

Despite plans to curb share, top 3 apps still lead UPI trade

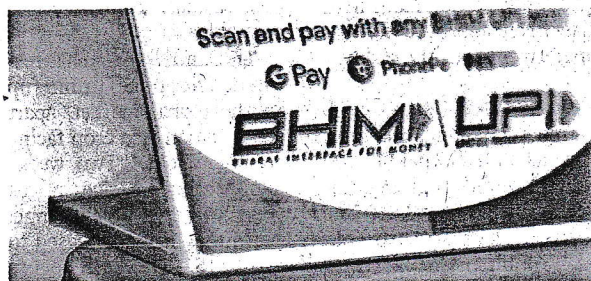
A FINE BALANCING ACT. Small payment gateways await sops from NPCI for volume push

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Third party application providers (TPAPs) have sought incentives in the form of leeway or discounts from the National Payments Corporation of India (NPCI) to help boost their share of UPI volumes.

The request has been made keeping in mind that the Reserve Bank of India (RBI) and NPCI have been looking at ways to cap UPI transaction volumes on each payments platform so as to avoid over-reliance on any one single platform.

The incentives sought are in the form of either some leeway and discounts in the interchange paid by these platforms, or some sort of mandate to route certain transactions through certain platforms, industry parti-



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cipants said. "Smaller platforms have approached NPCI and there have been discussions, but no definite action has been taken so far," a source told *businessline*. They added that while the intention was to bring down reliance on certain platforms, NPCI is still trying to figure out ways to do that without disrupting the UPI transactions ecosystem.

NPCI, had in November 2020, mandated that the volume of UPI transactions initiated through a payments service provider (PSP) should not exceed 30 per cent of the overall UPI transactions during the preceding three months.

In view of the significant potential of digital payments and the need for multi-fold penetration from its current

state, it is imperative that other existing and new players (banks and non-banks) scale-up their consumer outreach for the growth of UPI and achieve overall market equilibrium, it had then said. However, implementation was later delayed by two years till December 2024.

MARKET SHARE

However, per latest NPCI data, PhonePe accounted for 46 per cent of UPI transaction volumes in October 2023, Google Pay for 36 per cent and Paytm another 13 per cent. In comparison, as of October 2022, PhonePe had a market share of 47 per cent, Google Pay of 34 per cent and Paytm of around 15 per cent.

In terms of value of transactions, PhonePe had a market share of 48 per cent, Google Pay of 34 per cent and Paytm of 11 per cent as of October 2023.