



Inclusive Cashless  
Payment Partnership



## CATALYST FINposiums

Bridging policy and innovation with evidence  
for financial inclusion

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## Digital Payments Camp Insights

# Camp Video

See what merchants think about our Merchant Mela

# Digital Payments Shivar in **Barkat Nagar**

## Objectives:

- Create a platform for small merchants to explore different forms of digital payment solutions, understand benefits & business fitment
- Evaluate the success of a shared lead generation model in low-to-middle income cluster
- Understand factors that influence merchant adoption



**कैशलैस भुगतान, डिजिटल राजस्थान**

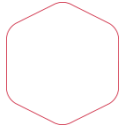
राजस्थान सरकार व कैटलिस्ट की साझेदारी

## Why Barkat Nagar ?

- Approx 600 small merchant stores concentrated in Adarsh Market, a main market street in Barkat Nagar
- Fair penetration of wallets acceptance by merchants indicating familiarity in digital payments
- Strong youth presence due to several coaching institutes
- Surrounding residential area with approx. 6000 HHs

# Merchant Camp: **Overview**

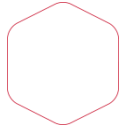
March 17<sup>th</sup> - 22<sup>nd</sup>



## Shared Lead Generation (Catalyst)

- Shop-to-shop awareness drive, interest assessment and survey
- Self-selection of solutions
- Leads hand-over to Solution Partners

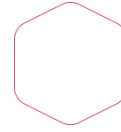
March 25<sup>th</sup> - 27<sup>th</sup>



## 3-day market **campaign** (Partner kiosks & Chai-chowkis)

- Payment solution awareness through fixed kiosk's & mobile chai-chowkis
- Solution partner feet-on-street for leads closure
- Merchant on-boarding and activation

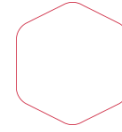
April 1<sup>st</sup> - 15<sup>th</sup>



## Leads follow-up & **conversions** (Solution Partners)

- Pursue pending / open leads
- Merchant on-boarding and activation

April 20<sup>th</sup> - 28<sup>th</sup>



## Post decision **interviews** (Catalyst)

- Feedback from adopters and non-adopters
- Inputs from solution partners
- Analyze adoption

## Local Enablement Activities

- Camp's co-branding with GoR
- Solution feature & pricing comparison matrix enabling self-selection
- Support from Local Market Association
- Shared lead generation activity





