



Mobile Wallets Market in India

- A short perspective document on the mobile wallets sector and key players
- Assessed through a regularly tracked set of performance indicators
- Published half-yearly

CY 2016 (Annual) Edition

Study Background

Objective

Gathering insights on multiple aspects of the Digital Wallet market in India including :-

- Industry size and market future
- Market share and insights on key players

Research Approach

RedSeer's Integrated Research Approach™ , incorporating the following-

- Primary Interviews with 300+ shoppers
- Merchant Interviews
- Desk Research

Note: 1. Transaction and GTV related performance numbers are broad estimates based on best available data
2. Currency conversion rate of USD 1 = INR 65 throughout the deck

Disclaimer: The numbers and analysis quoted in the report have been developed through RedSeer research with industry experts and customer survey. The report is a fact-based study and should not be interpreted as a recommendation document.

Indian regulation is enabling the cashless push through regulatory support, with demonetization the most recent impetus

Annual Transaction Volume in India (%)

■ Cash
 ■ Cheque / DD
 ■ ECS¹
■ Mobile Wallets

Increasing Institutional Support



Financial inclusion through Jan Dhan Yojana and Aadhar



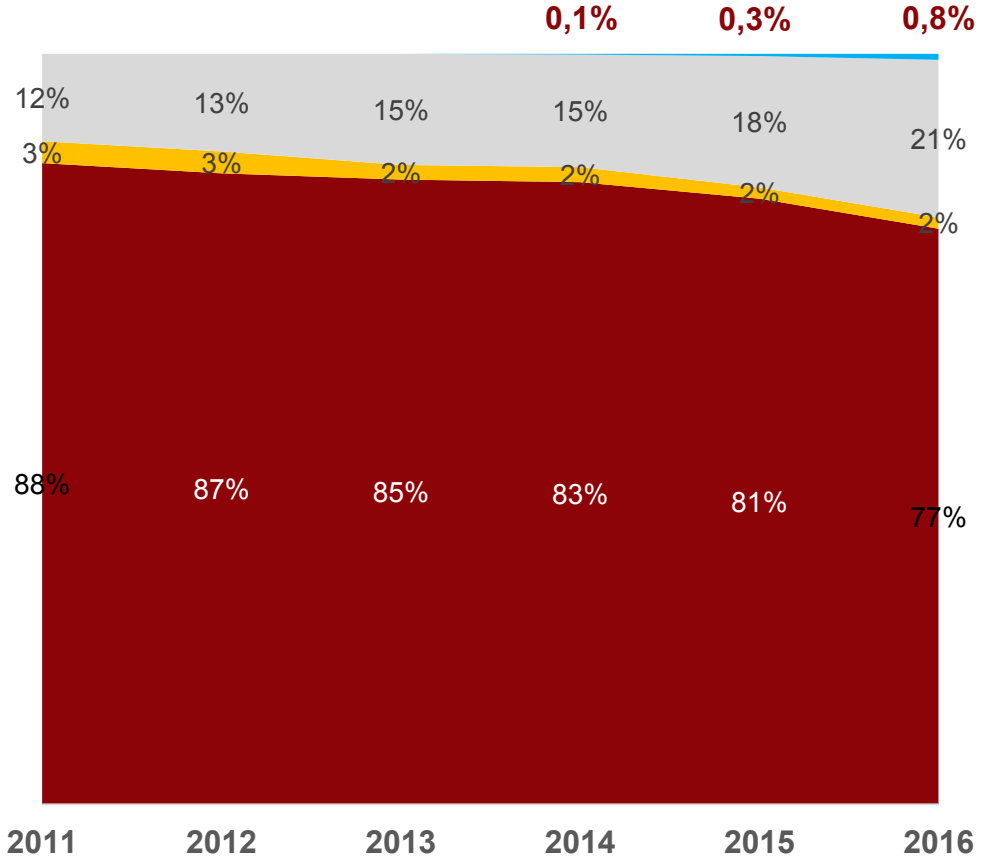
Regulatory easing with introduction of Unified Payment Interface and release of consultation paper on P2P lending



Funding support to startups through Start-up India funding, and tax relief for digital transactions



