

## Dithering journey of E-wallet companies in post-demonetization era in India: A case study of Paytm

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### Abstract

Demonetization step turned out to be a God send privilege for various wallet platforms especially for paytm. Cash strapped Indians opened the gates of massive opportunities for these e-wallet segment which was accompanied by political cross fires and technical woes. There is a great necessity to look into the case and to analyze as to what extent the digital payment segments; especially Paytm got benefited by this move of our Prime minister although it had to face various barricades in its journey. The working of such platform really helped general public in such a time of liquidity crunch and is studied in detail. Huge spike in new users has been seen after the decision of demonetization was announced. This case study will help the reader to understand the odyssey of highs and lows in Paytm after the case of demonetization and how it proved to be extremely beneficial for all the segments of the society. Paytm dream changed into reality but this overnight glory of paytm came along with various thunderous lash backs from different schools of society. To analyze this case content analysis is used. It is very helpful in understanding various structural changes in the environment and its impact on e wallet companies. To fulfill the desired objectives, different News articles and News items are collected and critically analyzed to give away the better judgments. News items are being observed keeping in mind different aspects and perspectives in mind. This study will help all the marketers in understanding scenario of the growing digital platform in India. This case study provides deep insights about changing business environment positively and critically and helps marketers in tapping this golden opportunity.

### Keywords:

Demonetization, paytm, E-wallet, PayPM

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### Company Profile

Paytm(Pay through mobile) private e -business is an Indian electronic wallet company started by Mr. Vijay Shekhar Sharma. Alibaba backed Company started as prepaid mobile recharge website in 2010. Chairman Mr. Vijay Shekhar Sharma launched this prepaid mobile recharge website, after getting impressed from Chinese vendor. In Nov 2011 Company bagged the title of most Innovative Start-up of the year at Entrepreneur India Event organized by Franchise India. Knowledge Fabre Best Mobile Wallet Program Award and Gold Winner Award for M -Commerce added a feather to its cap.

Company which started with recharges later enlarged its area by including services such as utility bill payments, wallet payments, wallet to wallet transfers and wallet to bank transfers which facilitated many leading internet based companies like Bookmyshow, Make my trip, FoodPanda, IRCTC and many others. Company has its headquarters in Noida, Uttar Pradesh, India. Paytm also got support from a renowned Indian Industrialist RatanTata who invested in the company in March 2015. Mr. Vijay Shekhar Sharma got recognized among the 50 most influential young Indians. Paytm has been announced as one of the winners at the 64th International Festival of Creativity at Cannes Lions 2017 which has added to its pride.

In November 2012, Paytm took the possession of self service mobile market platform Mobivite. Company also got a major success in getting a license from Reserve Bank of India to launch its first Paytm Bank in 2015. Initially mobile recharging and E-commerce were few services provided by Paytm which later were extended by Bus Travel Bookings and Movie Ticket Bookings.

## Company's upward growth in post-demonetisation

The main purpose of demonetization is to regulate the economy of the nation by applying certain conditions.<sup>8th</sup> Nov, 2016 was not the first time when India introduced the concept of demonetization. Demonetization term was first of all used in 1855. It was firstly evolved in India on 12 Jan, 1946 and then on 16 Jan, 1978.

The first time effective move of demonetization could not be successful. The major drawback at that time was the ineffective administration method which could differentiate between white and black money. The difference varied between the exchange of notes was due to the privilege given to priority states, who were not asked regarding the source for the notes been presented.

In the second time, Demonetization was introduced to reduce or eliminate the illegal transactions from the economy but even for the second time, demonetization could not create much impact. Again for the 3<sup>rd</sup> time, on November 8, 2016 demonetization took place. Mr. Narendra Modi, Prime Minister of India introduced this concept. The main reason behind this step was to curb black money from the economy.

