



India Payments Trends Report 2024

(Jan - Dec 2024)



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01

Payments trends in 2024



Overview of the digital payment infrastructure in India

The Reserve Bank of India (RBI) has outlined key milestones to advance India's digitalization, focusing on improving credit flow, enhancing monetary transmission, and strengthening payment systems. A significant initiative is the Digital Payment Index (DPI), introduced in January 2021 (calculated with March 2018 as the base year), which measures digital payment penetration and includes payment performance, payment infrastructure, payment enablers and consumer centricity.

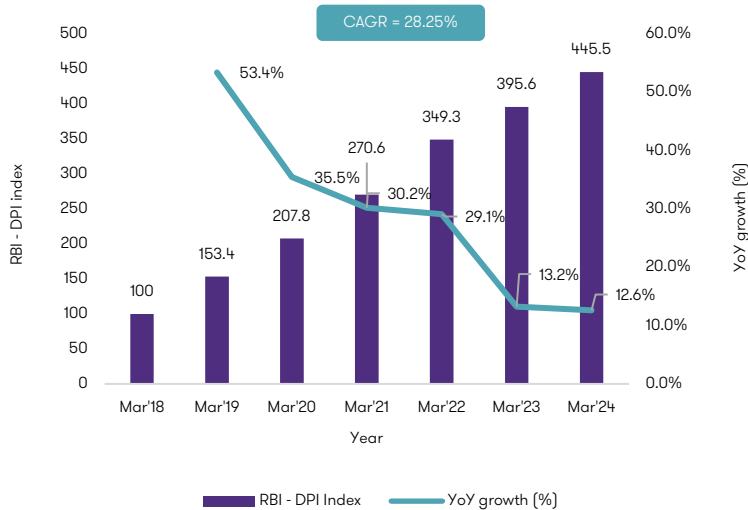


Figure 1: RBI – DPI Index (Base year: Mar'18)

India's digital payment infrastructure has rapidly evolved, featuring components that facilitate seamless transactions. The adoption of QR code (CAGR 3 yrs: 62.68%), Sound Boxes and Point of Sale (PoS) (CAGR 4 Years 21.55%) terminals has increased especially for contactless payments. Similarly, Quick Response (QR) codes and Micro-ATMs play a significant role in this ecosystem.

PoS Terminals

The deployment of PoS terminals has seen an upward trend with a CAGR of approximately 30% between the years 2020 and 2024. The surge in growth can be credited to the introduction of the Payments Infrastructure Development Fund (PIDF), which has significantly boosted the usage of PoS terminals.

- The rise in the number of PoS terminals is directly linked to the growing use of credit cards among consumers. This increase in credit card usage is driving the growth of payment transactions via PoS terminals, thereby boosting their adoption

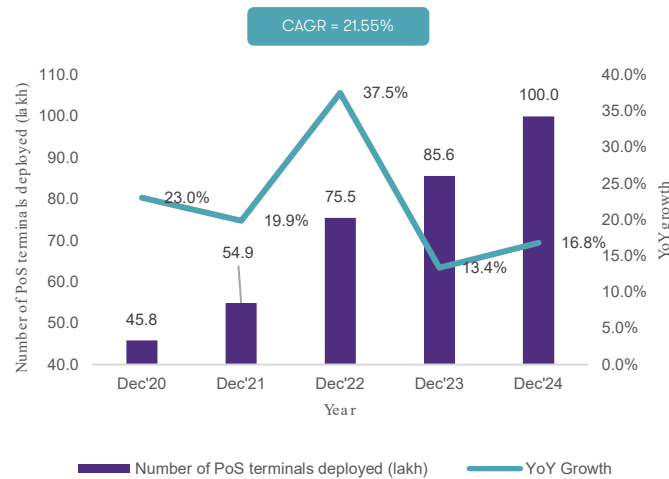


Figure 2: Number of PoS terminals deployed (lakh)

Note: The number represents the total PoS devices outstanding at the end of each Calendar Year

QR Codes (Bharat QR and UPI QR)

- The number of QR codes deployed are growing with a CAGR of 62.68% between 2021 and 2024, demonstrating significant adoption and expansion of QR codes throughout the period.
- The rise in QR codes is driven by consumers increasingly using UPI for purchases at grocery stores, supermarkets, and fast-food restaurants etc. These establishments are part of the "essential products industry," characterized by high consumer spending and low transaction values. This enabled an increase in the overall deployment of QR codes during and post-COVID.

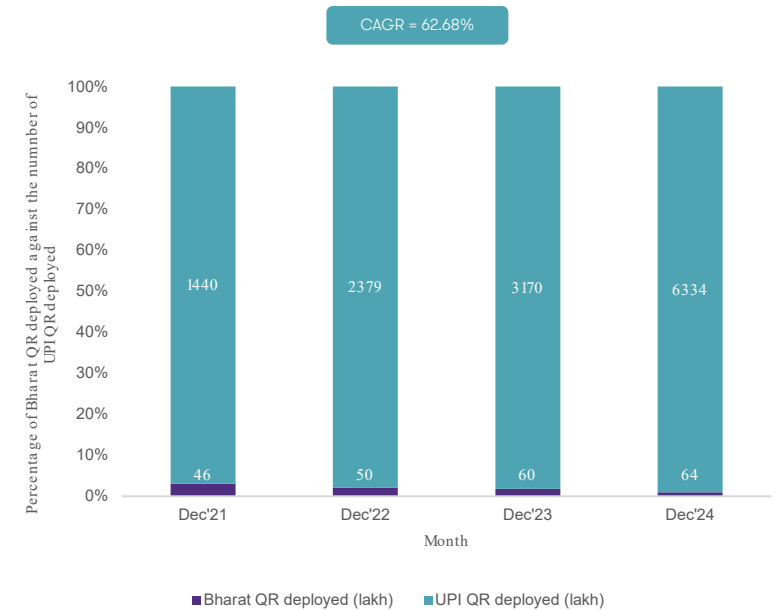


Figure 3: Number of Bharat QR deployed against the number of UPI QR deployed

Note: The number represents the total QR codes outstanding at the end of each Calendar Year



Micro ATMs

Micro ATMs have proved to be a boon for the people living in the rural India. They have brought in a major change in providing access to digital payments and banking to the marginalised groups.

- Micro ATMs have increased because of the increase in the business correspondents (BCs) by banks who earn commissions for facilitating transactions using Micro-ATMs.
- The slowdown in growth between 2022 and 2024 can be attributed to major banks limiting cash withdrawals via Micro-ATMs of other banks to just four times a month and increased usage of UPI for P2P transfers⁴.