Infrastructure and expertise support to startups through incubators/accelerators sponsored by VCs, Universities and industry bodies such as Nasscom



Notes: ECS includes IMPS, NEFT, and RTGS (various standards of Indian payments)

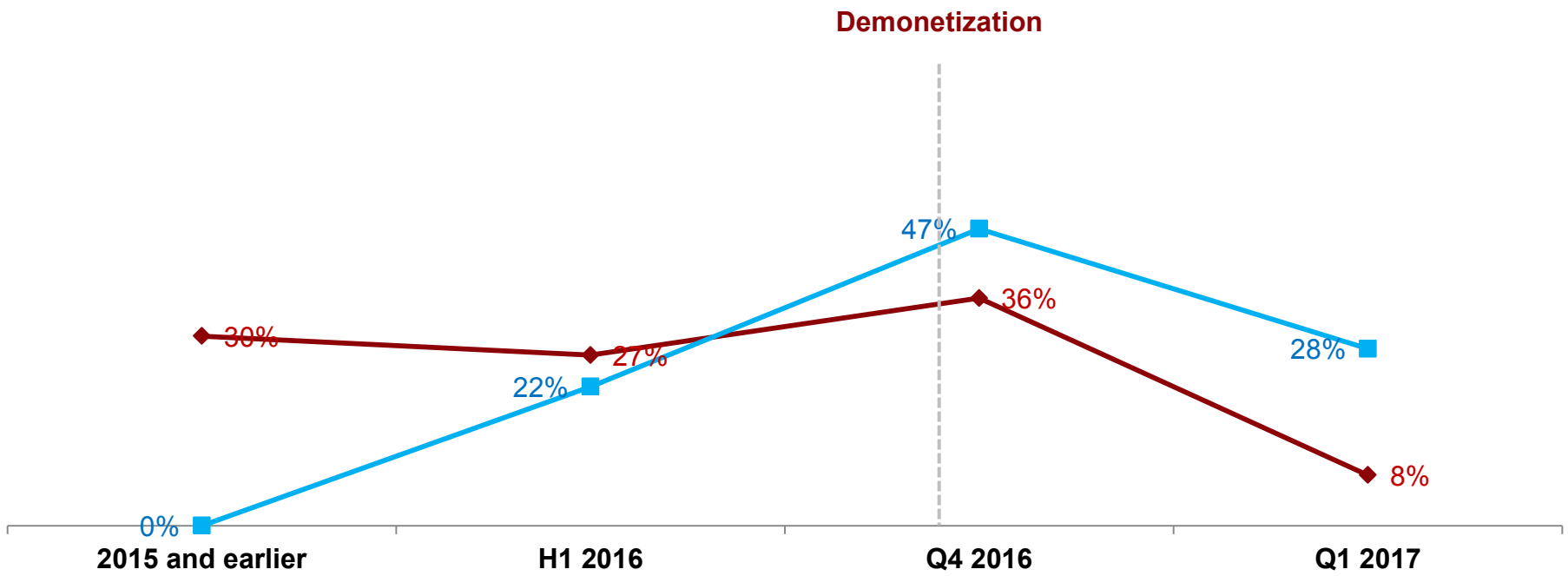
Demonetization had a greater positive impact on Merchant onboarding as first-time users adopted Digital Wallets