Demonetization drive proved to be a game changer for digital payment platforms or e-wallet companies. Since Demonetization, Alibaba backed company Paytm has experienced a tremendous hike in its usage. Due to cash crunch in Indian economy after demonetization, E-Wallet companies like Paytm became extremely imperative which was earlier just considered as an option. There has been an upward surge in the amount of daily transactions of Paytm. Company's daily transactions jumped to 250 per cent of the transactions that the company experienced a week before scrapping of 500 and 1000 notes in the country as a result of the bold decision taken by Prime Minister, Mr. Narendra Modi on November 8, 2016. Company recorded a massive hit in the daily transactions of the company to almost over 7 million worth Rs 120 crores. Company managed to exceed combined average daily business of debit and credit cards in India. Company was able to grab the opportunity of adding new customers to its existing customer base which led to 700 per cent increase in its overall traffic. Post government move of demonetization, Company recorded 1000 per cent growth in the amount of money added to Paytm accounts. Company introduced a much simplified method of using the Paytm app that provided a sign of relief to over-hassled common men who were constantly being troubled by long serpentine queues outside banks. Demonetization gave a big boost to e-wallet companies by increasing its number of transactions per user from 3 to over 10 transactions in a week. Due to demonetization, the Company managed to have 300 per cent rise in app downloads and 300 per cent growth in offline transactions. Paytm captured 70 per cent of online mobile and DTH recharge business done in the country amounting to 35 million transactions on its platform.

### Paytm: a trouble remover for common Indian man

Paytm has emerged out as a gigantic player in the digital world by making it feasible for the common man to deal with the currency issues in the times of post demonetization. It has encompassed large area by reaching out to the likes of Tea and Paan Shop Owners, Key Makers, Newspapers Vendors, Auto Rickshaw Drivers, Florists and even Temples; thus embarking upon an era of digital India. It has facilitated ease of access of use of digital mode of making payments right from lower income to higher income group of people.

After the wave of demonetization, millions of consumers and merchants switched to e-wallet companies like Paytm to make various payments using their payment platforms. Big number of retail outlets was able to cope up with the huge crowd of highly irritated shoppers using Paytm facility. Paytm Company also provided the facility of priority checkouts counters for Paytm users at the most prominent retail chains like More, Big Bazaar and central stores to provide convenient checkouts for customers. There has been a huge leap in the amount of merchants signing up to use Paytm app. 3000-4000 sign-ups a day by merchants before announcement of demonetization suddenly hiked to 25000 sign ups by the merchants. Most of the merchants that signed up belonged to the Tier-2 towns in comparison to Tier-1 towns. To facilitate sign up of the merchants, 4000 employees have been recruited by the company. Demonetization also led to increased sphere of Paytm users to almost 10 lakhs offline merchants covering petrol pumps, restaurants, coffee shops, grocery stores, multiplexes. Company was able to adjoin 1,50,000 merchants to its network of 10 lakhs merchants all over India. Paytm professed to add 25,000 merchants daily to its existing network. Paytm partnered with large retail stores like W Jumbo, Archies, Woodland, Madura Garments, Red Tape, Modern Bazaar and many more.

### Paytm: A hopeful prospect for common man helps in reviving dipping businesses

*Case of Newspaper seller* Jagdeesh, B.S. used to deliver newspapers to more than 7000 households in Indranagar but the problem encountered when he was asked to collect the payment due of October month in November (month of demonetization) in which people were faced with cash crunch. Jagdeesh was aware of the fact that most people living in the concerned society had been using Paytm. He downloaded the Paytm app and received huge collections through e-transactions beyond his expectations. Earlier the payment received from

each hold was usually less than Rs 200, but in the month of demonetization he could collect Rs 7000 through digital/cash less system of making & receiving payments. Therefore, Paytm has resulted in imprinting ever lasting impression on minds of consumers.

#### **Case of cook**

RashmiParvaDas, a home chef used to sell homemade snacks to her neighbours in her colony near Sahakarannagar. She used to face problems in collecting money as change was a major problem especially transactions carrying small denominations. For her, the problem became worse after demonetization. But she felt relieved as one of her neighbours offered her cashless payment via Paytm. This act triggered a great thought in her mind of easier way of collecting and managing money/payments. Paytm has acted like a ray of hope for her in handling customers of varied range from small scale level to a large scale level. She further continues usage of this app even after the cash position is normalized.

**Case of artificer** - Azhar Pasha, a locksmith found himself in extremely tough situation after PM Modi's announcement on demonetization as his customers started asking for credit. One of his customers, a manager with online payment company provided him with a solution of e-wallet (Paytm), a much easier way to record payments, tracking income through assurance of not losing money. Soon, Paytm's representatives approached Pasha to configure payment system on his cell phone. With Paytm, Pasha started accepting transactions over his cell phone and had a great experience while dealing in cash-less transactions. Through Paytm, Pasha has touched great heights of success. All this could be made possible with a blink of an eye which otherwise would have taken a lot of time for Pasha to first go to bank and obtain POS machine, install app and learn to use it. This is a prime example of how a common man, by using e-wallet (Paytm) could indeed avoid the crises arising out of demonetization.

