

WORLDLINE 

India Digital Payments Report

Q2 2022





Deepak Chandnani,
Executive Chairman – India & SAME, Worldline

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With the sheer size of its population, India is an attractive market for all kinds of businesses. Thanks to over 80% of population having access to banking services, coupled with low cost of broadband / internet services and affordable smartphones, the digital payments landscape in India is witnessing significant growth across instore and online channels. As a result, about 40% of the world's real-time digital payments now occur in India. As we continuously move towards further deepening the penetration of digital payments in the country, innovation and technology will play a decisive role in transforming the way we make payments. Worldline, a global leader with many years of digital payments experience as well as building trust across the entire payments value chain, will continue to support a sustainable growth for the ecosystem.

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Ramesh Narasimhan,
CEO – India, Worldline

“

2022 is another momentous year for the payments space in India. We are successfully sailing through the aftermath of Covid-19; the total cards in circulation has breached the 1 billion mark, UPI is tracking over 6 billion transactions per month, about 53 million FASTags have been issued, and over 20k billers are live on the Bharat BillPay ecosystem. This demonstrates a robust payments ecosystem which is built to serve the diverse and growing needs of Bharat. We are happy to share the Worldline India Digital Payments Report Q2 2022 which captures key trends in the payment world showcasing a double-digit growth across almost all payment platforms. We also highlight our view on what the RBI's Vision 2025 means for Digital Payments in India.

Happy reading!

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

What the RBI's Vision 2025 means for Digital Payments in India

On June 17, the Reserve Bank of India (RBI) released its Payments Vision 2025 document. The document, like previous versions of the RBI's vision for payments (the last one was Payments Vision 2019-21) is instructive in the way that the RBI envisions the path forward for digital payments. While the document is titled as Vision, it usually contains objectives set out and the Vision 2025 document is no different.

The vision of the RBI is "Provide every user with Safe, Secure, Fast, Convenient, Accessible, and Affordable e-payment options" and is anchored by 5 goalposts; integrity, innovation, internationalization, institutionalization, and inclusion. Amongst the 5 buckets, the RBI has listed 40 initiatives that they intend to achieve. Of these 40, there are some that will likely super-charge digital payments in India both from a transactions perspective as well as convenience, safety, among others. The RBI envisions a 3x growth in digital payment transactions in this period and increase them to 8% of GDP. Some of the initiatives are:

- 1. Link credit cards and credit components of banking products to UPI** – UPI is already the dominant payment method in India, but it is still account to account transfer. Linking credit cards to this method will increase the popularity as well the use of UPI for high-ticket items.
- 2. Revisit scope and usefulness of PIDF scheme** – the PIDF scheme has dramatically increased the number of acceptance points in areas that were hitherto less served. Whatever the RBI decides post will only seek to sustain this rise. The RBI has envisioned the growth of terminals to 25 million in this period.
- 3. Attempt regulation of BigTechs and FinTechs in payments space** – there is an innate trust among consumers that the RBI has and will do everything to protect them. Regulation will only increase the trust of people in the digital payment ecosystem and increase their use of digital payment instruments.
- 4. Weave in alternate authentication mechanism(s) for digital payment transactions** – Similar to the previous point, customer authentication, while sometimes viewed creating friction, is critical to consumers feeling safe when doing transactions in-store or online.
- 5. Facilitate framework for IoT and context-based payments** – IoT and context-based payments – context-based is removing the physical act of payment from the payment experience and keeping it in the background – is where digital payments is headed to. This is being facilitated by the continuous introduction of IoT enabled devices such as refrigerators etc which can order automatically but with the consumer's complete knowledge and authentication.
- 6. Make payment systems more inclusive** – Expanding the reach of payments and making it accessible to all parts of society. This could be a differently-abled or illiterate or less tech-savvy person and cracking this will truly make digital payments more democratic.

Worldline, with its local and global tech stack, is poised to enable this vision becoming a reality.

Sunil Rongala
Senior Vice President – Strategy, Innovation & Analytics

Q2 2022 in Review

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

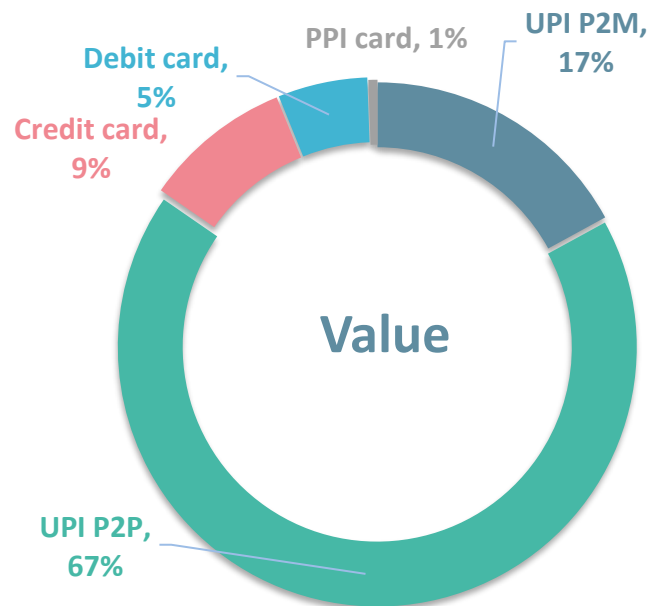
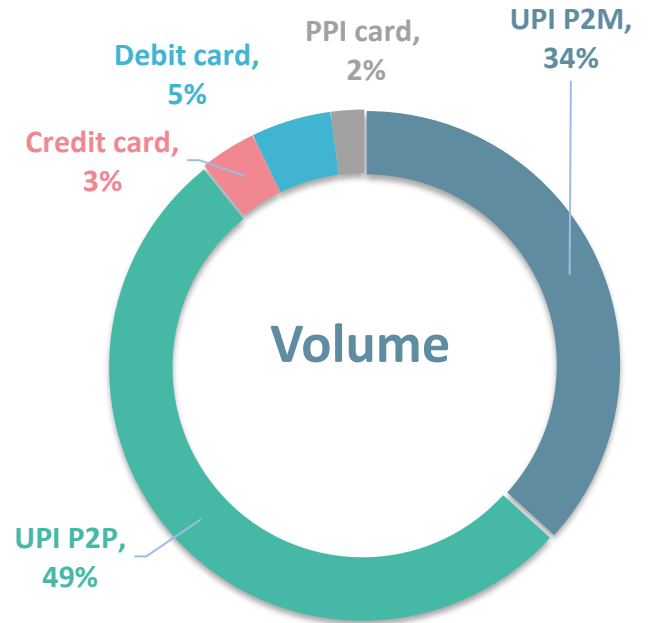


Payments Landscape

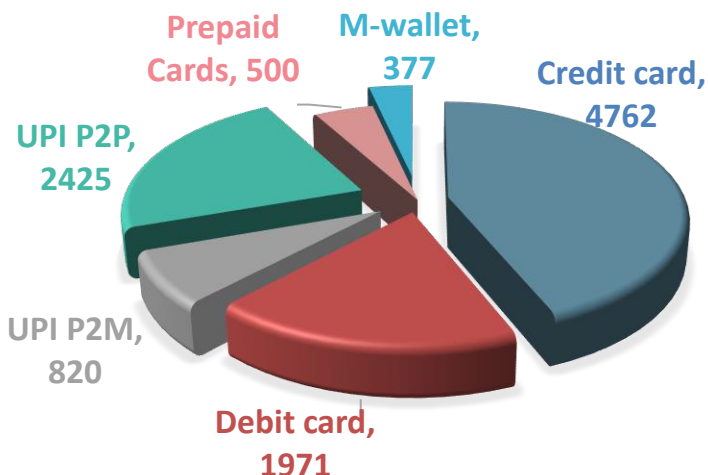
In Q2, 2022, 20.57 billion transactions in volume and INR 36.08 trillion in terms of value was processed through Debit and Credit cards, Prepaid Payment Instruments like mobile wallets and prepaid cards, and UPI which includes P2M (person to merchant) & P2P (person to person) transactions.