Growth in Digital Wallet Adoption due to Demonetization

Consumer Merchant

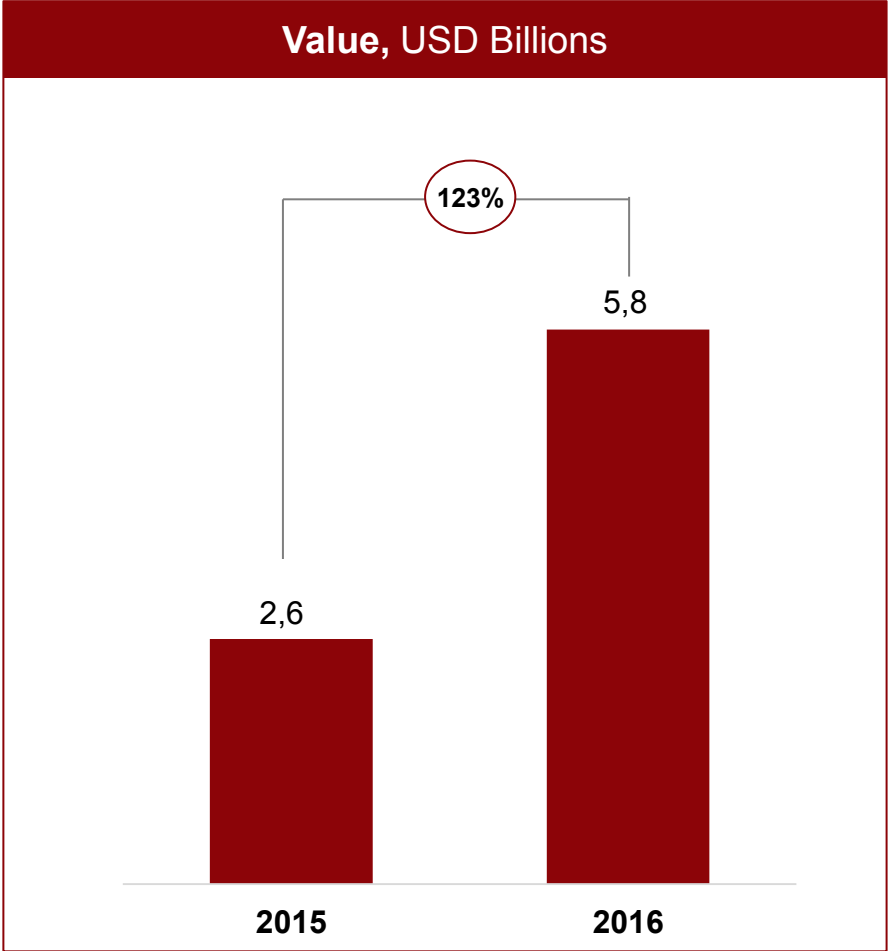
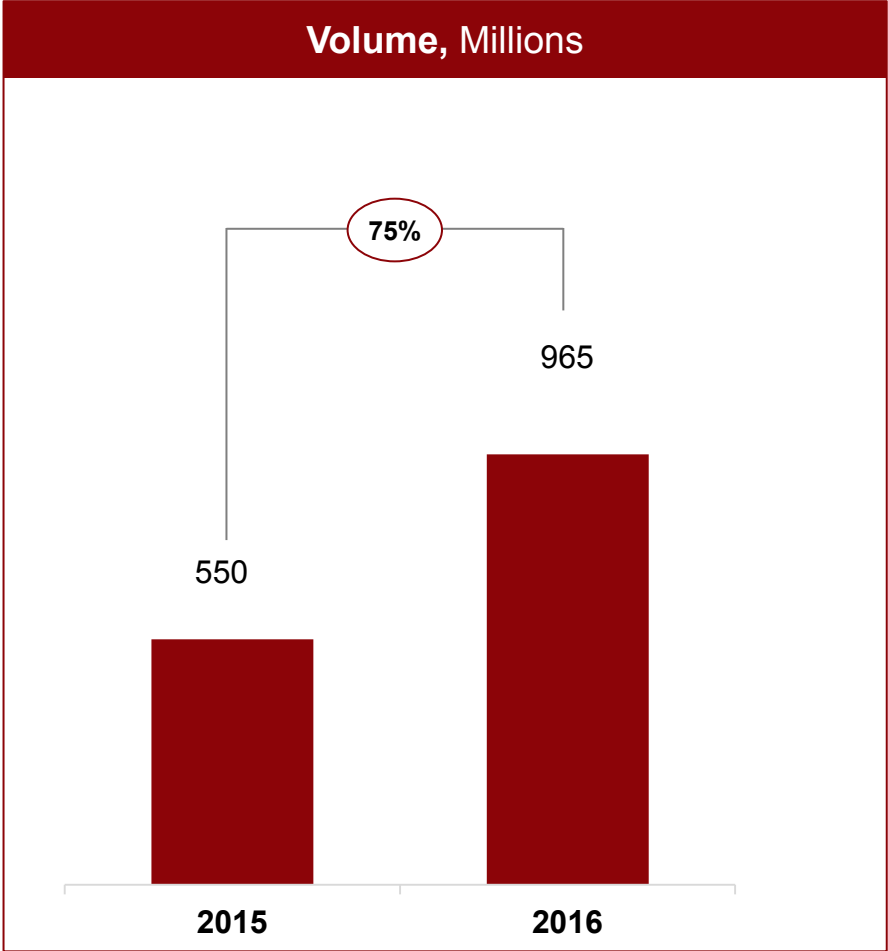
Q: When did you start using Digital Wallets? (%) (N = 715)