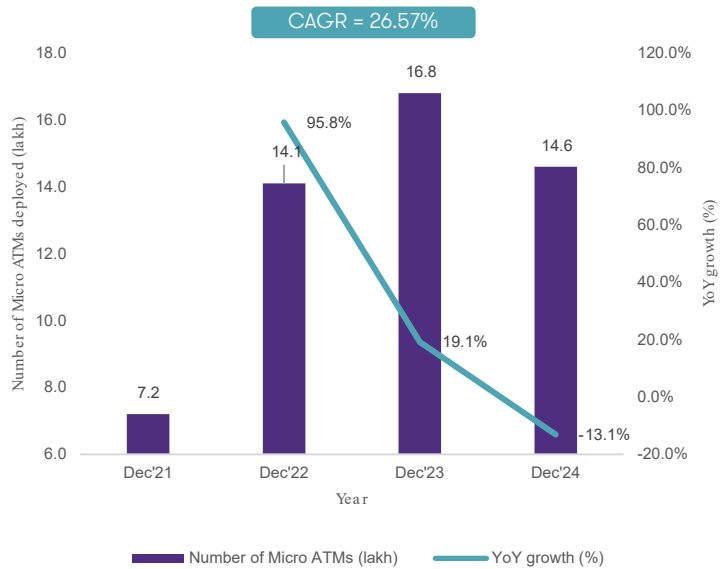


Figure 4: Number of Micro ATMs deployed (lakh)

Note: The number represents the total Micro ATMs outstanding at the end of each Calendar Year

Overall growth of digital payments in India

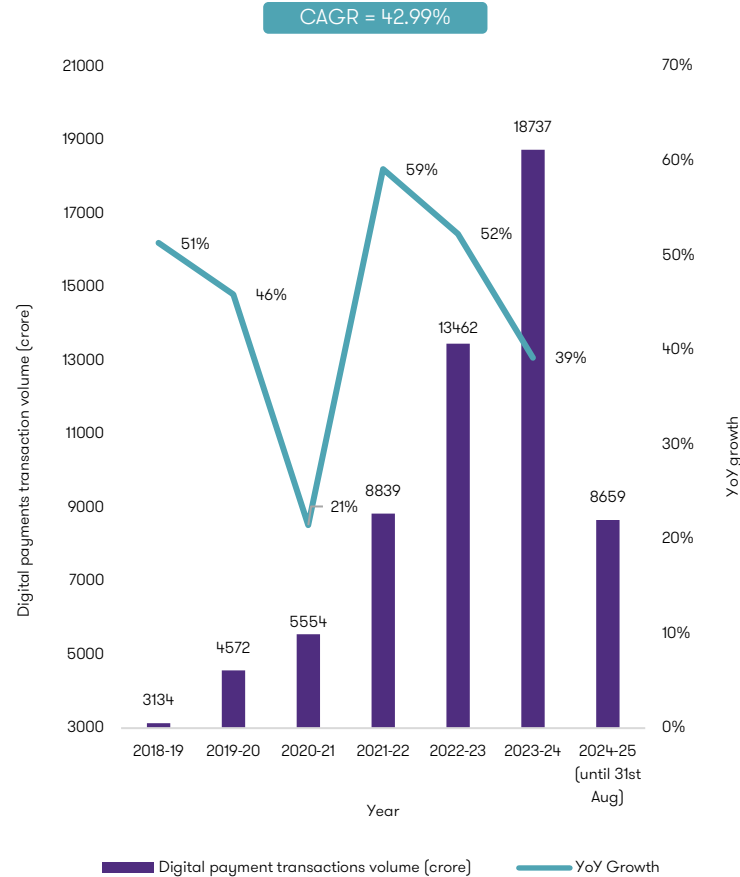


Figure 5: Digital payments transaction volume (thousand crore)

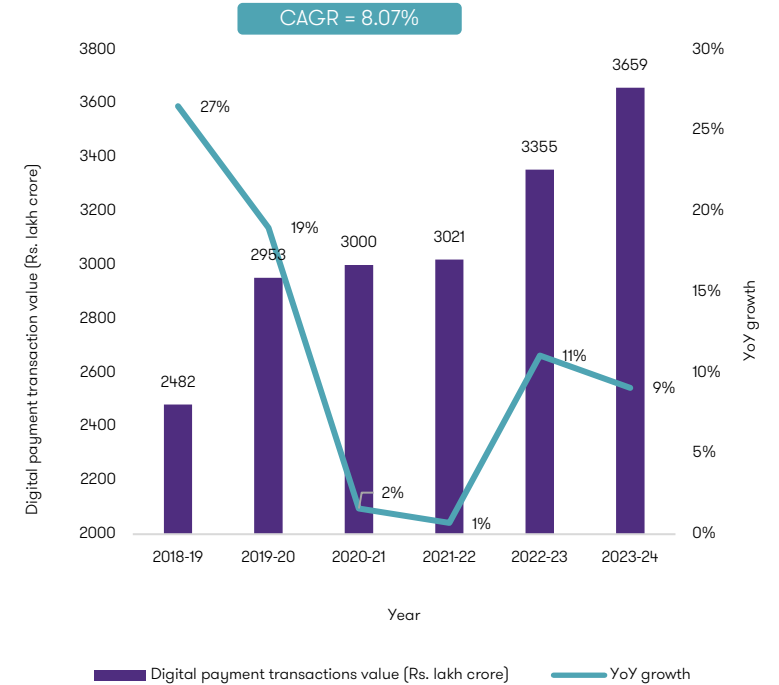


Figure 6: Digital payments transaction value (Rs. lakh crore)

The volume and value of digital payments have shown a consistent upward trend, reflecting a strong adoption of digital payment methods across the country.

As of August 2024, the volume of transactions stands at INR 8,659 crore. If this trend continues, the year-end figures might surpass the previous year's volume.

Between 2020 and 2022, the value of transactions remained relatively stable, while the volume of transactions surged. This indicates a reduction in the average ticket size per transaction to approximately ₹426 per transaction, largely due to COVID-19, as people primarily spent on essential items.



Market share in terms of value and volume of different payment components

Major players in the UPI market by volume and value of transactions

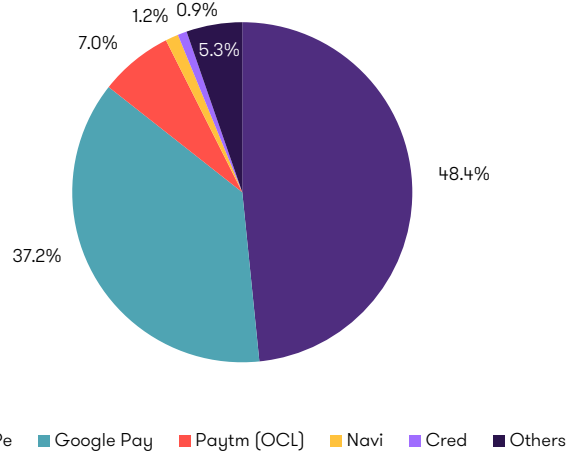


Figure 7: Share of major players in the UPI market (by volume of transactions)

Note: As of December 2024

Together, PhonePe and Google Pay have a massive 85.6% of the transaction volume, highlighting their presence and strong consumer trust. This reflects their user-friendly interfaces, aggressive marketing strategies, and partnerships with merchants.

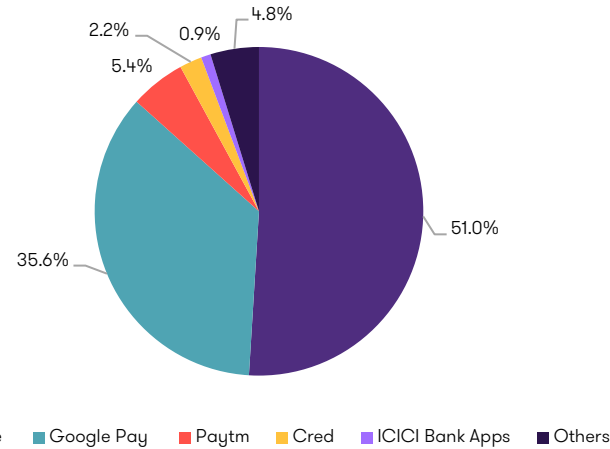


Figure 8: Share of major players in the UPI market (by value of transactions)

Note: As of December 2024

PhonePe and Google Pay not only have presence by transaction volume but also by value (86.6% share), indicating their widespread adoption across both low- and high-value transactions. While other bank and non-bank institutions handle a high volume of transactions, their share of transaction value is relatively smaller. This suggests that these players mainly facilitate smaller-ticket transactions, such as bill payments and QR-code-based payments.