UPI P2P accounted for 49% in volume and 67% in value but in terms of merchants transactions, **UPI P2M** emerged as the preferred payment mode with a market share of 34% in volume and 17% in terms of value.

Payments through credit and debit cards accounted for 8% in volume and 14% in value. While UPI remains a dominant payment mode, adoption of credit cards is growing at a healthy pace it remains the preferred mode for high ticket size transactions.



AVERAGE TICKET SIZE (INR)



The most interesting metric is the difference between UPI P2P and P2M average ticket size which the latter is one-third of the former. This, however, should be seen as a success because it means that even micro-transactions are going through UPI instead of cash.

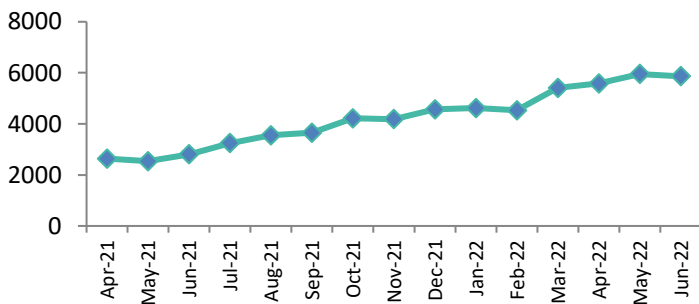
Unified Payments Interface

In Q2 2022, UPI clocked over 17.4 billion transactions in volume and INR 30.4 trillion in terms of value.

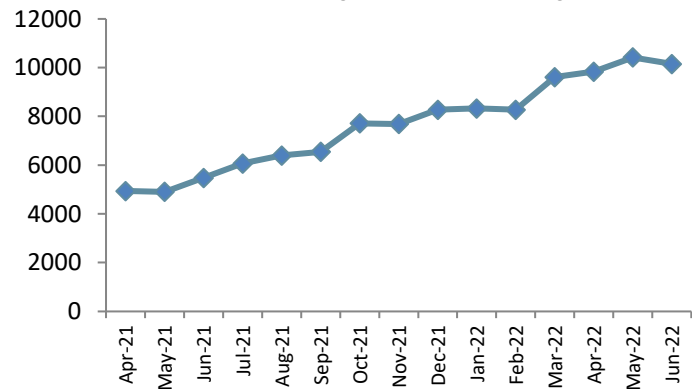
Transactions volume and value have seen an increase about 118% increase in volume and over 98% increase in value in Q2 2022 as compared to Q2 2021.

In Q2 2022, the top remitter banks were State Bank of India, HDFC Bank, Bank of Baroda, Union Bank and ICICI Bank while the top Beneficiary Banks were Paytm Payments Bank, YES Bank, State Bank of India, Axis Bank and ICICI Bank.

UPI Volume (million)



UPI Value (INR billion)



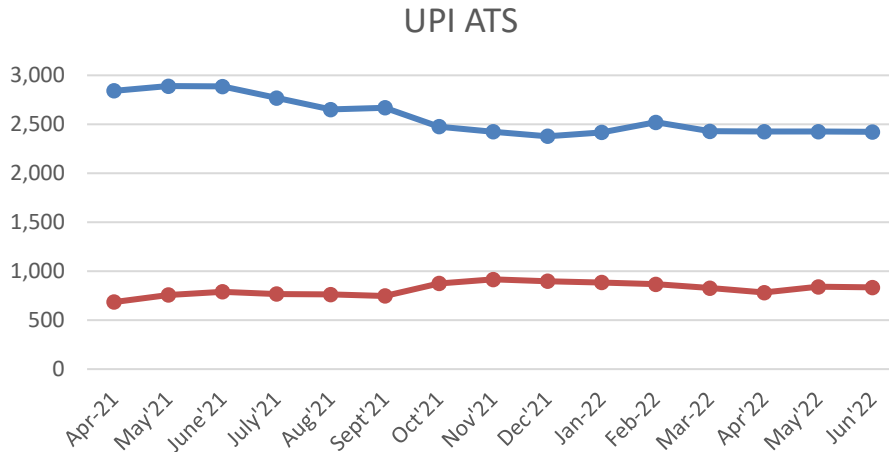
In Q2 2022, top remitter banks & top Beneficiary Banks:

Top 5 Remitter Banks	Top 5 Beneficiary Banks
State Bank of India, HDFC Bank, Bank of Baroda, Union Bank and ICICI Bank	Paytm Payments Bank, YES Bank, State Bank of India, Axis Bank and ICICI Bank.

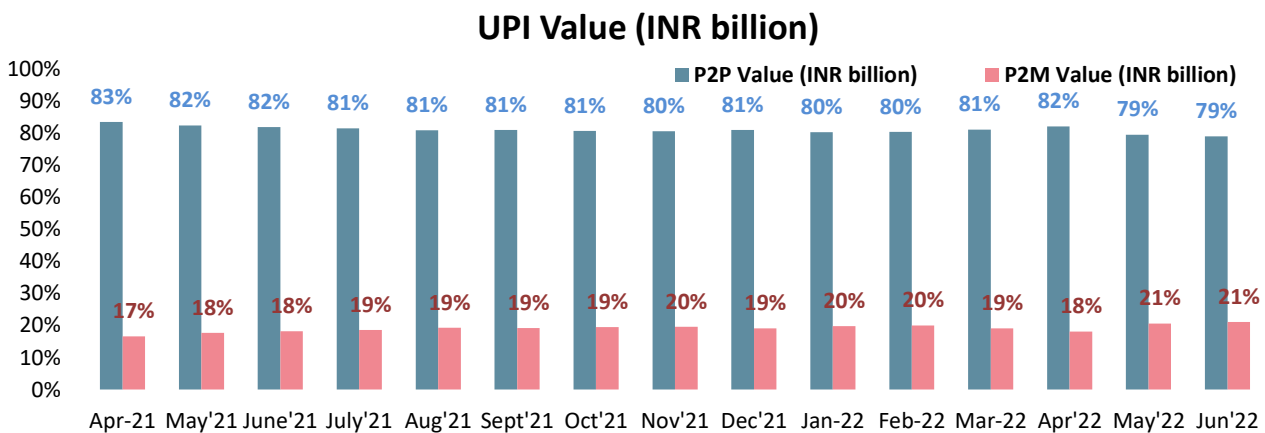
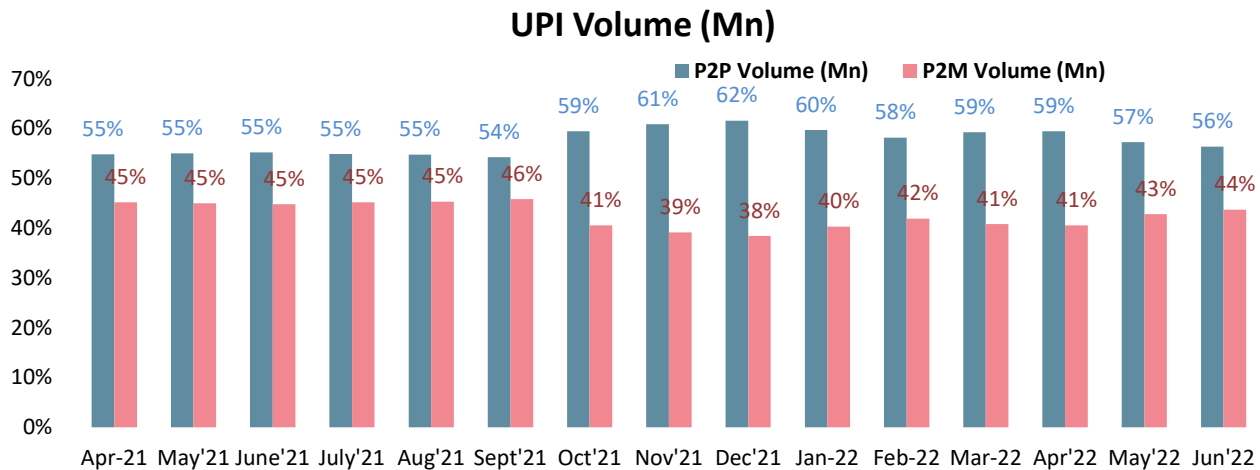
However, it should be noted that most transactions are being driven by Third-Party applications riding on the rails of these banks; **in Q2 2022, the top UPI Apps in terms of volume were PhonePe, Google Pay, Paytm.**