Digital Wallet Onboarding by Time Period



Digital Wallets have now entered the high-growth phase

Growth in Digital Wallet Transactions, 2015-16

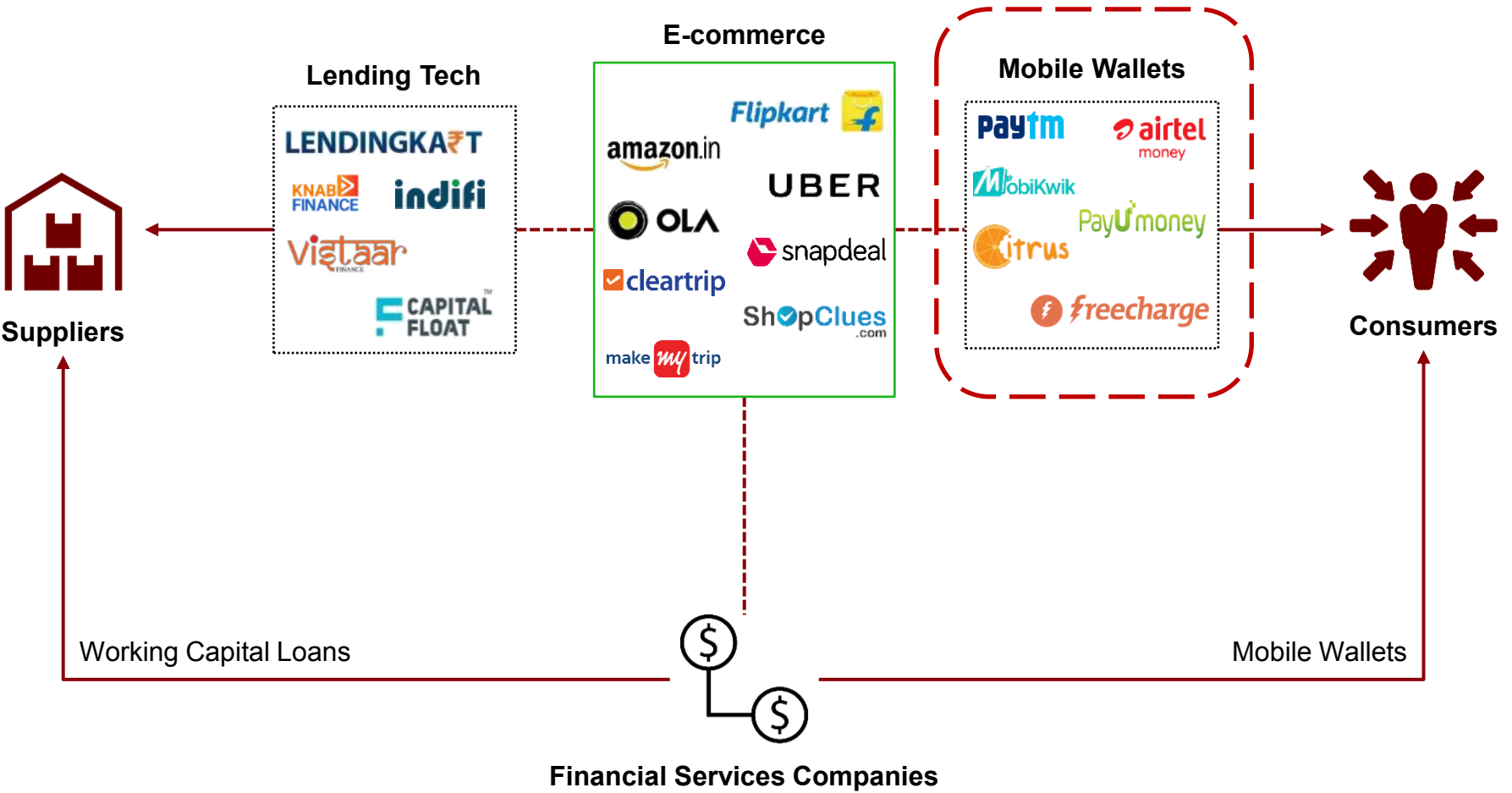


Notes: Others includes Banking Tech, Insurance Tech, Trading Tech.

Online commerce is compounding the accelerated adoption of Mobile Wallets with a strong network effect