Top UPI apps, Remitter and Beneficiary banks: In terms of volume and value, PhonePe, Google Pay and Paytm were the major UPI app players. In December 2023 the 3 apps accounted 95.4% of all the transactions in terms of volume, which was 94.8% in December 2022, while in terms of value they together comprised 93% in December 2023 which was 92.2% in the same period last year. Their presence is likely a blend of early mover advantage and the convenience, features, discounts, and deals provided by the apps.

Debit and credit card market share by number of cards issued by leading players

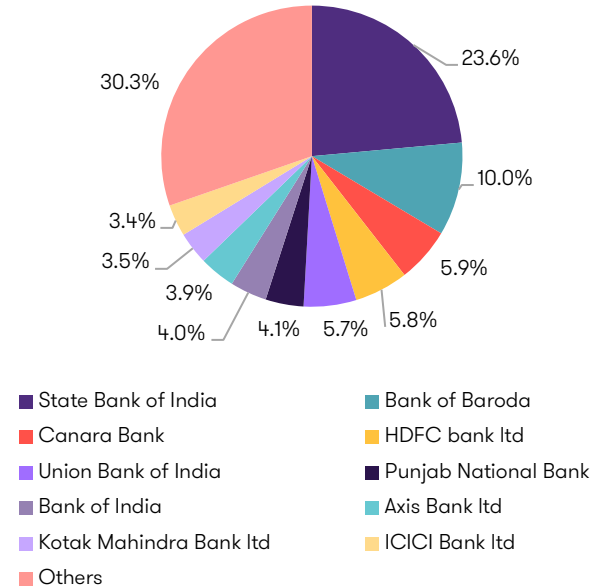


Figure 9: Share of major players in the debit card market (number of cards issued)

Note: As of December 2024

State Bank of India leads the debit card market due to its extensive branch network having over 22,500 branches and 62000 ATMs pan India, which ensures easy access to debit card services even in rural areas. Additionally, SBI's significant investment in digital banking platforms provides customers with convenient access to debit card management and transactions.



Debit and credit card market share by number of cards issued by leading players

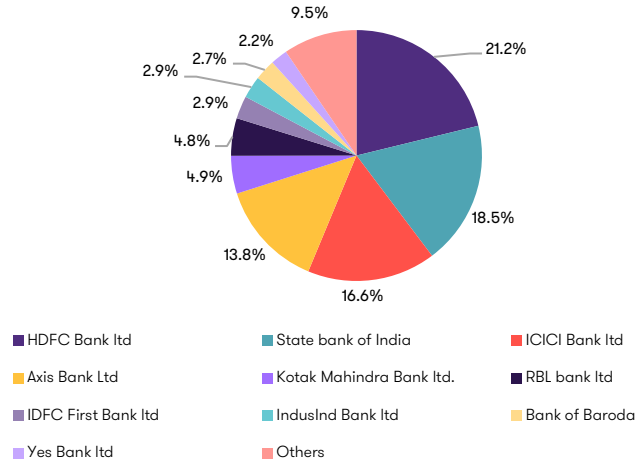


Figure 10: Share of major players in the credit card market (Number of cards issued)

Note: As of December 2024

HDFC Bank leads the credit card market as India's largest lender, maintaining its top position through a consistent product offering and a robust market strategy. The bank's deepened credit approach and strategic initiatives ensure its leadership in the sector. It added 2.41 lakh cards to its total tally of credit cards deployed in the month of September 2024 itself.

The distinction between private sector banks leading credit card issuance and public sector banks leading debit card issuance is clear suggesting the risk appetite among the former is higher while the latter is focused on providing accounts to a larger section of the population including the unbanked.

Trends for volume of transactions routed through wallets

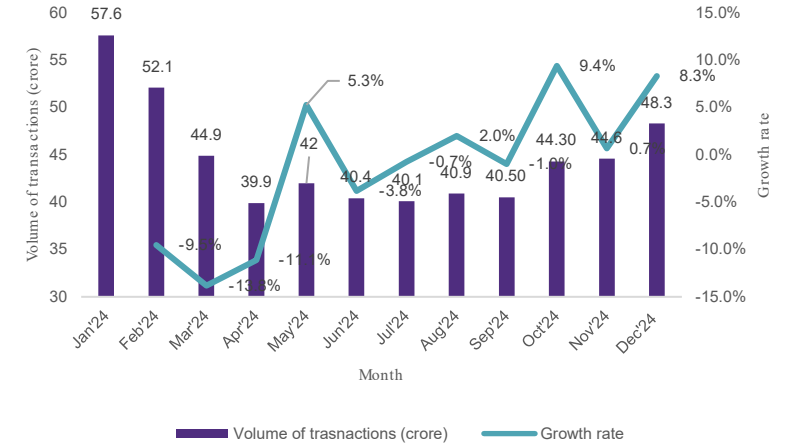


Figure 11: Volume of transactions (crore)





Trends for value of transactions routed through wallets

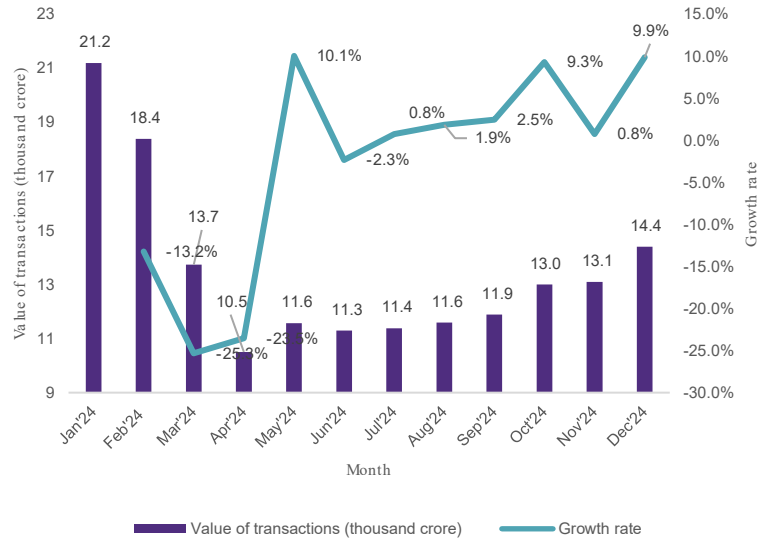


Figure 12: Value of transactions (thousand crore)

Mobile wallet payments provide a seamless method for conducting transactions at any time, anywhere, eliminating the need to carry physical cash or cards. This has been particularly accelerated by the COVID-19 pandemic, as contactless payment methods, facilitated by mobile wallets, provide a safe and touch-free way to pay.