Unified Payments Interface

The Average Ticket Size (ATS) for UPI P2P transactions was INR 2425 and for UPI P2M transaction was INR 820 as of June 2022.



In Q2 2022, out of total UPI volumes, 56% transactions were P2P (Person-to Person) while 44% were P2M (Person-to Merchant).



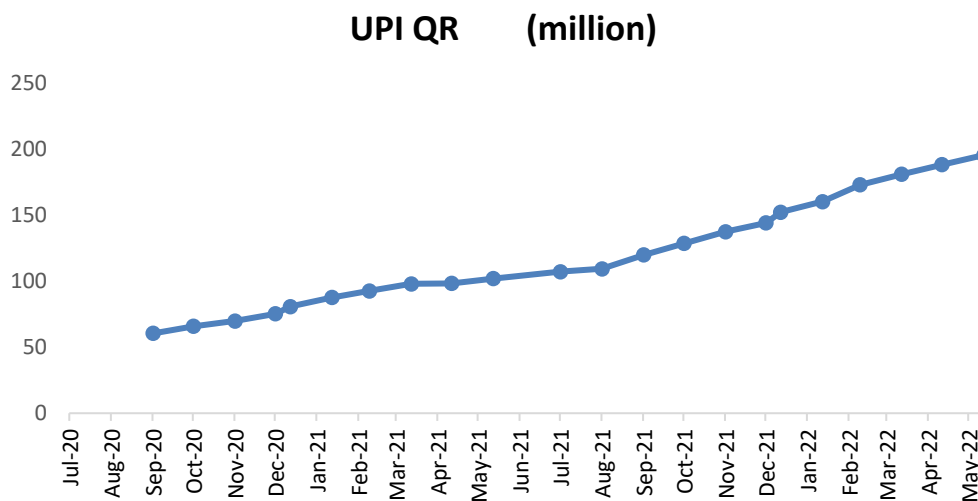
Unified Payments Interface

UPI was launched in April 2016 with 21 partner banks and as of now, the number has increased to 346 banks are part of the UPI ecosystem. It is now accepted in countries like UAE, Singapore, France and Bhutan.

What could be a game-changer for UPI transactions will be linking credit cards on to the platform – it is currently only Rupay but could increase going forward – and this could further supercharge UPI transactions, especially in terms of P2M average ticket sizes.

The government has also reiterated that UPI is a public good and that it is not considering levying any charges for UPI services.

Companies have sought access to UPI data, says RBI Deputy Governor.

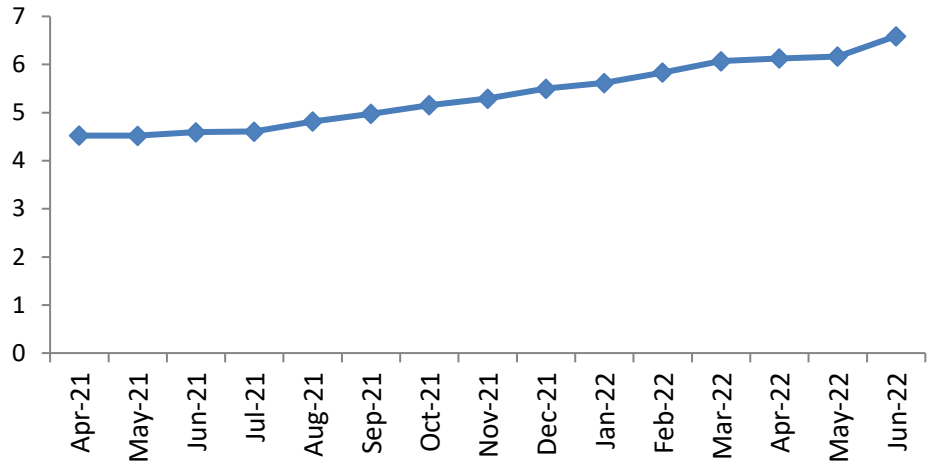


As of June 2022, total number of UPI QRs stood at 195.17 million, an increase of 92% compared to June 2021

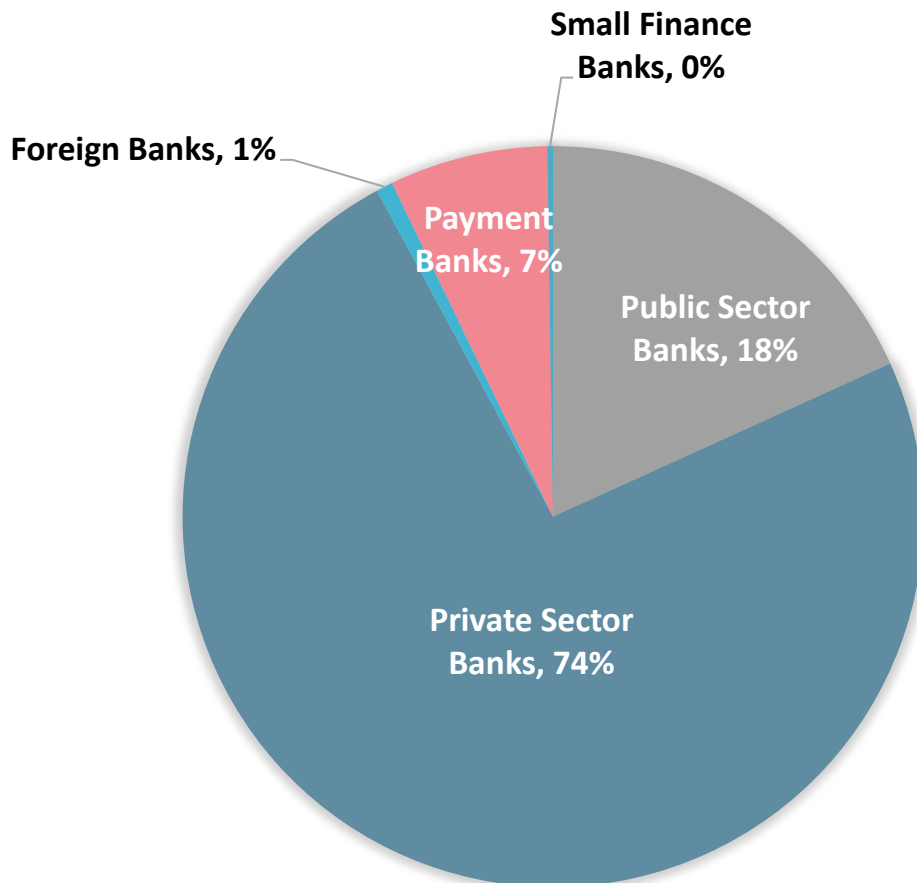
Merchant Acquiring

As of June 2022, the total number of POS terminals deployed by merchant acquiring banks was 6.59 million; it increased by 43% growth in Q2 2022 compared to Q2 2021.

