

Online economy! Industry players need to build solutions, and remove hurdles and concerns like security, boost ease of doing transactions, and bring simplicity and convenience

# 'Demonetisation Made Digital India, Startup India the National Agenda'



sation that pushed both of them to a very different scale and made them the national agenda. The number of startups that have been created and will get created in the future along with businesses that got a boost will remain a landmark in India's journey in financial services.

There is no doubt that demonetisation triggered the financial technology (fintech) revolution in the country. While there were many startups and companies spending capital to build a fintech business before as well, the rapid adoption by consumers of these services after demonetisation was announced was incredibly fast-paced.

Startup India and Digital India were key initiatives launched by Prime Minister Narendra Modi's government but I believe it was demoneti-

building for years. It became a great opportunity for everybody to build digital products. Banks that have been traditionally issuing cards also started building digital products based on the Unified Payments Interface (UPI) and the India Stack.

Not just consumers in India across cities and villages, but investors across the world also understood that fintech is going to be a big market. We are seeing clear evidence of this with the number of global players entering the country's fintech space

within one year of demonetisation. We noticed two fundamental changes in the behaviour of consumers and merchants because of demonetisation.

Earlier, when we used to go to merchants and ask them to accept Paytm as a payment option, a lot of them did not understand why they should add it even before understanding what mobile payments are and how they work. Demonetisation brought that understanding and triggered incredibly smooth merchant acquisition for our business. Everyone agreed on the benefits of mobile payments, from a large retailer to a small tea shop owner to a vegetable vendor.

Another friction for the adoption of digital payments by merchants was that there was always merchant dis-

count rate (MDR) fees for such transactions by existing players. Post-demonetisation, competition and the rush of payment companies enabling digital payments across the country brought down that MDR for businesses, thereby catalysing adoption. Paytm charges nothing for transfer from wallet to banks till date.

The other major change was also on the consumer side. Typically, consumer technology companies like ours first target the younger demographic in urban areas, who are usually the first adopters. But demonetisation changed that and we witnessed 40% of our customers coming from beyond the top 50 cities. Also, we have seen 200% growth in our customer base which is over 45 years old.

Pre-demonetisation, the majority of

our business was online, but now it is majorly offline. Any technology company dreams about building a significantly large consumer brand which everyone knows and becomes a verb in everyday life. Demonetisation made us into that folklore name in the country as now Paytm stands for making mobile payments.

I think the government has taken enough initiatives, given enough incentives and brought attention to the significance of digital payments. What is needed now is for industry players like us to build solutions, and remove hurdles and concerns like security, boost ease of doing transactions and bring simplicity and convenience. It is now up to the business community to take things to the next level.

(As told to Madhav Chanchani)