Trends for volume of transactions routed through Bharat Bill Pay

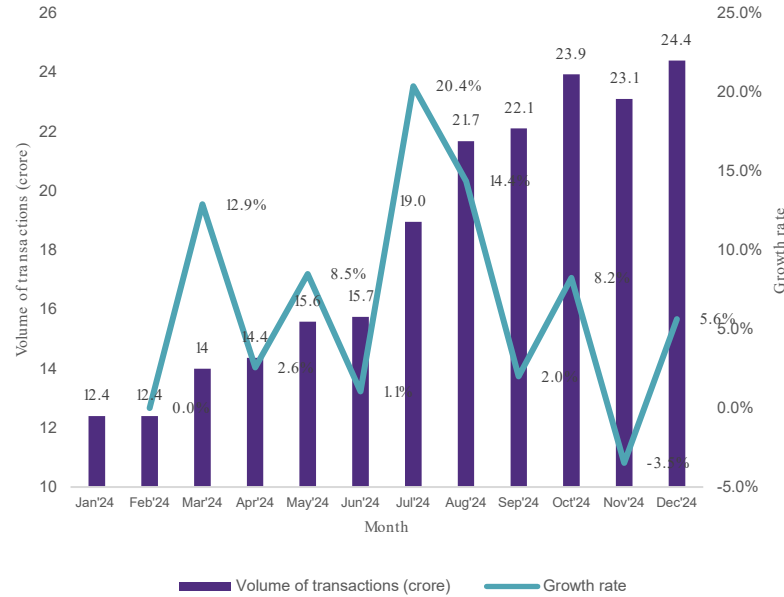


Figure 13: Volume of transactions routed through BBPS (crore)

The increasing trends in the Bharat Bill Pay can be attributed to the new guidelines that have been implemented by the RBI like the inclusion of cross border bill payments which increases the accessibility of the platform to international locations and expands the consumer base for the same resulting in an increase in the number of transactions.

Trends for value of transactions routed through Bharat Bill Pay

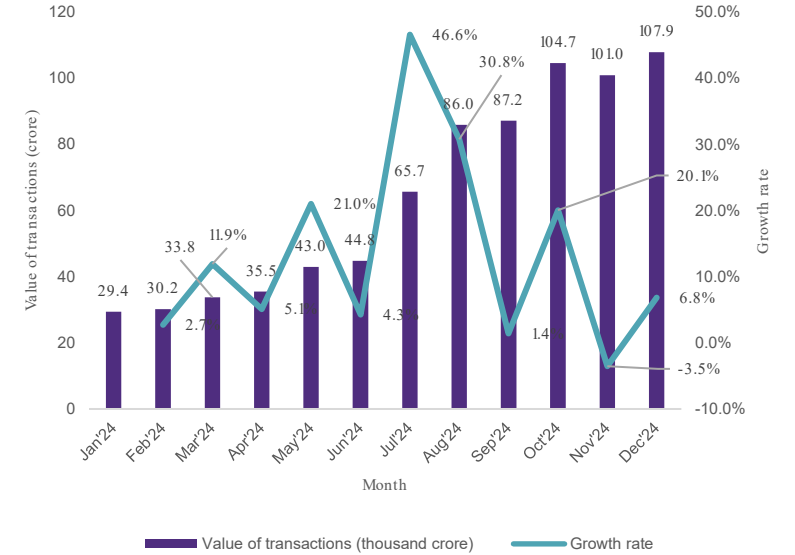


Figure 14: Value of transactions routed through BBPS (thousand crore)

Between April 2024 and October 2024, the average ticket value of transactions via Bharat Bill Pay saw a significant increase of approximately 77%. The average value rose from ₹2,500 in April to ₹4,380 in October. This growth reflects the increasing reliance on Bharat Bill Pay for a variety of bill payments.



Current trends and major players in the FASTag market

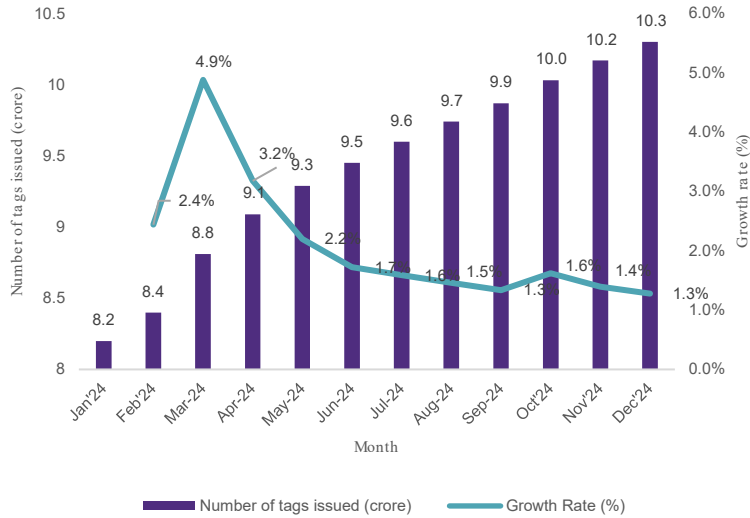


Figure 15: Number of FASTags issued (Crore)

The government's mandate for FASTag on all highway vehicles has significantly boosted compliance among motorists. Increased awareness of the convenience and benefits of electronic toll payments—such as quicker passage through toll booths and cashless transactions—has further encouraged vehicle owners to adopt FASTags.

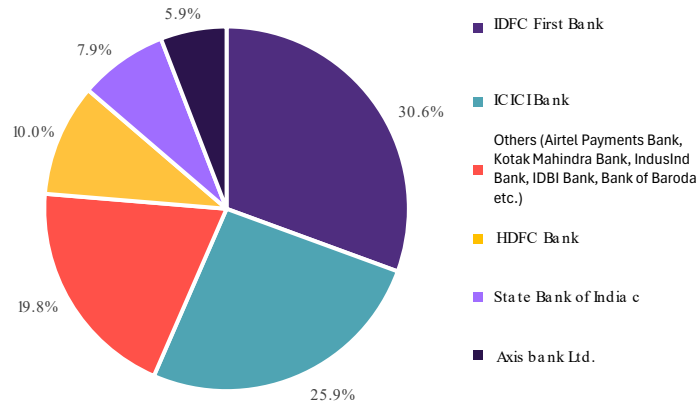


Figure 16: Market share of prominent players for FASTag (by volume)

Note: As of December 2024

IDFC First Bank leads in FASTag issuance, holding about one-third of the market. This strong presence is due to its strong customer base, extensive branch network, and advanced digital banking capabilities. Additionally, its partnerships with Hindustan Petroleum (HPCL) and WhatsApp enhance its FASTag services, facilitating easy issuance and toll payments.