POS Terminals (million)



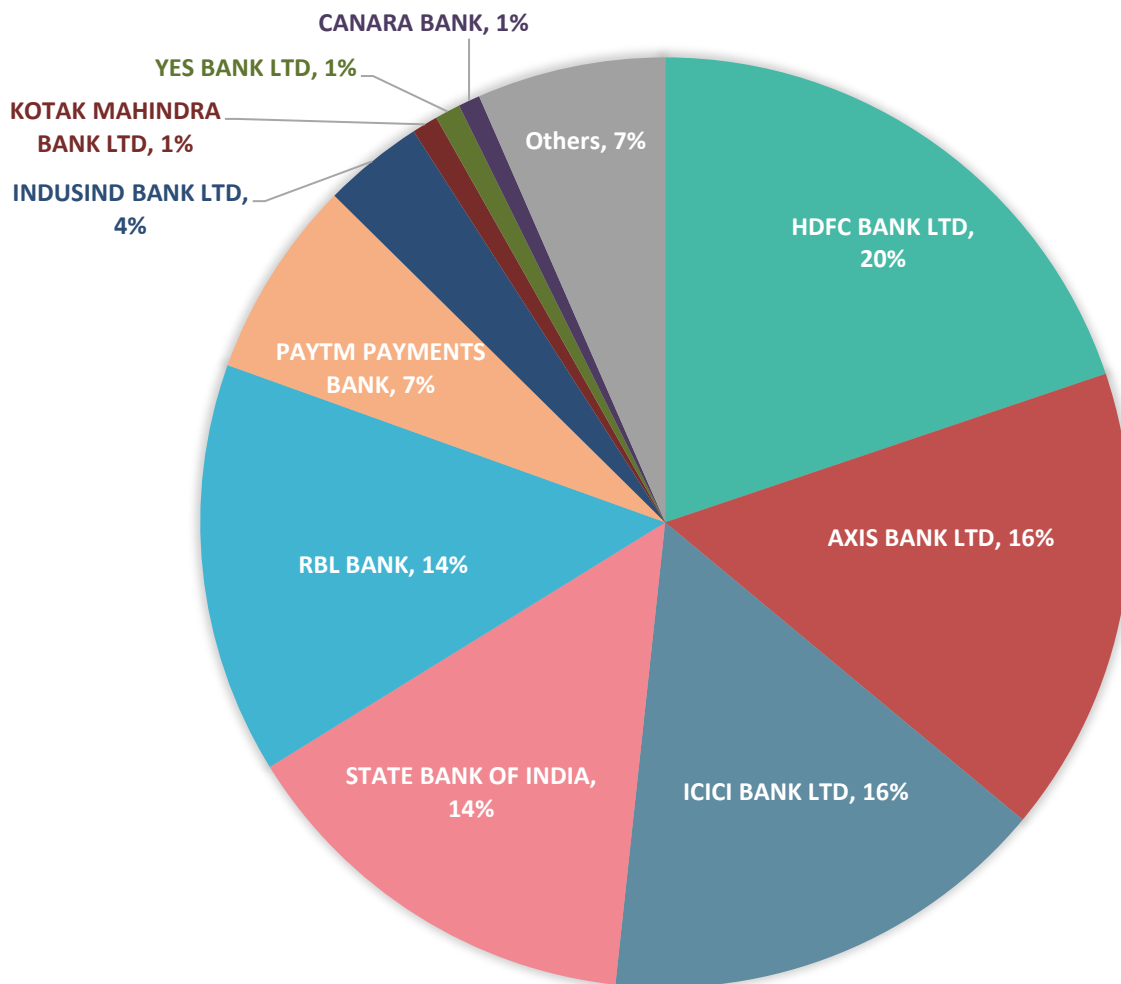
Overall, private sector banks represented about 74% of the POS terminal market while public sector banks accounted for 18%. Payments banks accounted for 7% market share and foreign banks continue to represent a 1% share.



Merchant Acquiring

Top POS deployers:

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

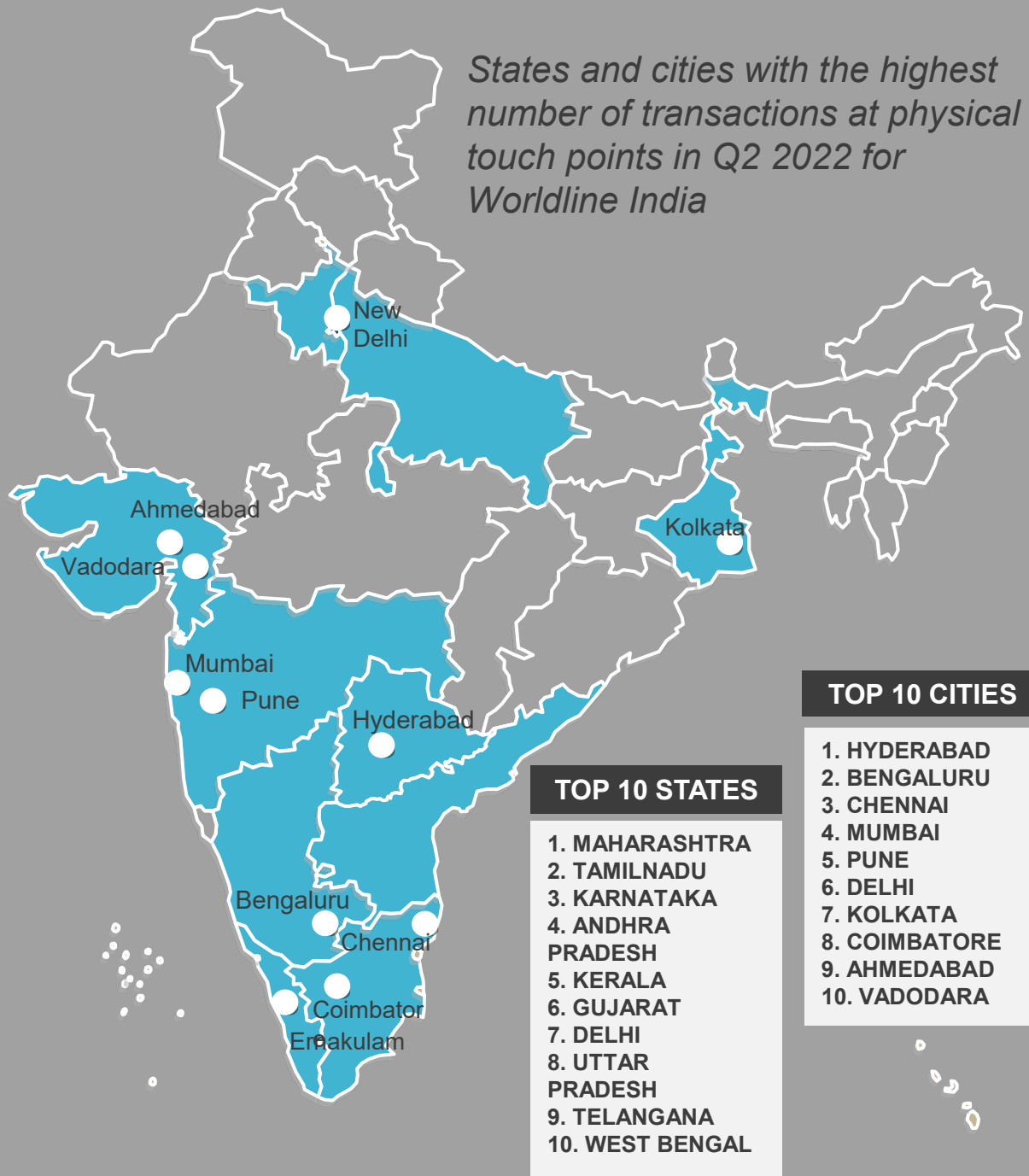


Worldline in India Insights

In Q2 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 61% 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 86% transaction in terms of volume and 47% in terms of value. Education, Travel, Hospitality & Government sector contributed remaining 14% transactions in terms of volume & 53% in terms of value.

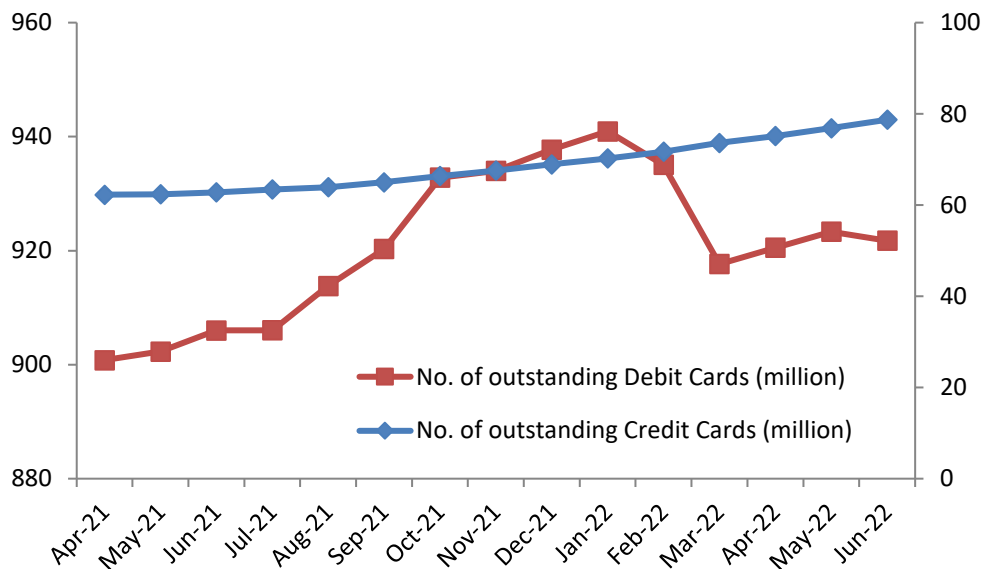
States and cities with the highest number of transactions at physical touch points in Q2 2022 for Worldline India



Card Issuance

The total number of credit and debit cards in circulation by end of Q2 2022 was 1 billion.

While the number of credit cards increased by 25% from 62.81 million in June 2021 to 78.7 million in June 2022, debit cards increased by 2% from 906 million to 921.75 million during the same period; this could however be the base effect as well as account clean-ups by banks which is highlighted by the number of cards falling in early 2022.



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

Top Credit Card Issuing Banks	Top Debit Card Issuing Banks
HDFC Bank, State Bank of India ICICI Bank, Axis Bank and RBL Bank	State Bank of India Bank Of Baroda Union Bank, Punjab National Bank and Canara Bank

Card Issuance

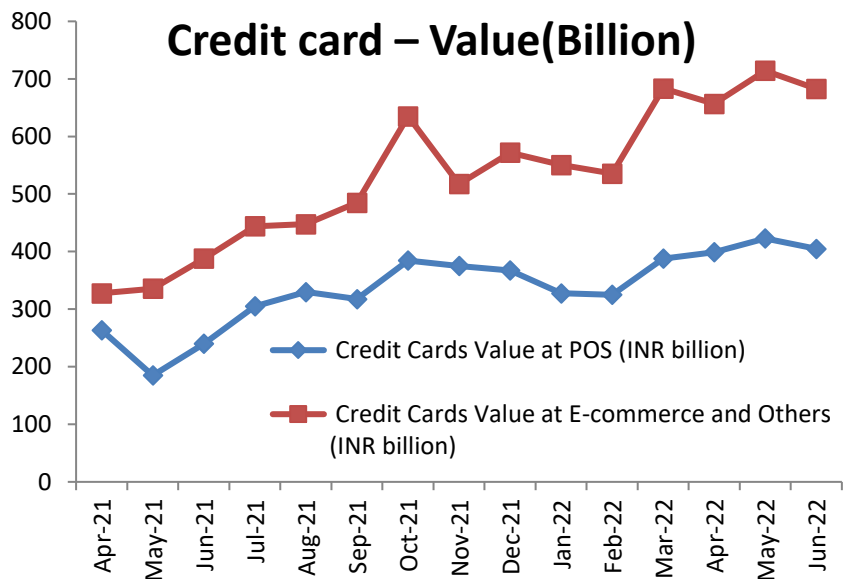
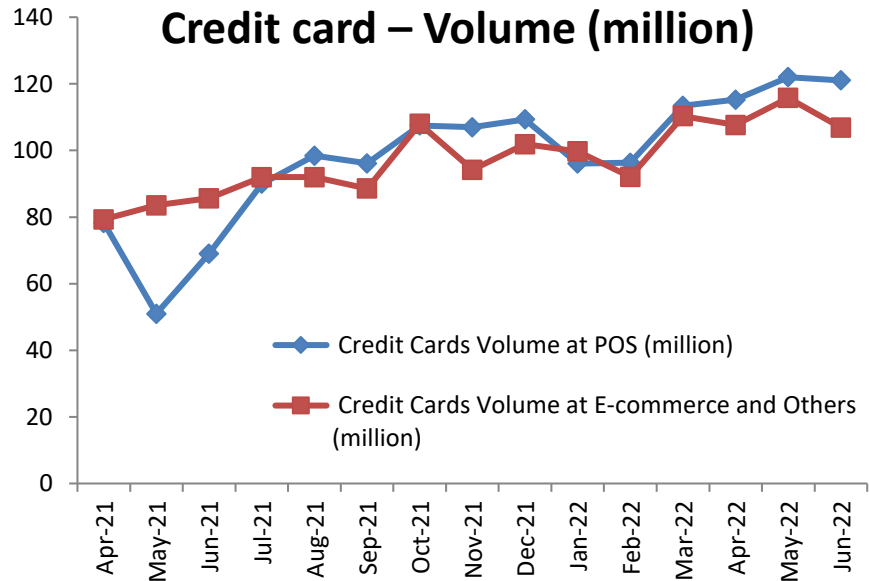
Transaction analysis of Credit cards

In Q2 2022, Credit cards volume and value stood at 688.65 million and INR 3.28 trillion, respectively.

The number of credit card transactions at POS accounted for 358.35 million while e-commerce transactions was 330.30 million. In terms of value, consumers transacted INR 1226.29 billion at POS terminals and INR 2053.66 billion at ecommerce via credit cards in Q2 2022.