### **A Tale behind success story**

In the wake of India's cash ban and Govt.'s envision of digitized economy; Demonetization has turned out to be an unexpected boon for Paytm. Indian shopkeepers, right from the one indulged in small retailing to big giants, many have turned themselves into digital mode. It has been Govt.'s vision to make India corruption free by eradicating black money through digital economy and in the light of such a step, companies indulging into online digital payment have started to make their presence felt like never before. Paytm is one such name which has gained a name in short span of time as within hours, after the announcement of demonetization. Paytm designed full-page ads to run in the biggest newspapers, proclaiming 'Ab ATM Nahi, PaytmKaro' -- No ATMs now, Use Paytm.

### **Paytm caught in diplomatic crossfire**

Paytm the mobile wallet company which came to limelight soon after the night of 8<sup>th</sup> November, 2016 when one of the most historic decision of demonetization was announced by Prime Minister Mr. Narendra Modi. Paytm, founder Mr. Vijay Shekhar Sharma had to face a lot of criticism from various political leaders. Mr. Arvind Kejriwal, Chief Minister of Delhi expressed his rage over the advertisement of Paytm featuring Narendra Modi on the front page and congratulating him for his bold decision of demonetization. Mr. Kejriwal also tweeted about some of his probable prearrangement between Modi government and Paytm. Kejriwal also stated about the potential benefits that Paytm has reaped in post demonetization decision. He claimed Paytm to be the biggest beneficiary in the phase of demonetization. Arvind Kejriwal also stated that such ads featuring PM Narendra Modi as a model just to gain popularity and support of viewers is utterly shameful for the country like India.

Mr. Rahul Gandhi declared the day of demonetization to be a black day for India. He expressed his opposition against digital company Paytm. Rahul Gandhi jibed on the appearance of Modi on the front page with the ads of the Paytm which surfaced on the Indian televisions. He also stated to the press that if he is given a chance he would like to reveal that Paytm is basically 'Paying to Modi'.

### **Comparisons of Paytm with PayPM**

West Bengal Chief Minister Ms. Mamta Banerjee spoke hard at Prime Minister Modi and his demonetisation policy. Instead of openly criticizing it, very cleverly she said children these days connote Paytm as 'PayPM'. She also indicated PM being the boss of Big Bazaar. She had also demanded an independent and transparent agency to scrutinize account transactions of the BJP MPs and MLAs done between November 9, 2016 and December 31, 2016. Ms. Mamta Banerjee raised her eyebrows once again by openly opposing PM Narendra Modi's favoritism shown to E-Wallet Company. She said Paytm is currently not completely owned by the Indians. It has a majority of the shareholding of China's Alibaba which is a black-listed company even in US. In such a scenario, BJP & Indian Govt. were playing at the hands of Chinese business personnel which even the

Indian finance ministry was unaware of. As per Mamta's views, such encouragement to Paytm could pose a potential threat to the country's national security and would indeed put it in jeopardy in near future.

### **Rage over advertising being done for Paytm and its political affiliations**

AAP CM Arvind Kejriwal lashed out at BJP for acting as a possible platform for e-wallet company Paytm for purposely advertising heavily in its favour. Kejriwal also hinted at a possible nexus between the two by indicating that there must have had whopping sum of money changed hands in the duo coming together for publicity for each other. Kejriwal could say all that openly through linkage of two things coming together as Paytm seems to have been the biggest beneficiary of PM's (Modi's) announcement demonetization of big currency and appearance of PM Modi immediately next day in its ads. The AAP termed the government's demonetization of Rs 500 and Rs 1,000 notes as a "Tughlakiferman" (Tughlak's diktat) and said the move was made to favour big businessmen who hold black money.

### **Rahul Gandhi quibbles over paytm insensitive ads**

Congress leaders including TMC, CPI(M), CPI, JD(U), Samajwadi Party observed a black day on completion of one month of demonetization. All of them were of the view that it was a foolish decision on part of PM Modi. Rahul Gandhi lashed out at PM Modi by saying that Paytm simply means nothing for a common poor man. It simply means pay to PM Modi.