Trends of fraudulent activities in India

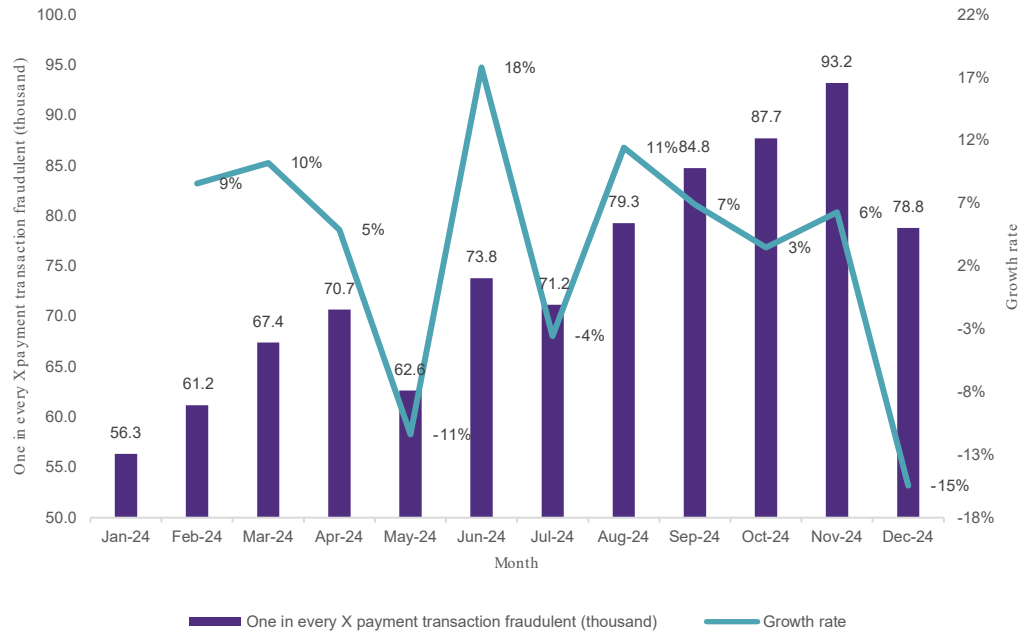


Figure 17: One in every X transaction fraudulent (thousand)

The data presented shows that the number of payment frauds have been increasing at the same rate on which the number of digital transactions has been rising. Although, the number of frauds per transaction have been decreasing but the number of digital transactions has been increasing at the same pace keeping the number of frauds approximately the same.

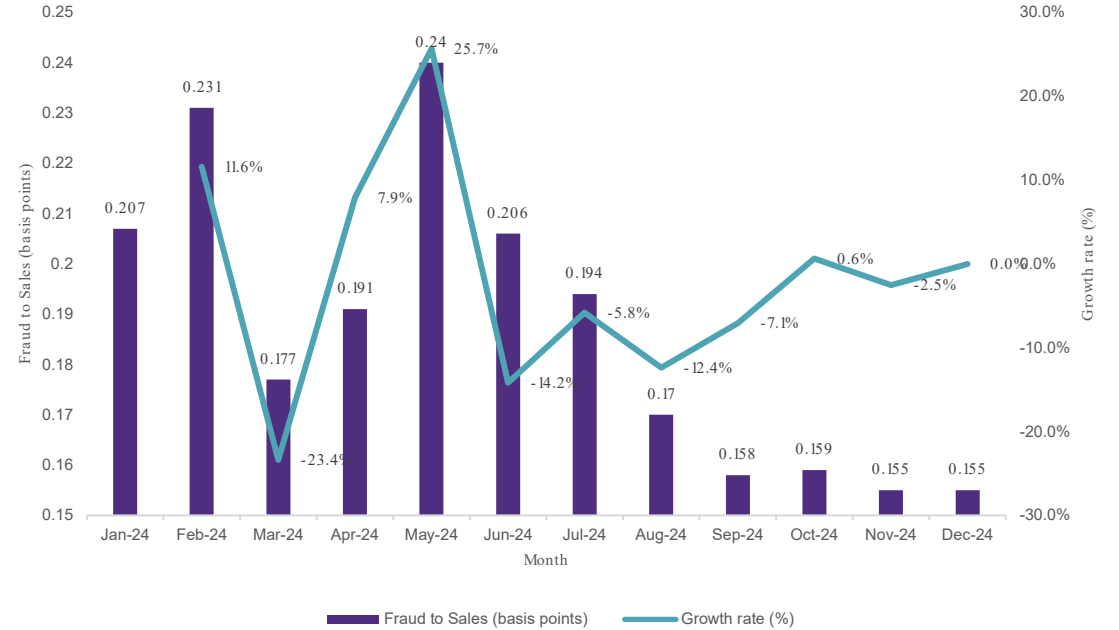


Figure 18: Fraud to sales ratio (basis points)

The rise in May-24 coincides with the holiday season, a period marked by a significant surge in sales. This uptick in consumer activity also leads to an increase in fraudulent transactions, as higher sales volumes provide more opportunities for fraudsters to exploit vulnerabilities in payment systems.



02

Regulatory updates



UPI AutoPay E-Mandate Update

The NPCI has relaxed the e-mandate framework for auto-replenishing balances of National Electronic Toll Collection (NETC) FASTag and RuPay NCMC. They have removed the requirement for a 24-hour pre-debit notification for UPI AutoPay transactions related to these services.

Key sectoral impacts

- Transportation & Mobility: Streamlines toll and fare payments, reducing transaction delays.
- Fintech: Increases adoption of recurring payment solutions.
- Consumers: Improves user convenience, driving loyalty to UPI-based services.

Insights

These enhancements reflect NPCI's commitment to simplify recurring payment workflows, reducing delays and friction. This will enhance consumer trust in automated payment systems and drive usage.

Digital Payment Systems for Persons with Disabilities

The RBI has issued guidelines for payment system participants (PSPs) to review and modify their systems and devices to improve accessibility for persons with disabilities. These modifications must not compromise security. PSPs are required to submit details of necessary modifications and a time-bound action plan to the RBI by November 11, 2024.

Key sectoral impacts

- Retail & E-commerce: Expands customer base by ensuring accessibility for all.
- Social Sector: Promotes financial inclusion for marginalized communities.

Insights

The importance of inclusive design in the digital economy, ensuring that payment systems are accessible to all, including persons with disabilities, without compromising security.

Amendments to the 'Know-Your-Customer' Regulatory Framework

The RBI amended the KYC Directions, 2016, to align with recent changes in the Prevention of Money Laundering Rules, 2005, and instructions under the Unlawful Activities (Prevention) Act, 1967. Key changes include:

- Regulated Entities (REs) can use Customer Due Diligence (CDD) measures at the 'Unique Customer Identification Code' level.
- Enhanced monitoring is required for high-risk accounts.
- REs must obtain KYC records digitally from the Central KYC Records Registry (C-KYCR).
- REs cannot ask customers for KYC records already available on the C-KYCR, except under specific conditions.

Key sectoral impacts

- Banking & NBFCs: Simplifies customer onboarding, reduces fraud risks, and ensures robust compliance.
- Fintech: Encourages integration with centralized KYC systems, promoting operational efficiency.
- Regtech: Boosts demand for compliance solutions to meet new monitoring and verification requirements.

Insights

- These amendments will enhance monitoring for high-risk accounts, and encourages adoption of digital infrastructure, reducing fraud risks and enhancing customer experience.



UPI transaction limits enhanced: Boosting accessibility and adoption

The Reserve Bank of India (RBI) has increased transaction limits for UPI123Pay and UPI Lite, aiming to improve digital financial inclusion. UPI123Pay's per-transaction cap for feature-phone users has been raised from INR 5,000 to INR 10,000, while UPI Lite's wallet limit increases from INR 2,000 to INR 5,000, with a per-transaction limit now set at INR 1,000. These changes target increased accessibility and broader adoption across different user groups.

Key sectoral impacts

- Banks and fintechs: Expanded feature-phone transaction limits unlock growth opportunities in rural and semi-urban areas, where over 65% of India's population¹⁵ resides.
- Retail and e-commerce: UPI Lite's higher transaction limits simplify payments for small-ticket purchases, enhancing customer experience in Tier-2 to Tier-4 cities¹⁶.
- Rural markets: UPI123Pay's increased limit encourages financial inclusion for sectors like agriculture and microfinance, supporting the government's goal of 1 billion UPI transactions daily.

