 27% increase in volume while its value of transactions grew by 39 % compared to Q1 2021.

**m-Wallet Volume (million)**



**m-Wallet Value (INR billion)**



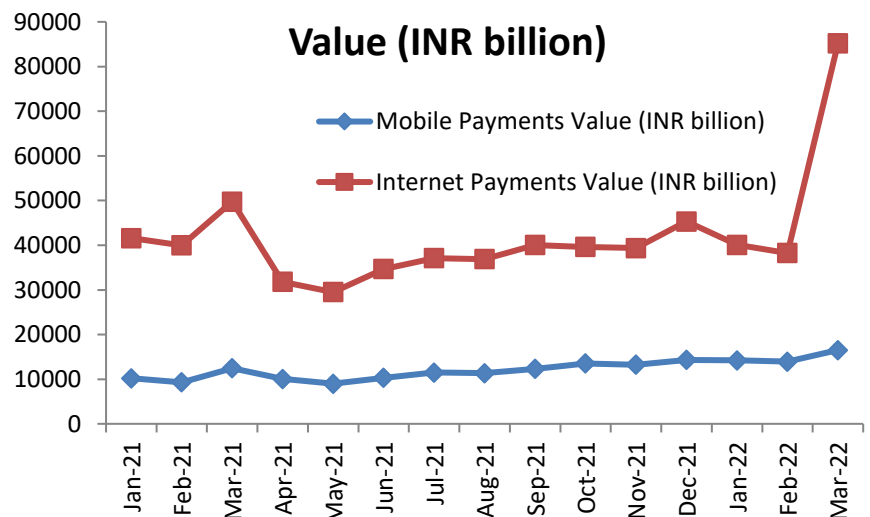
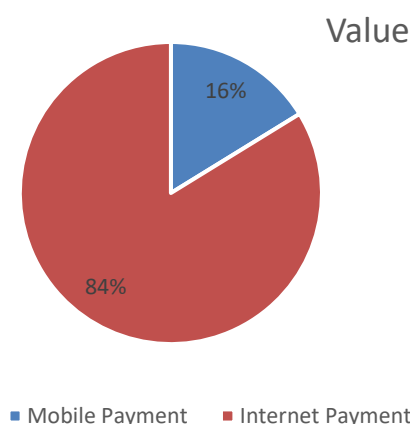
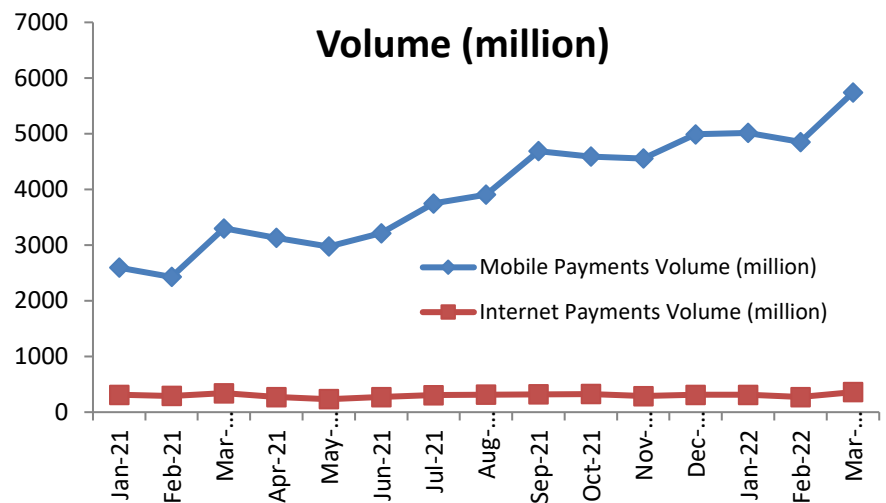
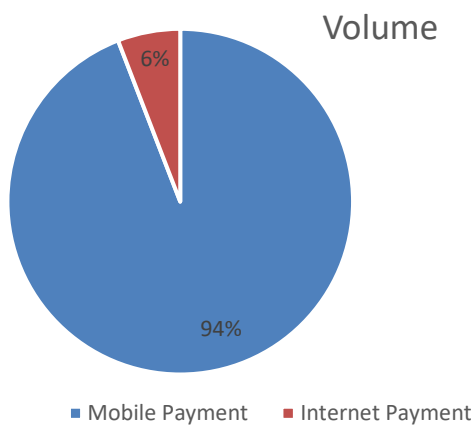


## Mobile and Internet Based Payments

As of January 2022, there were about 658 million internet users and about 1.2 billion mobile subscribers in India.