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

Industry participants are expecting further tailwinds in credit card spends with the onset of the festive season, where spends typically remain at an elevated level. Many issuers have lined up special offers on credit cards to boost festival spending and going by recent trends, they expect a promising festive season. The RBI is also ensuring that cardholders feel secure when transacting online by mandating tokenization of all card numbers.



Card Issuance

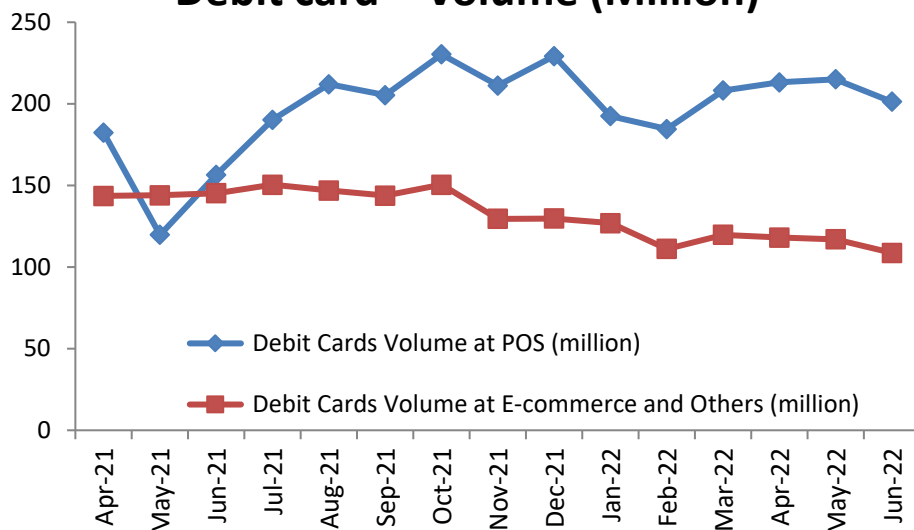
Transaction analysis of Debit Cards

In Q2 2022, debit card transactions volume and value stood at 973.12 million and INR 1.91 trillion respectively.

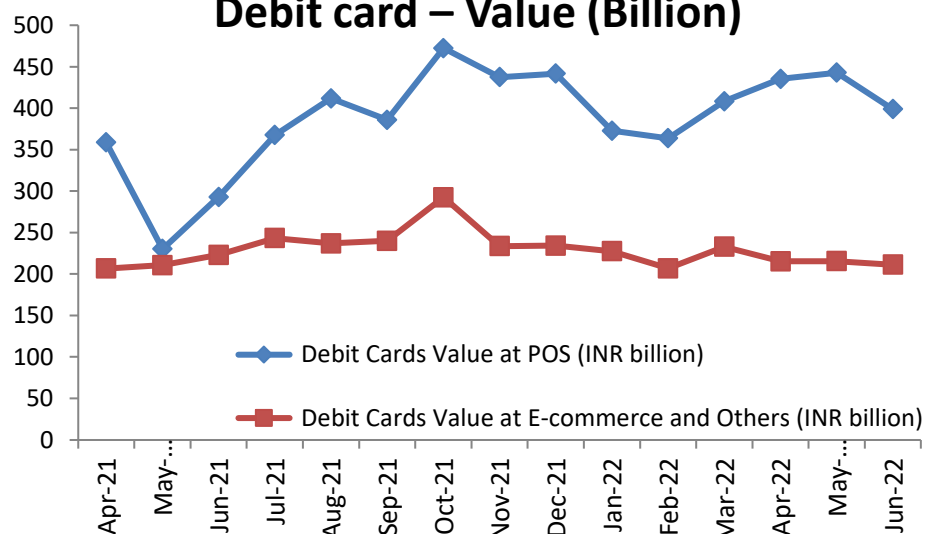
Out of the total debit card volume, transactions at POS were 629.48 million and ecommerce were 343.64 million. In terms of value, INR 1.28 trillion was processed at POS terminals while INR 642.12 billion was processed at e-commerce via debit cards.

Indians 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.

Debit card – Volume (Million)



Debit card – Value (Billion)



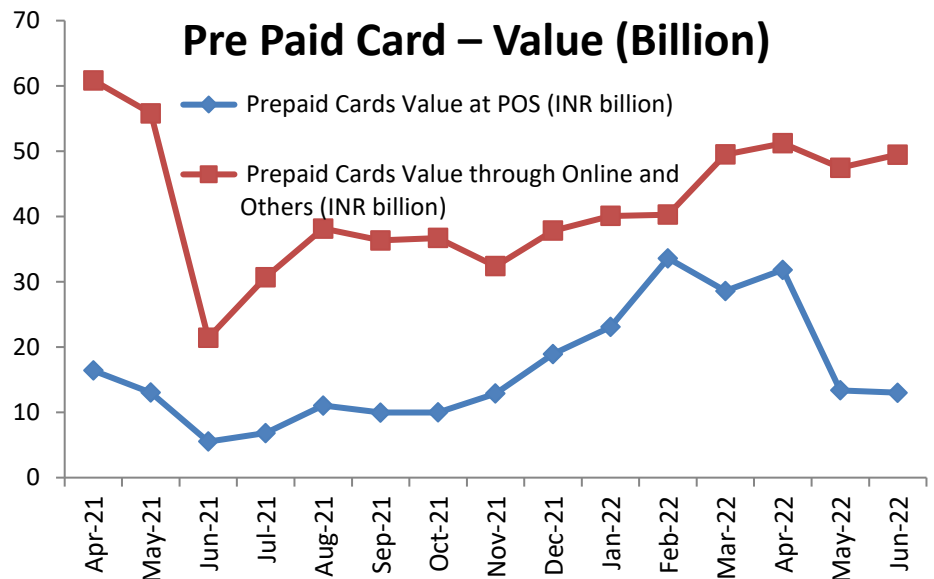
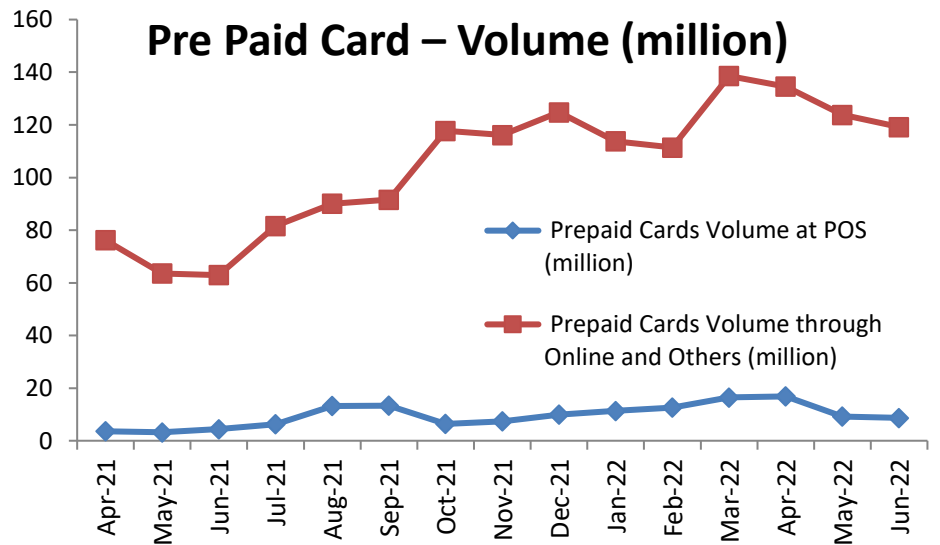
Prepaid Payment Instruments

Analysis of Prepaid Cards transactions

In Q2 2022, total prepaid cards transactions volume and value was 412.29 million and INR 206.36 billion respectively.