Insights

These enhancements reflect the RBI's commitment to inclusive digital finance, aligning with India's shift toward a cashless economy. With over 10 billion UPI transactions per month, these changes offer new growth avenues for banks, fintechs, and retailers to broaden their reach, increase transaction volumes, and integrate more users into the formal economy.

NPCI introduces UPI Circle: Expanding financial inclusion through delegated payments

The National Payments Corporation of India (NPCI) has launched UPI Circle, a feature that allows primary UPI users to delegate payment responsibilities to trusted secondary users. This delegated payment model enables primary account holders to authorise family members, employees, or dependents to make transactions within secure limits, enhancing digital access and supporting those without personal bank accounts.

Under full delegation, secondary users can make transactions up to INR 15,000 monthly without further approval, capped at INR 5,000 per transaction. Partial delegation requires the primary user's approval for each transaction, maintaining oversight. To enhance security, a 30-minute cool-off period is enforced after linking a secondary user, and the primary user can add up to five secondary users with immediate revocation options¹⁷.

Key sectoral impacts

- Banks and fintechs: UPI Circle creates a new avenue to engage users managing finances for others, appealing to demographics hesitant about digital payments. With 6% of UPI users already conducting transactions on behalf of others, this feature can further drive daily UPI transactions beyond the 10 billion mark.
- Households and senior citizens: By allowing secure, delegated payments, UPI Circle simplifies digital finance for families and senior citizens. With over 7% of India's population aged 65 or above¹⁸, this feature supports financial inclusion and enhances digital access for dependent users.

Insights

UPI Circle is a strategic step toward widening financial inclusion, aligning with India's digital economy goals, and supporting the over 400 million UPI users¹⁹. For banks and fintechs, this feature presents an opportunity to serve a broader audience, particularly those hesitant about digital finance, fostering user trust and expanding the scope of digital financial engagement.





NPCI launches e-KYC Setu for streamlined identity verification

The National Payments Corporation of India (NPCI) has launched e-KYC Setu, a secure platform for Aadhaar-based e-KYC verification, allowing RBI-regulated entities (REs) to verify identities without accessing Aadhaar numbers directly, in line with the Aadhaar Act. The system provides a one-stop, single-window onboarding process, offers flexible integration options, and minimises operational complexity via a web-based URL or SDK, enhancing both security and ease of use.

Key sectoral impacts

- **Banks and financial institutions:** e-KYC Setu enables banks and financial institutions to streamline customer onboarding, reducing both time and operational costs while improving the customer experience through simplified identity verification.
- **Fintech and digital lenders:** With real-time e-KYC, digital lenders and fintech firms can expedite user onboarding and comply with RBI norms, leading to faster loan disbursement and more efficient user verification.
- **Telecom and insurance:** Heavily regulated sectors like telecom and insurance can leverage e-KYC Setu to ensure secure, efficient identity verification and reduce the complexities of KYC compliance during client onboarding.

Insights

NPCI's e-KYC Setu marks a significant advancement in KYC efficiency for regulated entities, supporting India's move toward secure, streamlined digital verification. This initiative is expected to cut operational costs, boost regulatory compliance, and offer flexible integration options to meet diverse business needs, strengthening digital onboarding frameworks across sectors.





03

Technology trends



UK government strengthens Buy Now, Pay Later (BNPL) Consumer Protections with Latest Regulatory Consultation

Brief

The UK government has initiated a consultation to enhance consumer protections for BNPL services, with new measures planned by 2026 under the Financial Conduct Authority (FCA). Proposed changes include mandatory credit checks, transparent loan information, and improved dispute rights to align BNPL with traditional credit safeguards. The consultation, closing 29 November 2024, aims for parliamentary approval in early 2025.

Key sectoral impacts

- Financial services and consumer credit: BNPL providers will need to adopt credit checks and responsible lending standards, levelling the field with traditional credit institutions. This could raise operational costs but promote a safer lending environment.
- Digital economy and e-commerce: E-commerce platforms must integrate clear financial disclosures in their UX, potentially increasing consumer trust while enabling more cautious spending habits.
- Retail sector and consumer behaviour: Enhanced protections may build consumer confidence in BNPL, although stricter checks could reduce impulse purchases. Retailers may also face increased responsibilities for transaction disputes and refunds.
- Fintech and innovation: With FCA oversight, BNPL firms may need advanced risk assessment tools, potentially driving fintech innovation in predictive analytics and responsible lending solutions.

Impact on India

With BNPL payments in India projected to grow 16.5% annually, reaching USD 17.15 billion²⁰ in 2024, the UK's new BNPL regulations may influence India's approach to the sector. The UK's focus on creditworthiness checks, transparent loan terms, and stronger consumer protections could encourage Indian regulators to consider similar safeguards. As India's BNPL market is set for steady growth, with an expected CAGR of 10.7% from 2024 to 2029, introducing UK-like regulations could help mitigate financial risks associated with rapid BNPL adoption, promoting responsible lending and consumer trust in India's expanding digital finance ecosystem.

BIS withdraws from China-backed cross-border digital currency platform project mBridge amid geopolitical concerns

Brief

The Bank for International Settlements (BIS) recently announced its withdrawal from Project mBridge, a cross-border central bank digital currency (CBDC) initiative designed to streamline and secure international payments. Launched in partnership with the central banks of China, Hong Kong, Thailand, the UAE, and Saudi Arabia, mBridge uses distributed ledger technology to enable direct, instant currency exchanges between nations.

Sectoral impacts

- Finance: mBridge's potential to enable direct, government-backed currency exchanges challenges traditional cross-border payment systems like SWIFT, which could affect banks' revenue from transaction fees.

- E-commerce: If mBridge remains viable, retailers in participating regions could benefit from faster, cost-effective cross-border payments, though geopolitical tensions might hinder its development.
- Technology: mBridge's evolution without BIS will require strong technological and regulatory support, emphasising secure, interoperable digital infrastructure for international payments.

Impact on India

The RBI increasingly focuses on the CBDC to enhance cross-border payment systems, aligning with the G20's priority to improve global payment efficiency. With 86%²¹ of central banks worldwide examining the CBDC feasibility for international transactions (2021 BIS Survey), the RBI is actively exploring the CBDC use cases to streamline cross-border payment processing and settlement. This approach reflects India's commitment to staying at the forefront of digital finance, ensuring secure, efficient transactions within a rapidly evolving global landscape.



Swift launches live trials for digital asset transactions, connecting global financial networks

Brief

Swift will begin live trials for digital asset transactions on its global network, moving beyond experiments to real-world applications. Financial institutions across North America, Europe, and Asia will test Swift's connectivity for digital assets, enhancing global interoperability.

Trends

As digital assets integrate with traditional banking, Swift's trials aim to bridge 'digital islands' by enabling seamless, cross-border transactions. This push for interoperability is transforming global transaction methods.

Sectoral impacts

- **Cross-border payments and remittances:** Swift's trials could streamline international payments, reducing fees and settlement times for more efficient, low-cost cross-border transactions.
- **Foreign exchange (FX) markets:** By supporting multi-asset transactions, Swift may improve FX trading by unifying digital and fiat currency exchanges, enhancing liquidity, and reducing market fragmentation.
- **CBDCs:** Swift's trials position it as a connector for global CBDCs, providing central banks with a secure, interoperable network to support efficient cross-border CBDC use.
- **Digital asset custody:** Swift offers a unified infrastructure for digital asset management, allowing banks to secure custody and integration within the traditional system, reducing reliance on external custodians.