E-commerce as a driver of FinTech

→ Flow of consumption - - - Partnership to provide user data



Consumers have identified alternative online and offline use cases for Digital Wallets beyond just Recharges



Growth in Digital Wallet Use Cases

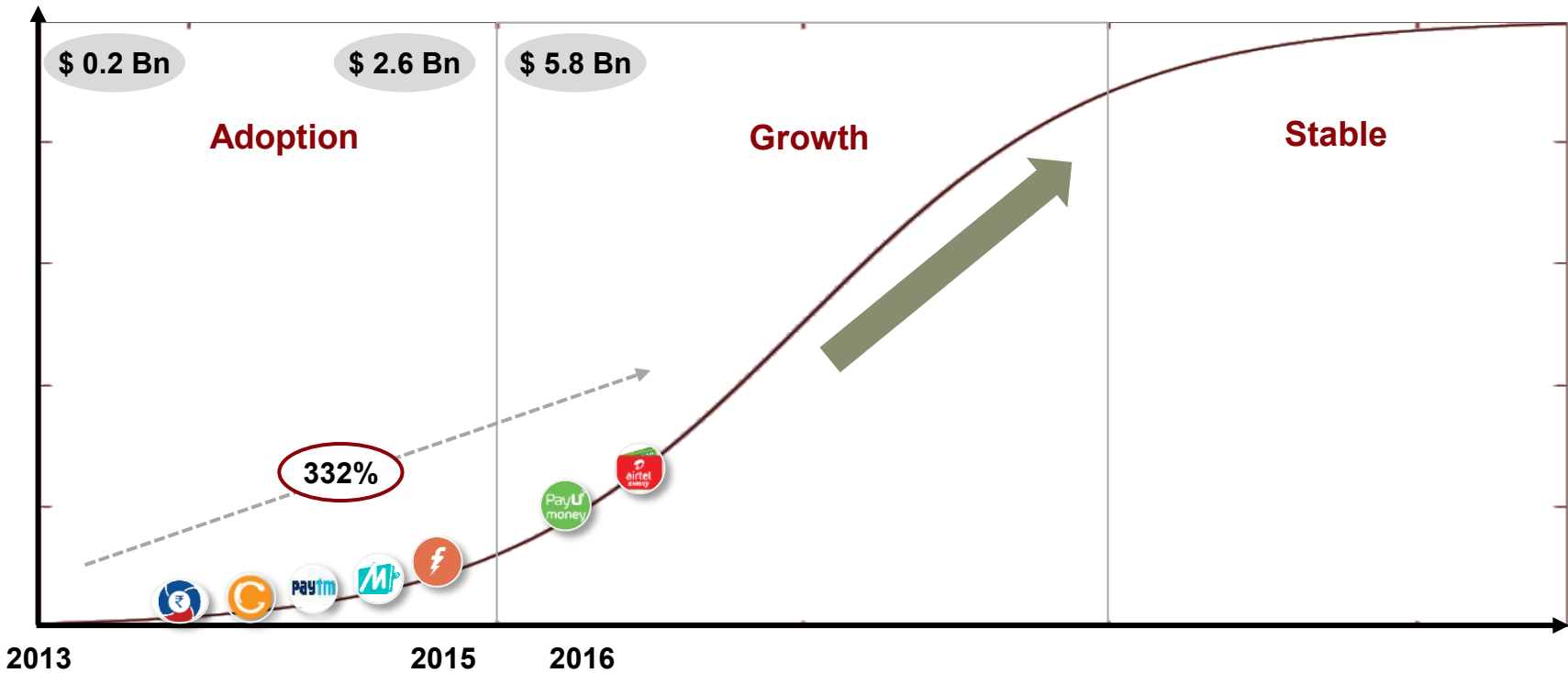
Q: To what purpose do you use your Digital Wallet? (N = 314)