Leader of the protest, Rahul Gandhi opposed PM Narendra Modi's move and openly challenged him alongside other party workers and opposition leaders by saying that they will not let him remain silent on such a critical issue as a large number of Indians were facing hardships & more than 100 people had died post demonetization including poor people like fishermen, farmers, people working on daily wages, and PM Modi will have to answer all such questions in Parliament.

### **Demonetization put Paytm on the path of sudden stardom**

Paytm CEO Mr. Vijay Shekhar Sharma got trapped in political problems when it supported Modi's move of demonetization through its full page front ads with PM Narendra Modi photo on it appreciating his bold decision of demonetization. Delhi Chief Minister Arvind Kejriwal accused him of being belonged to Modi party. Politicians also alleged Paytm being a 'Chinese company' because of the Alibaba Group's 40 per cent stake.

Mr. Vijay Shekhar Sharma founder and CEO of Paytm Company felt elated on the night of 8<sup>th</sup> Nov 2016. Company wanted to grab the opportunity which had fallen in its lap due to demonetization decision taken by PM Narendra Modi. Company wanted to leave no stone unturned to earn fortunes. They came up with a massive marketing and promotional campaign of 600 Crores. The morning after demonetization, Paytm print ads was seen running on Indian televisions highlighting how company's cashless payment mechanism can be extremely beneficial for millions of Indians facing cash crisis. Paytm ads stressed upon the concept of financial inclusion. They came up with an advertisement depicting a scripted story of a lady facing problem to make a payment to her maid in cash and accusing government for being insensitive towards poor, but the maid intervenes in between and tells her 'Drama Mat Karo, PaytmKaro' (Paytmkaro is the punch line of the app). Company expected a positive response from social media viewers but company got miffed response from them for mocking at their troubles. People wanted them to remove the tagline from the advertisements. Company tweaked the tag lines to 'Chinta Mat Karo, PaytmKaro' (Do not worry, use Paytm). This time word play worked for them.

### **Heavy rush results in service outage for paytm**

Demonetization led to windfall gains for digital wallets platform Paytm but due to spurt in transactions company systems faced certain technical complaints of money not being transferred to their E-Wallet in spite of amount being debited from their bank accounts, even faced difficulty in transferring funds back to their bank accounts. Customers even failed to track their e wallet balances. Some apple handsets customers' even complained of their failure to use the app for making digital payments. A bug was found in IOS App where certain app users were not able to pay thereby hanging their app. The outage and crash of the app was embarrassing for Paytm which left common men stranded waiting to book their cabs or their shows.

## Conclusion and Implications

Demonetization decision turned to be a big problem for the common man; it proved to be extremely a game changer for the company.

This case study covers the up and down story of e-wallet companies. Economy sufferings due to the introduction of Demonetization and how these e-wallet companies helped the economy to survive through these crises has been studied. Paytm helped people in making digital payments in every corner of the country. Paytm became a gigantic player earning high percentage of processing fee for every transaction on wallet. Company helped a lot of cash strapped people and managed to improve common man's understanding towards digital payments. Although company proved to be a blessing for the country but faced lots of allegations too. Various Political leaders alleged Paytm being Chinese's Ownership or having a deal with Modi Government, still Paytm proved to be a Pig rolling in Mud. It is expected that this drive of Demonetization could bring the change; PM Modi thought of while the introduction of this concept. Demonetization move was accessed as an opportunity by the marketers & they rightly deployed a strategic sound structure in form of harnessing consumers' content & their long term commitment using digital modes of payment.

Paytm, typically saw an average of Rs 1.5 Crores being added hourly to its wallets, witnessed users topping up Rs 15 Crores every hour. The Paytm app also got a big push with a 200 per cent increase in downloads in the past one day. Offline payments of Paytm also grew by 400 per cent compared to other/routine days. Demonetization ended up being a game changer for e-wallet company Paytm.

Achievements of Paytm as stated above was backed by serious efforts, a focused marketing approach & was directionally oriented primarily seeking a happy customer base devoid of grievances with service provision at customers' doorstep. This has resulted into building a strong foundation of trust & loyalty among users of Paytm. They say 'A stitch in time saves nine'. This can be generalized for Paytm which has acted like a big source of motivation for business men & common people in general whose interests were saved from being getting badly affected.

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