- **Financial inclusion in emerging markets:** By integrating digital assets, Swift could expand secure, affordable financial services in emerging markets, promoting financial inclusion and economic growth.

Impact on India

Swift's live trials for digital currency and asset transactions could have a transformative impact on India's financial landscape. These trials align with India's push for efficient remittance flows and improved global payments infrastructure by enabling faster, cost-effective cross-border transactions. This integration also positions India to connect its CBDC with other global digital currencies potentially, enhancing cross-border digital trade and monetary policy efficiency. Additionally, Swift's secure, unified system could facilitate safer digital asset management for India's emerging digital asset market, benefiting banks and expanding access to global financial networks.

India technology trends

Cashfree gets NPCI certification for UPI Switch: What it is

Brief

UPI Switch is an advanced middleware solution developed by fintech leaders such as Razorpay, Cashfree Payments, and NPST, designed to optimise the flow of transactions in India's UPI ecosystem. Acting like a digital 'post office,' it routes UPI transactions seamlessly between banks and the NPCI's UPI network, enhancing transaction success rates and reducing failures. With robust security measures, UPI Switch enables interoperability across banks and payment apps, ensuring transactions are processed smoothly and efficiently.

Impact on business

- **Higher success rates:** UPI Switch reduces transaction failures, enabling businesses to offer a smoother payment experience, even during peak traffic (e.g., festive sales).
- **Scalability:** Its architecture can handle thousands of transactions per second, allowing businesses to manage increased transaction loads without downtime.
- **Control and transparency:** Businesses gain enhanced control over UPI features such as payment retries, real-time analytics, and fraud monitoring, enabling quick issue resolution and improved customer satisfaction.
- **Enhanced security:** With encryption and two-factor authentication, UPI Switch ensures secure transactions, building trust for merchants and customers alike.

Eurosystem and 5 Asian central banks advance Project Nexus implementation

Brief

The BIS Innovation Hub (BISIH) Singapore Centre has announced the next phase of Project Nexus, a collaborative initiative involving central banks and instant payment operators from India, Malaysia, the Philippines, Singapore, and Thailand to make instant cross-border payments a reality. The Eurosystem, managing Europe's TARGET Instant Payment Settlement (TIPS), will join as a special observer, aiming to link real-time payment systems globally.

Impact

Project Nexus could transform global cross-border payments, drastically reducing transaction times to under 60 seconds and lowering costs. The initiative simplifies international transfers by connecting national instant payment systems (IPS), enabling efficient, affordable, and accessible cross-border transactions.



what it means for India

According to the World Bank's Remittance Prices Worldwide report, the average cost of sending a USD 200 remittance globally remains high at 6.35% as of Q1 2024²², well above the United Nations Sustainable Development Goals (UNSDGs) target of 3% by 2030, with no corridor exceeding 5%²³. In India, the average cost of receiving remittances was 5.01%²⁴. These high costs result from complex international corridors and multiple intermediaries, highlighting the urgent need for a streamlined solution.

For India, participation in Project Nexus aligns with its growing digital payment ecosystem, especially UPI, and positions it at the forefront of global payment innovation. Faster, seamless cross-border payments will boost economic ties, support remittances, and benefit businesses and individuals. This step can further the financial inclusion, enhance India's fintech standing, and support a robust framework for secure and instantaneous international payments.

India to help Trinidad and Tobago develop UPI-like payments system

Brief

The NPCI International Payments Limited (NIPL) has partnered with the Ministry of Digital Transformation of Trinidad and Tobago to develop a digital payments system modelled after India's Unified Payments Interface (UPI). This initiative aims to facilitate person-to-person and person-to-merchant transactions, marking Trinidad and Tobago as the first Caribbean nation to adopt UPI. This collaboration builds on the NIPL's previous agreements with Peru and Namibia and ongoing talks with other countries.

Impact on sectors

- **Financial sector:** The introduction of a UPI-based system will modernise Trinidad and Tobago's financial infrastructure, enhancing transaction efficiency and security.

This partnership reinforces India's position as a leader in digital payment technologies, showcasing the success and scalability of UPI on an international stage.

- **Fintech industry:** This partnership will spur innovation within the fintech sector, promoting the development of new digital payment solutions. Expanding UPI's reach globally can open new economic opportunities for Indian fintech companies, fostering growth and innovation within the sector.
- **Economic inclusion:** By providing a reliable digital payment platform, the initiative aims to increase financial inclusion, particularly for unbanked citizens, and by exporting its digital payment solutions, India can influence global standards and practices in the fintech industry, setting benchmarks for efficiency and security.





NBBL Bharat Connect QR

Brief

The launch of NBBL Bharat Connect QR simplifies digital transactions by enabling billers to convert offline collections into digital payments. QR-code payments enhance convenience for both consumers and merchants, making the adoption of digital payments easier.

Key sectoral impacts

- **Retail and Small Merchants:** Small merchants and street vendors can easily adopt digital payments due to the low cost and simplicity of QR codes
- It boosts financial inclusion by providing a secure and straightforward way for small businesses to accept digital payments
- **Banking and Financial Services:** Banks can integrate Bharat Connect QR into their existing systems, enhancing their digital payment infrastructure.
- **Consumer Convenience:** Consumers benefit from the convenience of making payments by simply scanning a QR code, which is faster and more secure.

Insights

- Bharat Connect QR is scalable and cost-effective, making it an attractive option for widespread adoption across different sectors.
- The secure nature of QR code payments builds trust among users, encouraging more people to switch to digital payments.
- There is a need for continuous infrastructure development to support the growing adoption of digital payments, including better internet connectivity and awareness programs.
- The integration of Bharat Connect QR with other digital payment platforms like UPI and BBPS can drive further innovation and streamline payment processes

Expansion of Scope for Cross-Border Bill Payment Transactions

Brief

NPCI Bharat BillPay Limited (NBBL) issued a circular expanding the scope of cross-border transactions on the Bharat Bill Payment System (BBPS). The RBI has approved cross-border transactions for all personal inward and outward non-trade bills of current account nature, subject to adherence to applicable rules and regulations under the Foreign Exchange Management Act (FEMA) and RBI's KYC guidelines. BBPS, which is already live with cross-border transactions for foreign inward remittances, will now extend these transactions to foreign outward remittances.

Sectoral impacts

- **Banking and Financial Services :** Banks can offer streamlined cross-border payment solutions, reducing dependency on traditional remittance players.
- **Payments and Fintech:** Fintech companies gain opportunities to innovate in cross-border bill payment systems.
- **Retail and E-commerce:** Simplifies payments for international purchases, improving cross-border trade.
- **Education and Healthcare:** Easier payment options for tuition fees, medical expenses, and other non-trade bills abroad.

Insights

- This expansion positions BBPS as a key enabler of global payment flows, fostering innovation, financial inclusion, and cross-border economic connectivity.
- Builds trust among stakeholders by mitigating fraud risks and ensuring transparency.



Market updates

Cashfree secures RBI's Prepaid Payment Instrument License

Bengaluru-based fintech Cashfree has received a Prepaid Payment Instrument (PPI) license from the RBI, making it one of the few fintechs to hold all three licenses — Payment Aggregator, Payment Aggregator-Cross Border, and PPI. With this, Cashfree can now issue digital wallets and prepaid cards, enabling purchases, fund transfers, and remittances. Co-founded by Akash Sinha and Reeju Datta, Cashfree serves over 600,000 businesses and is known for innovations such as Secure ID and Risk Shield.