Transactions at POS accounted for 34.93 million while transactions through ecommerce were 377.56 million. In terms of value, prepaid cards at POS processed transactions were worth INR 58.20 billion while INR 148.16 billion was processed through ecommerce.

The prepaid card industry grew rapidly with fintechs and their innovative offerings but there has been a pause of late because of the recent RBI mandate on prepaid cards – it would be interesting to see how the industry pivots to this.



Prepaid Payment Instruments

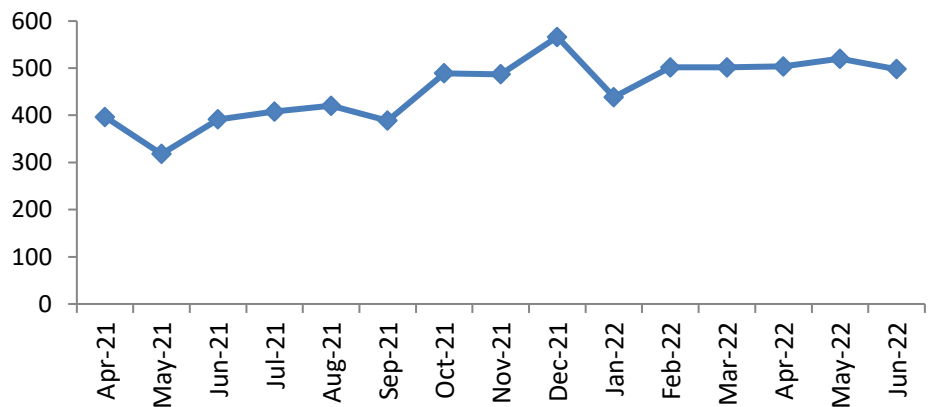
Transaction analysis of Mobile Wallets

In Q2 2022, the number of transactions through mobile wallets was 1.52 billion and the value was INR 574.64 billion.

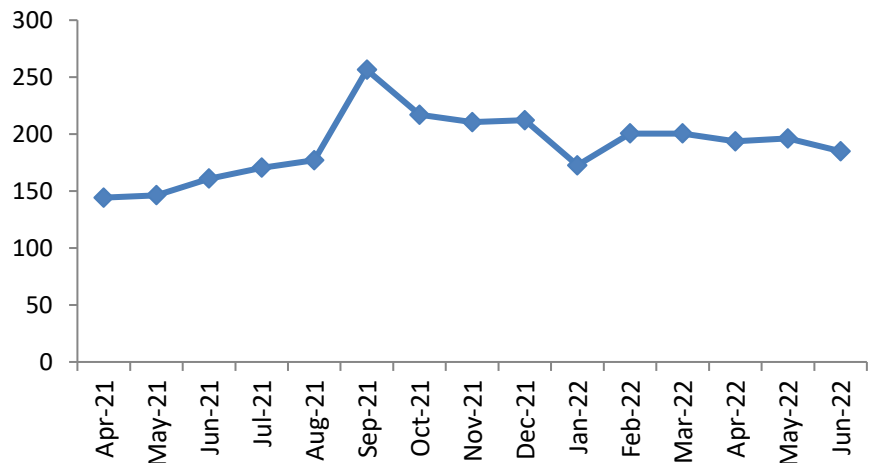
This includes purchase of goods and services and fund transfer through wallets.

Transactions through wallets are growing steadily recording an 38% increase in volume and 27% in value when compared to Q2 2021.

m-Wallet Volume (million)



m-Wallet Value (INR billion)



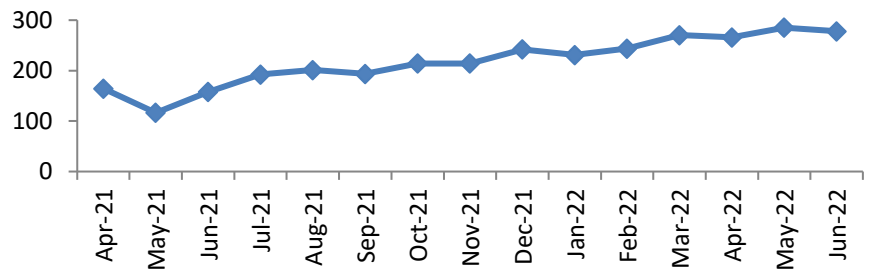
National Electronic Toll Collection

In Q2 2022, NETC processed about 829 million transactions worth INR 129 billion. The transactions volume increased by 89% while value increased by 72% as compared to Q2 2021.

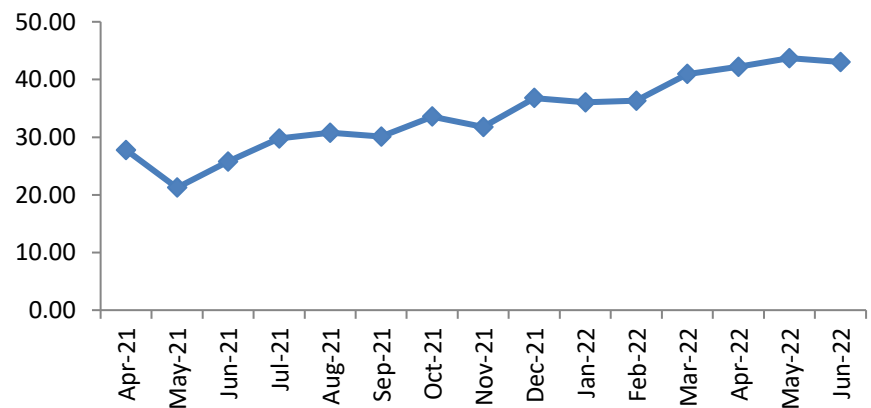
As of June 2022, the total number of banks live with NETC FASTag were 36 while about 52.9 million NETC FASTags have been issued since the inception of the NETC program.

NETC FASTag continues to grow, and new use cases are coming up such as payment at parking plazas at malls, metro stations, hospitals, airports among others; apart from acceptance across national and state highways. Currently, over 40 parking plazas across the country accept FASTags for parking fees in over 20 major cities.

NETC Volume (million)



NETC Value (INR billion)



Top issuer & Acquirer banks for FASTags as of June 2022:

Top 5 Issuer Banks	Top 5 Acquirer Banks
ICICI Bank, IDFC Bank, Paytm Payments Bank, Airtel Payments Bank and Kotak Bank	IDFC Bank, ICICI Bank, Paytm Payments Bank, Axis Bank and HDFC bank.