Digital Wallet Category Split (%)			
Category	Share of GTV	Key Takeaways	Growth Outlook
Recharge		<ul style="list-style-type: none"> Historically, recharges has been the primary use case for Digital Wallets contributing >70% of the GTV Ratio is declining with an overall increase in use cases 	
Utilities		<ul style="list-style-type: none"> The fastest growing category in 2015-16, Utilities contributes to 10-20% GTV for most Wallets 	
Restaurant		<ul style="list-style-type: none"> Pan-India tie-ups with restaurant chains and online aggregators is driving growth for Restaurant category 	
Taxi		<ul style="list-style-type: none"> Integration with Uber was the one of the first examples of diversification of use cases for Paytm, and still remains a major driver 	
E-tailing		<ul style="list-style-type: none"> Although wallet takeup remains low, Paytm and Freecharge are both reaping the benefit of a tight integration with the e-tailing business 	
Travel		<ul style="list-style-type: none"> Despite user incentives, still remains a slow growth category with low frequency use cases and high average transaction value 	
Movies		<ul style="list-style-type: none"> Nascent category, primarily driven by user incentives; expected to grow quickly as offline cinemas adopt Digital Wallets 	

2017 will be an exciting year with growing consumer comfort and ecosystem support

High-Growth Future of Digital Wallets

xx Annual GTV, US\$, Bn



- Players start at small scale in select Indian metros
- Customer adoption remains low with primary usage directed towards recharges and utilities

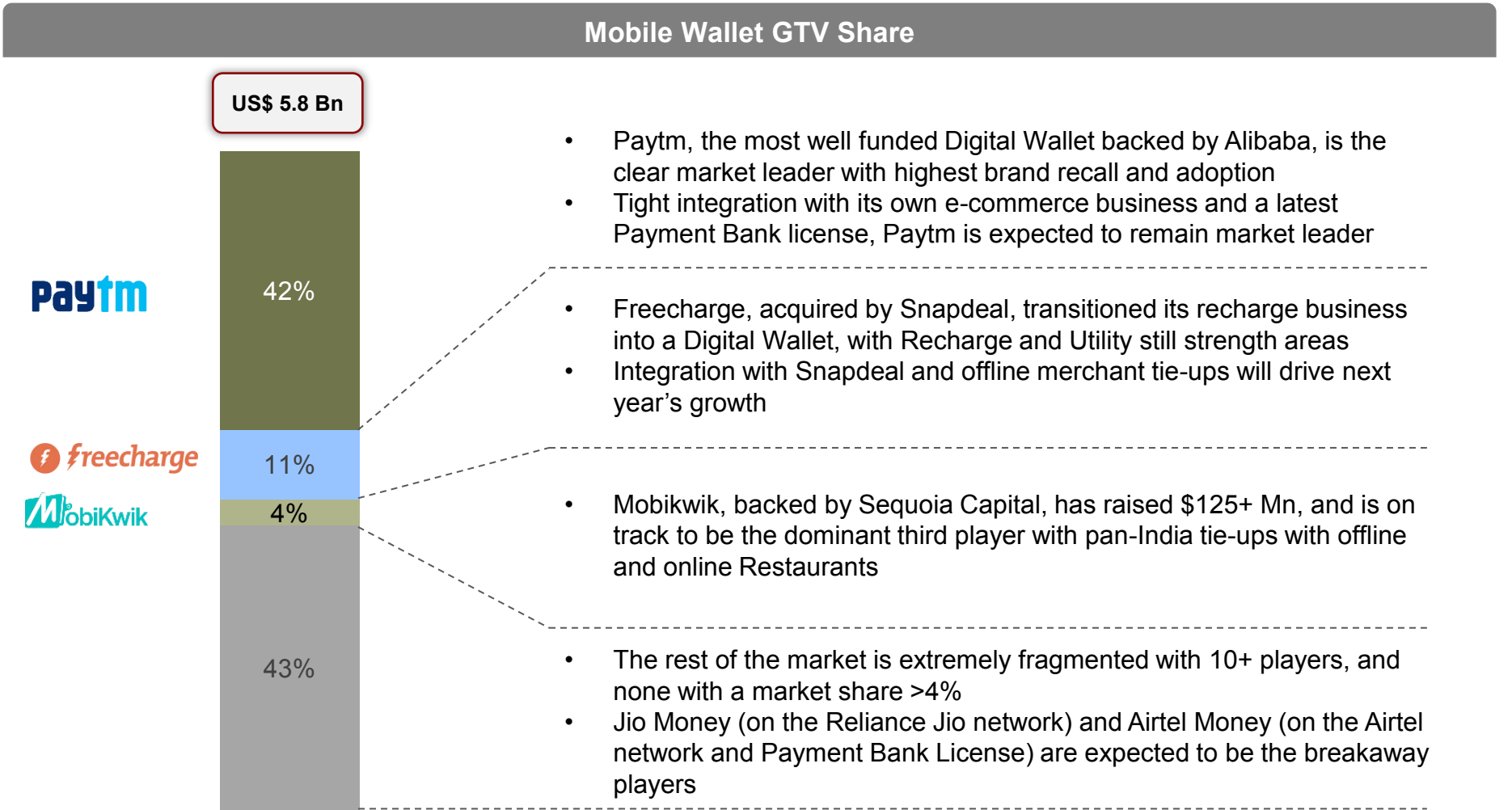
- Breakout years for sector – receives \$1.3 Bn in 2015
- Market gets crowded with players expanding footprint and merchant onboarding