In Q1 2022, consumers made 15.6 billion mobile based payments whereas Net Banking / Internet browser-based transactions were over 1 billion. In terms of value, INR 44.68 trillion was transacted through mobile while INR 163.53 trillion was transacted through the internet.

It is to be noted that while internet browser-based payments comprised 6% in terms of volume, its share in value terms was 84% while mobile payments accounted for the rest. The takeaways are; mobile payments have become widespread and being used for small ticket transactions while internet browsers are the preferred mode for traditional shopping from e-commerce platforms.

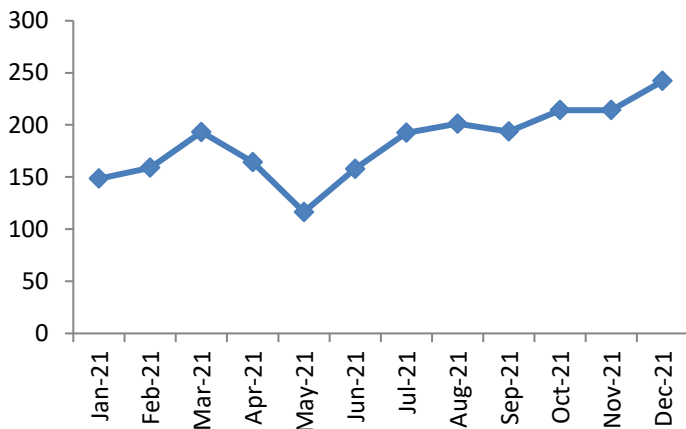


## National Electronic Toll Collection

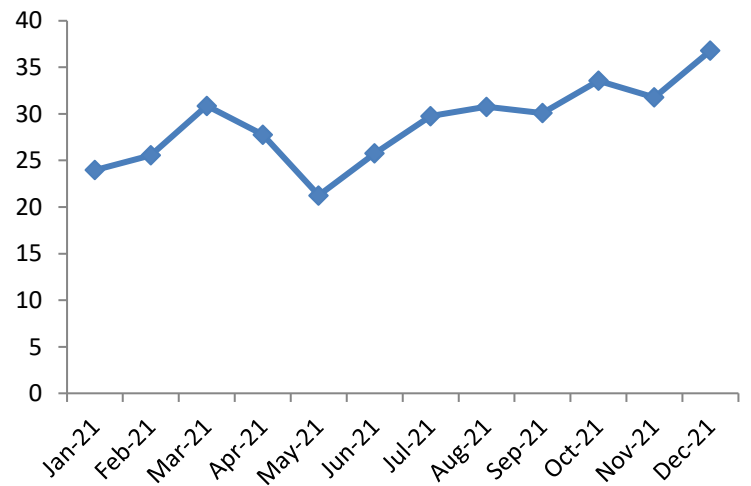
In Q1 2022, NETC processed about 745 million transactions worth INR 113 billion. The transactions volume increased by 49% while value increased by 41% as compared to the Q1 2021.

As of March 2022, total number of banks live with NETC FASTag were 36 while about 49.6 million NETC FASTags have been issued since the inception of the NETC program.

### NETC Volume (million)



### NETC Value (INR billion)



NETC FASTag continued to grow and facilitate electronic payments at parking plazas at malls, metro stations, hospitals, airports among others apart from acceptance across national and state highways.

Top issuer banks for FASTags as of March 2022 were ICICI Bank, Paytm Payments Bank, IDFC Bank, Airtel Payments Bank and HDFC Bank whereas the top acquirer banks were IDFC Bank, ICICI Bank, Paytm Payments Bank, Axis Bank and State Bank of India. Currently, over 40 parking plazas across the country accept FASTags for parking fees in over 20 major cities.