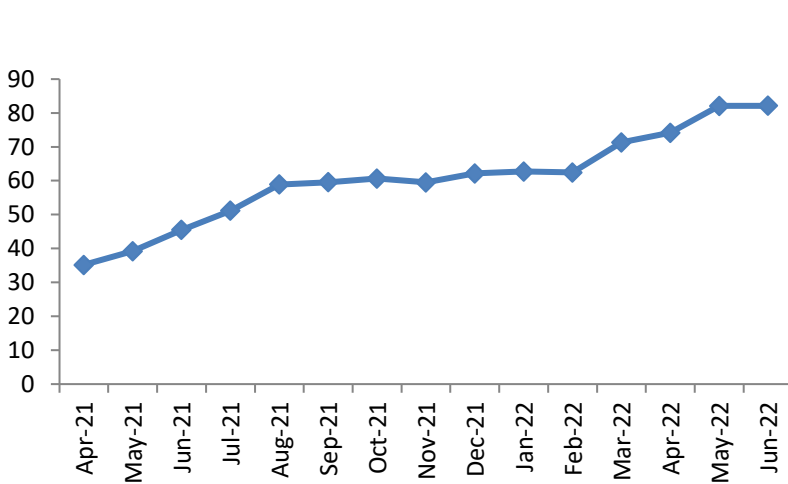


Bharat BillPay

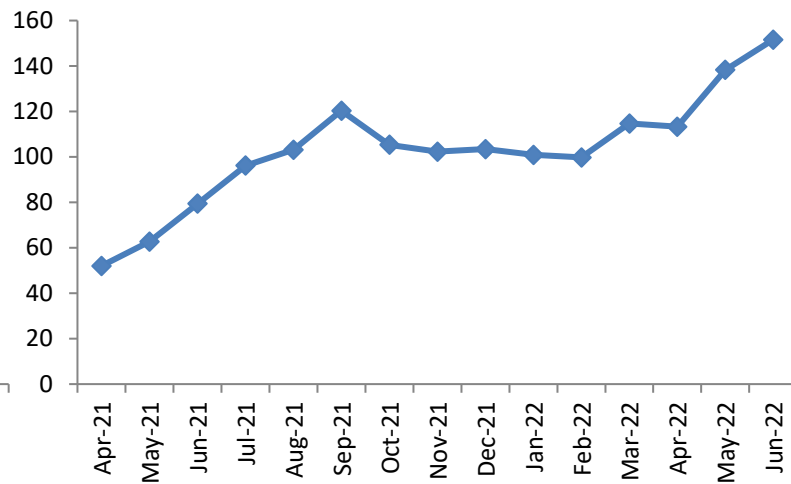
The transactions volume passing through Bharat Bill Payment Central Unit (BBPCU) in Q2 2022 stood at 238.31 million while the transactions value was INR 403.02 billion.

It registered a growth rate of 99% and 108% in volume and value respectively as compared with Q2 2021.

Bharat BillPay Volume (million)



Bharat BillPay Value (INR billion)



As of June 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 19,399 billers followed by ICICI Bank with 18,016 billers in June 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.

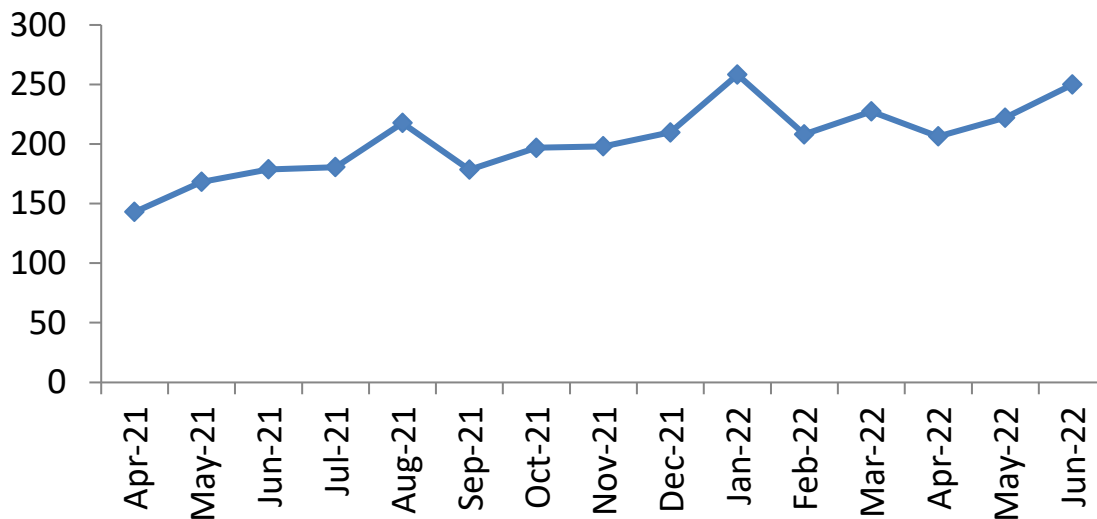
Out of these, Electricity, FASTag recharge, Mobile Postpaid contributed to 70% share in volume and 66% in value in June 2022. There are over 932 Agent institutions BBPOUs live on Bharat BillPay.

Aadhaar Enabled Payment Service

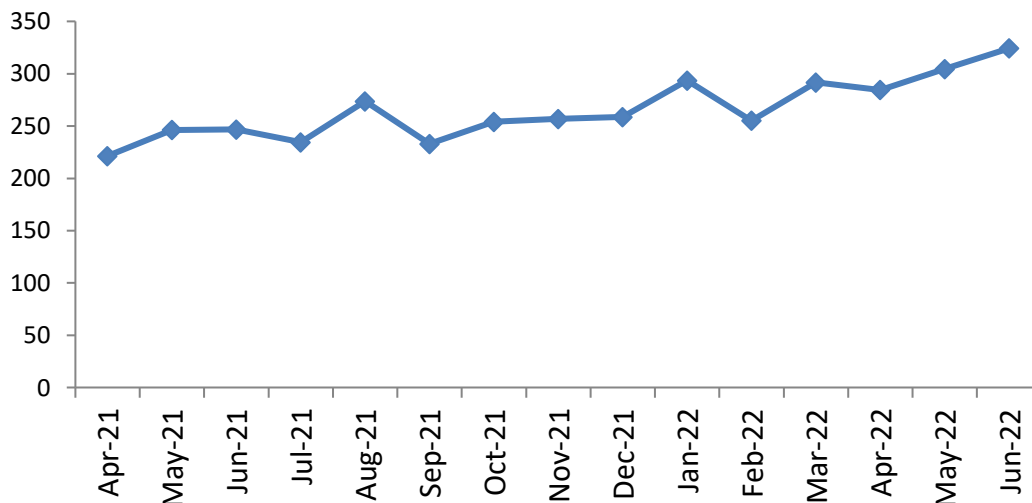
In Q2 2022, AePS transactions recorded a substantial volume of over 679 million transactions, registering about 38% growth over Q2 2021. It processed transactions worth INR 913 billion, an increase of 28% over Q2 2021.

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.

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](https://www.worldline.com)

Worldline India is a transactions facilitator across the spectrum of the digital payments ecosystem and provides both products and services along the full length and breadth of the payments value chain. We are involved in Merchant Acquiring, Card Issuance, Loyalty solutions for petroleum companies, Internet Payment Gateway, National Electronic Toll Collection, Risk Mitigation, Reconciliation and Value-added services. Worldline is the partner of choice for merchants, banks, government agencies and industrial companies, delivering best-in-class digital transaction services.

Worldline's corporate purpose is to design and operate digital payment and transactional solutions that enable sustainable economic growth and reinforce trust and security. Worldline India is constantly investing in the latest technologies to increase efficiencies, drive innovation and deliver customer delight. We have a presence in over 50 countries and can leverage our access to global innovations to offer significant tech stack strength in our offerings. We have a dedicated workforce and service capabilities to ensure complete control on every aspect of the acquiring business – from the terminal to the switch – through ownership of all IP and source codes. We bring value to our customers by offering end-to-end solutions covering every aspect of the merchant acquiring value chain; terminals, platforms, processing, risk management, reconciliation, and helpdesk among others.

WORLDLINE

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