### Payment Service Providers



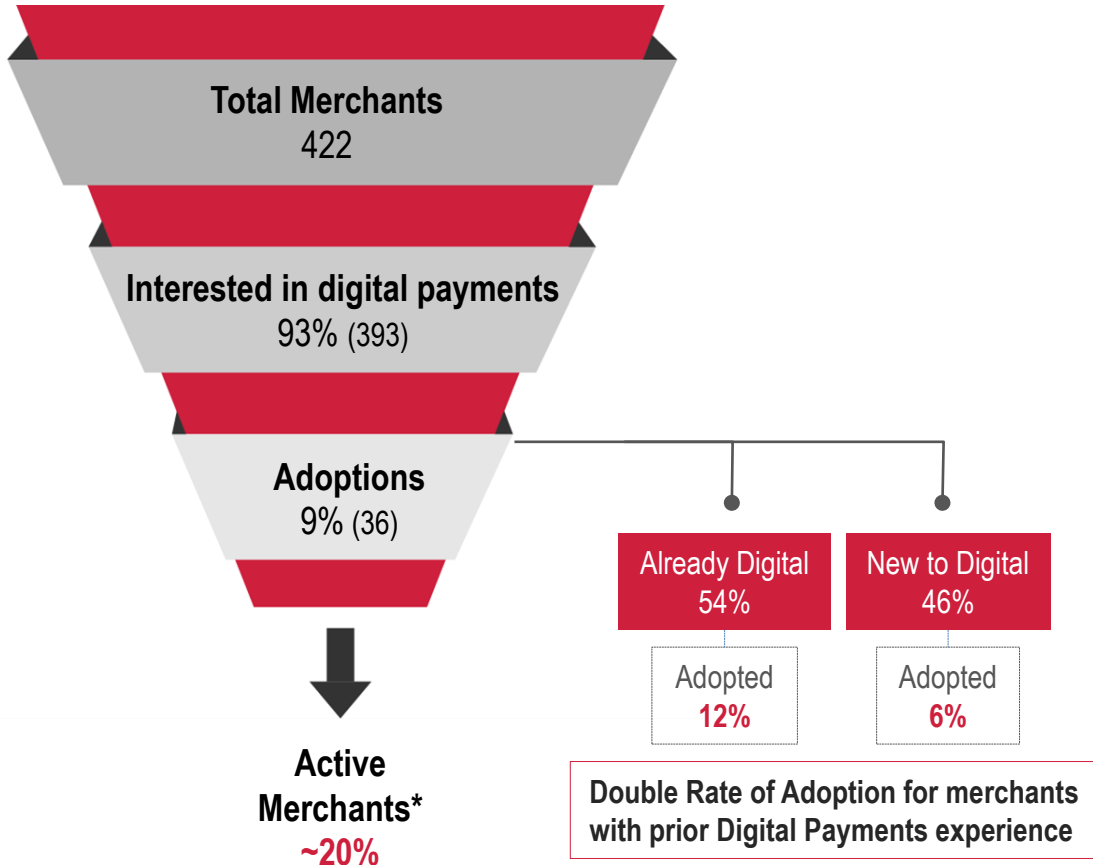
### NBFCs



# Payment Solutions & Features

							
Solutions	Axis Pay	Axis Merchant Mobile App	Bharat QR	Insta mPoS			
Acceptance	UPI	All cards Net Banking	Cards through all banking apps	All cards	All cards Wallets UPI Netbanking	All cards Wallets UPI Net Banking	UPI USSD
Solution Type	App-based	App-based		mPoS device	mPoS device	App-based Weblink QR code	App-based
Value Added Services		Real-time payment reporting & Service support through mobile app	QR code	Instant device hand-over	VAS like Loyalty & marketing, inventory management, customer khatha management	Instant loan facility	Instant bank-to- bank transfer
Pricing – Sign-up cost	None	Waived-off	Waived-off	Waived-off	INR 2000 – INR 3500	None	None
Monthly Rental	None	INR 100	Waived-off	INR 200	3 plan : INR 299, INR 499, INR 999	None	None
Transaction Cost	None	Debit Card: 0.25% < INR 2000, 0.65% > INR 2000 (as per RBI regulation during transaction period)				1%	None
	None	Credit Card: 0.80% UPI: No Cost			Credit Card: 2% UPI: 0.75 - 1 % Wallets: 2% Net Banking – 2.25%	Credit Card: 1.8% UPI: 1% Wallets: 1.8% INR 20	None

## Multi-solutions: Leads to Conversions



### Reasons for Adoption

- For mPoS – customer demand the key driver with lower cost and ease of use being solution selection criteria
- For web link solution – Primarily adopted by merchants who are open to try digital payments with no upfront/ monthly cost as selectin criteria

### Reasons for Non-Adoption

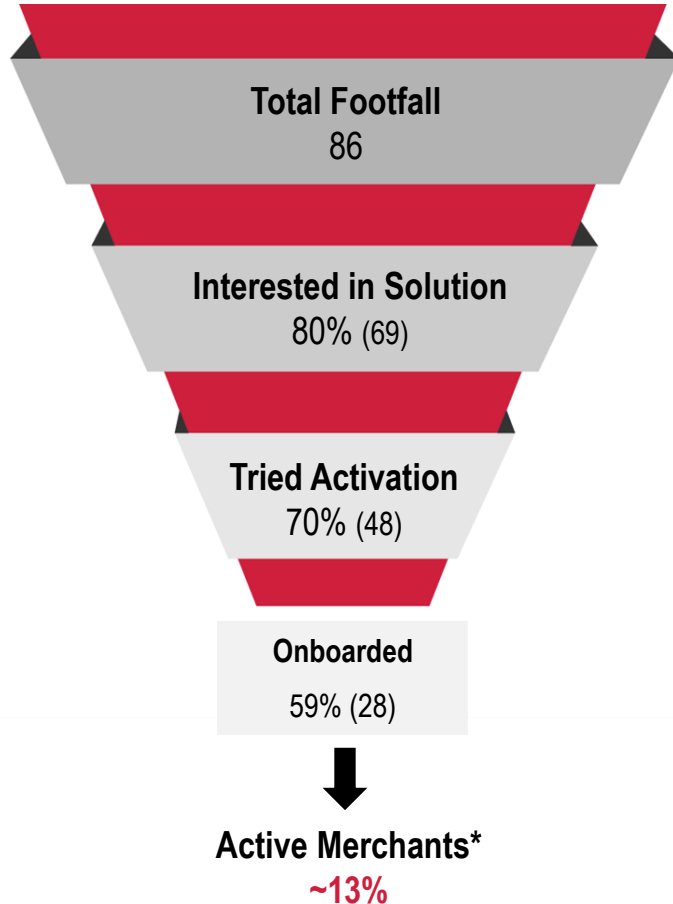
- Lack of consumer demand
- Unwillingness to bear upfront cost
- Preference for cash by the merchant

### Reason for Low Active Merchants

- Less than one month period post activation
- Web link-based payment solution found inconvenient by fixed stores due to time taken to complete the transaction

\* May be subject to small sample bias

# BHIM Leads to Conversions



Mobile based payment solution that allows instant funds transfer between two different accounts

### Reasons for adoption

- Instant sign-up & activation; Zero Cost
- Solution simplicity
- Recognized brand, Government association, Trust

### Failed Activations (41% of users who tried)

- 40% faced debit card issues (16% of total who tried)
- 50% faced mobile linking to bank account issue (21% who tried)

### Reasons for Low/ No Usage

- Lack of customer demand for UPI payments due to lack of solution awareness

\* based on survey of 15 merchants sample



# Actionable Insights

## Learnings

## Implication for Action



### Solution & Business Model Relevancy

- Zero sign up cost and low/zero monthly rental critical influencer for signup
- Small merchant unwilling to pay additional for value-add features (e.g. billing, inventory, analytics) for initial adoption

- Provide payment solution as per merchant needs without focusing on value added services initially
- Prioritize solutions with zero signup and low monthly rental
- Test pilot pricing models



### Go-to Market Model

- Digital payment and solution information useful for merchant
- Government and local market association support built trust in merchants
- Shop-to-shop campaign & shared lead generation for mid-low income market generated conversions in-line with mid market benchmark (~10%) but it is not a scalable model

- Evaluate information dissemination and lead generation through automated IVRS and e-Mitra enabling cost effective scalable model and leveraging local trust and community proximity



### Drivers for Sustained Use

- Customer demand and solution awareness important for driving usage
- Preference of cash embedded strongly in merchant and consumer
- Trialability important for merchant to build sustained adoption and usage
- Solution applicability and ease of use

- Enable trialability for merchants through zero adoption cost supported simultaneously by incentives for merchants and consumers to drive usage
- Drive significant adoption and usage within a geography to drive network effect
- Assess a model with merchants as change agents to influence & drive consumer usage



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