Paytm gains NPCI approval to onboard new UPI users

Paytm has received approval from the NPCI to start onboarding new UPI users, contingent on strict adherence to the NPCI's guidelines for risk management and brand protocols. This approval follows restrictions imposed by the Reserve Bank of India on Paytm Payments Bank earlier this year, which had temporarily halted new UPI sign-ups. With this nod, Paytm can now expand its UPI user base, aiming to regain market share after slipping from 13% to 7% of UPI transactions. Recently, the fintech giant reported a profit of INR 930 Cr in Q2 FY25, aided by the sale of its ticketing business to Zomato.

RBI prohibits Navi Finserv from loan disbursement

The RBI has ordered Navi Finserv and three other non-banking financial companies to cease all loan disbursements due to serious regulatory concerns, effective 21 October 2024. This action is based on excessive interest rates and non-compliance with the RBI's guidelines regarding pricing policies. The restrictions will remain until the companies implement satisfactory corrective measures. While existing loan servicing will continue, concerns about income assessment and fee transparency were also noted. Navi Finserv affirmed its commitment to compliance and has recently expanded its UPI transaction operations despite this setback.

PhonePe partners with ICICI Bank to offer UPI credit line

PhonePe has collaborated with the ICICI Bank to provide selected customers with a credit line of up to INR 2 lakh for UPI payments, repayable over 45 days. This initiative aims to enhance service offerings and generate additional revenue through interest payments. The feature will be available to pre-approved customers via the PhonePe app and is interoperable with other UPI platforms. This launch follows the Reserve Bank of India's expansion of UPI to include pre-approved credit lines, coinciding with a modest rise in UPI transactions, which reached INR 20.64 lakh crore in September 2024.

BharatPe launches 'Invest BharatPe' app for simplified investment access

BharatPe has introduced a new app, Invest BharatPe, centralising its range of investment products. The platform's first offering is digital gold, allowing users to invest in 24K gold starting at INR 100. In the coming weeks, BharatPe plans to expand the app's portfolio with more investment products, including a rebranded P2P lending service. This launch aligns with BharatPe's mission to enhance financial inclusion for underserved segments, while its overall operational revenue grew by 39% in FY24.

PB fintech subsidiary receives Account Aggregator license from RBI

PB Financial Account Aggregator Private Limited (PBAA), a PB fintech subsidiary, has secured the RBI's approval to operate as an account aggregator without public deposits. With an INR 5 cr capital set up in 2022, the PBAA can now enable secure financial data sharing under India's account aggregator framework, facilitating data access for authorised entities with customer consent. PB Fintech, which also applied for a payment aggregator license this year, is exploring expansion into healthcare, recently reporting a profit of INR 59.98 cr for Q1 FY25.

UPI transactions cross 15 billion mark in September

In September 2024, UPI transactions reached 15.04 billion, a 0.53% increase from August, with total transaction value rising to INR 20.64 lakh crore. The year-on-year transaction volume surged by 31%. PhonePe and Google Pay remain dominant, with 48.4% and 37.3% market shares, respectively. This growth comes as the NPCI considers raising the UPI apps' 30% market share cap. The Indian government is promoting UPI internationally, integrating with Malaysia's payment network and expanding its use in other countries, while also introducing new features to enhance digital payments.

InCred Financial Services partners with Ola for personal loans

InCred Financial Services has partnered with Ola to offer personal loans up to INR 10 lakh directly through the Ola app, aiming to enhance the financial accessibility for millions of users. CEO Prithvi Chandrasekhar highlighted the partnership's goal of democratising credit access through a seamless loan experience. Founded in 2016, InCred became a unicorn in 2023 after raising USD 60 million in funding and reported a 162% year-on-year increase in net profit for FY24, reaching INR 316.3 crore.



Major deals

[Finova Capital](#) has raised USD 135 million (around INR 1,135.08 crore) in a Series E funding round led by Avataar Venture Partners, Madison India Capital, and Sofina, with participation from Norwest Venture Partners. The Jaipur-based NBFC plans to use the funds to expand its loan portfolio and enhance technology. In FY24, Finova reported a consolidated profit after tax of INR 151.5 crore, a 71% increase from the previous year, and focuses on providing MSME and home loans in semi-urban and rural areas.

[BASIC Home Loan](#) has secured USD 10.6 million (around INR 87.5 crore) in a Series B funding round led by Bertelsmann India Investments (BII). The Gurugram-based start-up will use the funds to expand its market presence and technology capabilities. Since its 2020 launch, BASIC Home Loan has processed USD 12 billion in loans and disbursed over USD 1.1 billion through 90 financial institutions. The company plans to enter 13 new cities and has projected revenues of nearly INR 60 crore this fiscal year, bringing its total funding to USD 19.3 million.

[Swara Fincare](#) has secured INR 19.4 crore (about USD 2.3 million) in a Series A funding round led by Unitus Capital's UC Impower fund, with additional backing from Piper Serica Angel Fund and its founders. Founded in 2022, the MSME-focused NBFC aims to double its assets under management this fiscal year, enhancing financial inclusion for micro and small entrepreneurs while expanding its network and technology. Swara Fincare operates 45 branches across several states and is supported by over 30 financial institutions.

[DMI Finance](#) secured a \$344 million series E funding round backed by MUFG. MUFG valued DMI Finance at \$3 billion, becoming the digital lender's second largest shareholder after DMI Limited, Mauritius. DMI Finance plans to use the capital to expand its balance sheet. It aims to boost its lending to small and medium enterprises to 25% of total loans from the current 10% over the next 12-18 months. It also acquired the payments firm Oxymoney, operated by Appnit Technologies Pvt. Ltd., and the ZestMoney platform.

[Slice](#) has raised INR 71.73 crore (approximately USD 8.6 million) by approving the issuance of 22,000 equity shares at INR 32,606 per share through a private placement. This follows a board resolution to raise INR 300 crore (around USD 36 million) via compulsory convertible debentures. Founded in 2016 by Rajan Bajaj, Slice started as a buy now pay later platform. However, it has since adapted its model due to regulatory changes, and it is now offering UPI payments and consumer credit. The fintech unicorn recently reported a 60% increase in its consolidated net loss, reaching INR 405.8 crore for FY23.

[Vridhi Home Finance](#) has raised INR 310 crore (about USD 36.9 million) in a Series B funding round led by Norwest Venture Partners, with support from Elevation Capital and the founders. Founded in 2022 by Sunku Ram Naresh and others, the Bengaluru-based NBFC provides home loans from INR 3 lakh to INR 45 lakh, focusing on underserved markets in smaller towns. The funds will strengthen its technology infrastructure and distribution network, as the Indian fintech market is projected to exceed USD 2.1 trillion by 2030.

[Aye Finance](#) has raised INR 250 crore (approximately \$30 million) in a Series G funding round led by Singapore's ABC Impact, with British International Investment (BII) participation. This funding will help the start-up expand operations and improve credit access for micro-enterprises. Founded in 2014, Aye Finance utilises AI for credit assessments to provide affordable loans to small businesses across India, bringing its total equity raised to INR 1,250 crore.

[Credit Saison India](#)'s 15% stake has been acquired by Japan's Mizuho bank for INR 1,200 crore. The company functions as an online lending platform and caters to individuals and small businesses and is registered under the Kisetsu Saison Finance India Pvt. Ltd. It aims to grow into a top non-banking financial company in India by leveraging the strengths of both the companies.

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