## Bharat BillPay

The transactions volume passing through Bharat Bill Payment Central Unit (BBPCU) in Q1 2022 stood at 196.5 million while the transactions value was INR 315.25 billion.

It registered a growth rate of 117% and 134% in volume and value respectively as compared with Q1 2021.

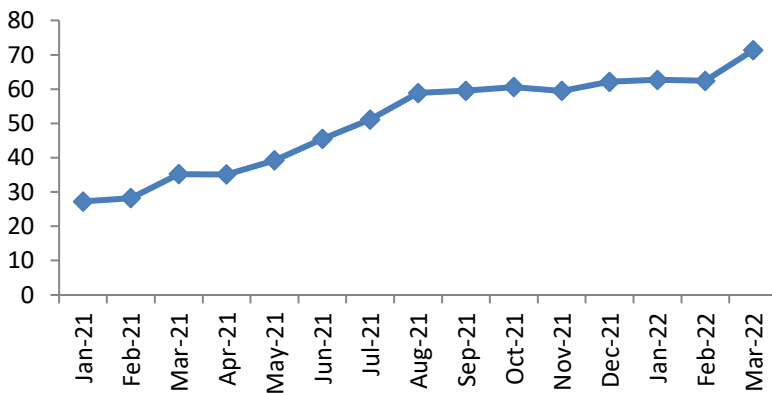
As of March 2022, top 5 BBPOUs based on Billers on-boarded were Axis Bank, ICICI Bank, Kotak Mahindra Bank, Infibeam Avenues Limited and India Ideas Com Ltd. Axis Bank had onboarded 19,320 billers followed by ICICI Bank with 18,009 billers in March 2022.

Bharat Bill Pay caters to about 20 categories like Education, Loan Repayment, Insurance, FASTag recharge, Housing society, Credit cards, Subscription, Hospitals, Clubs and associations, Electricity, Water and Municipal Taxes, LPG gases, Piped Gas, DTH, Mobile prepaid, postpaid, broadband postpaid and cable etc.

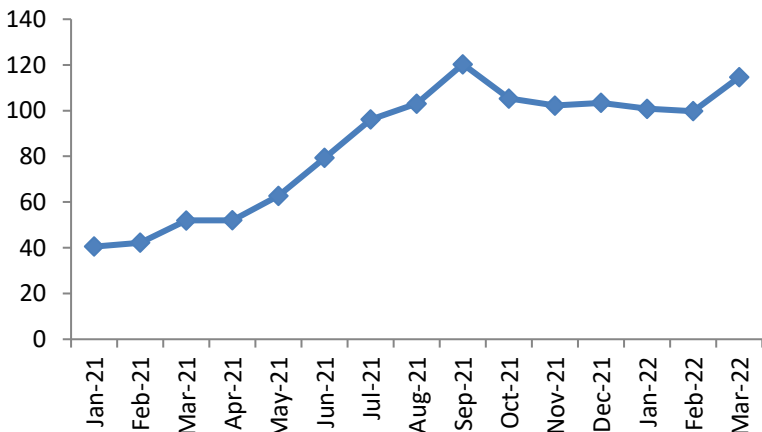
Out of these, Electricity, FASTag recharge, Mobile Postpaid contributed to 80% share in volume and 76% in value in May 2022 even though education institutions accounted for over 90% in terms of registered billers.

On April 8, 2022, the RBI published a Statement on Developmental and Regulatory Policies which proposed to align the net worth requirement for non-bank BBPOUs to INR 250 million from INR 1 billion earlier.