- Government jumps the digital bandwagon with regulation targeted at decreasing cash usage by incentivising electronic transactions

Paytm dominates the landscape in a very fragmented Digital Wallet market

India Transaction Landscape (%)

Pay TM
 Freecharge
 Mobikwik
 Others



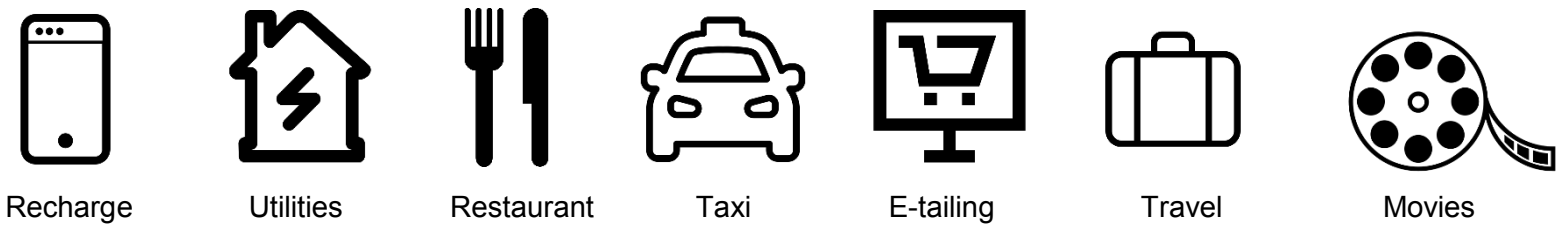
Paytm leads comfortably in all categories; Mobikwik does well in Restaurants with pan-India tie-ups

India Transaction Landscape by Category

● Rank 1
 ● Rank 2
 ● Rank 3

Q: To what purpose do you use your Digital Wallet? (N = 314)

Player wise Category Performance



	Recharge	Utilities	Restaurant	Taxi	E-tailing	Travel	Movies
Paytm	Rank 1	Rank 1	Rank 1	Rank 1	Rank 1	Rank 1	Rank 1
Freecharge	Rank 2	Rank 2	Rank 3	Rank 2	Rank 2	Rank 2	Rank 2
MobiKwik	Rank 3	Rank 3	Rank 2	Rank 3	Rank 3	Rank 3	Rank 3

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