**Bharat BillPay Volume (million)**



**Bharat BillPay Value (INR billion)**



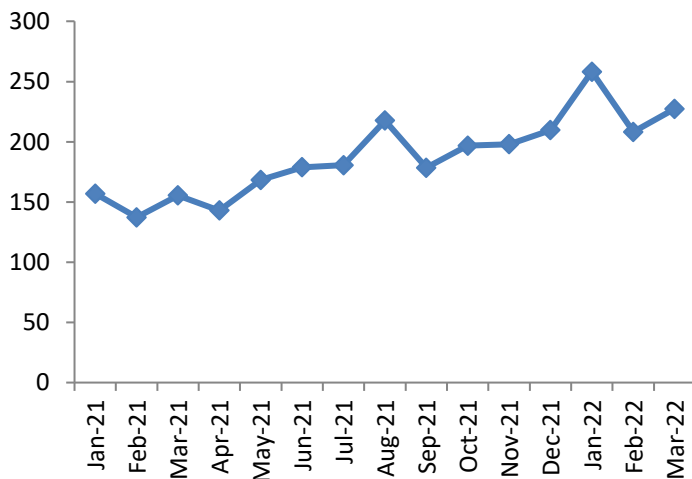
## Aadhaar Enabled Payment Service

In Q1 2022, AePS transactions recorded a substantial volume of over 694 million transactions, registering about 54% growth over Q1 2021. It processed transactions worth INR 840.23 billion, an increase of 33% over Q1 2021.

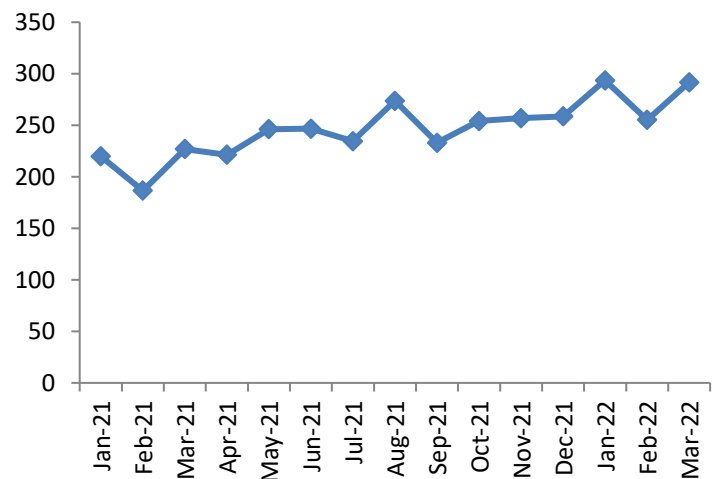
AePS is a bank led model which allows online interoperable financial inclusion transaction at PoS (MicroATM) through the Business correspondent of any bank using the Aadhaar authentication.

As of March 2022, total outstanding number of Micro ATMs were 0.78 million and top Banks deploying these Micro ATMs were State Bank of India, Bank of Baroda, PNB Bank, Bank of India and Indian Bank.

**AePS Volume (million)**



**AePS Value (INR billion)**



## About Worldline

Worldline [Euronext: WLN] is the European leader in the payments and transactional services industry and #4 player worldwide. With its global reach and its commitment to innovation, Worldline is the technology partner of choice for merchants, banks and third-party acquirers as well as public transport operators, government agencies and industrial companies in all sectors. Powered by over 20,000 employees in more than 50 countries, Worldline provides its clients with sustainable, trusted and secure solutions across the payment value chain, fostering their business growth wherever they are. Services offered by Worldline in the areas of Merchant Services; Terminals, Solutions & Services; Financial Services and Mobility & e-Transactional Services include domestic and cross-border commercial acquiring, both in-store and online, highly-secure payment transaction processing, a broad portfolio of payment terminals as well as e-ticketing and digital services in the industrial environment. In 2020 Worldline generated a proforma revenue of 4.8 billion euros. [worldline.com](http://worldline.com)

**Worldline India Pvt. Ltd.**, a wholly-owned subsidiary of Worldline, is partner to over 20 banks and work with all top e-commerce giants. In India, Worldline covers the whole payment value chain and end-to-end processes that facilitate services to over 1.5 million merchants across 5000 towns and cities in India, South Asia / Middle East. Services offered by Worldline in India are in the areas of Merchant Acquiring, VAS, Card Issuance, National Electronic Toll Collection, Risk Mitigation, Reconciliation, Loyalty solutions; and online solutions like NextGen Payment Gateway, Subscription Payments, Payment Orchestration Platform, Online Cross Border Solution, Tokenisation among others. Supported by over 2000 members team, Worldline India is constantly investing in its people and in the latest technologies to increase efficiencies, drive innovation and enhance digital payments adoption across the country.



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