redseer
Strategy Consultants

Industry Report

Democratising Access to Digital Economy

Client: PhonePe Limited

13 January 2026

INDUSTRY OVERVIEW

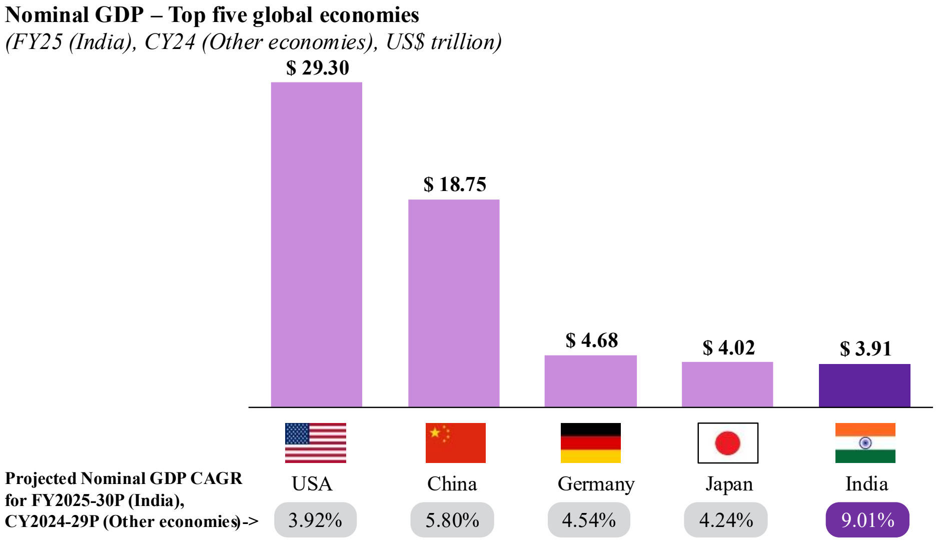
CHAPTER 1: INDIAN MACROECONOMIC OVERVIEW AND DIGITISATION TRENDS

India is projected to be the fastest-growing economy among the G20 countries. It is rapidly shaping into a formal, digital economy driven by factors such as growing adoption of smartphones, affordable mobile data, emergence of Digital Public Infrastructure like Aadhaar, Unified Payments Interface (UPI), Electronic Know Your Customer (e-KYC), and a very strong growth of digital payments. This economic transition is democratising financial services and commerce, making them accessible to a broader population and encouraging greater participation in the formal economy.

1.1 India is projected to be the third-largest economy in the world by Fiscal Year 2030 with favourable macroeconomic tailwinds enabling this rapid growth

India is the fifth largest economy in the world with a nominal Gross Domestic Product (GDP) of ₹ 332 trillion (US$ 3.91 trillion) in Fiscal Year 2025 as per International Monetary Fund (IMF) data. IMF also projects India's nominal GDP to display robust growth of 9.01% annually between Fiscal Year 2025 and Fiscal Year 2030 leading to India becoming a ₹ 512 trillion (US$ 6.02 trillion) economy. Further, India is projected to be the fastest growing economy over the next five years and is projected to become the third-largest economy in Fiscal Year 2030 as per IMF. This growth trajectory is led by rapid investments in infrastructure, a favourable demographic dividend, increased global economic integration, and rising digital adoption of products and services among others. India is also envisioned to be a developed nation by Calendar Year 2047 under the Viksit Bharat @2047 initiative.

Figure 1: India, the 5th largest economy as of Fiscal Year 2025, is projected to become the 3rd largest economy in Fiscal Year 2030, growing fastest among the major economies

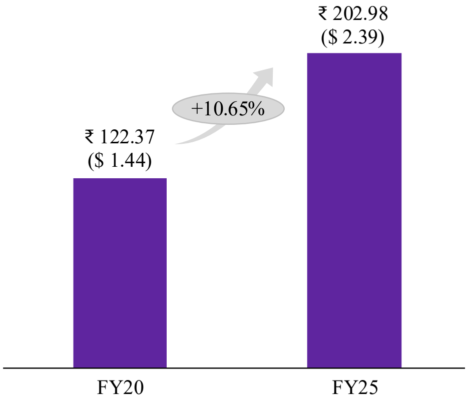


Note(s): 1. For India FY2025 is considered, for other economies, CY2024 is considered
2. Conversion rate: US$ 1 = ₹ 85
Source(s): International Monetary Fund ("IMF"), World Economic Outlook (October 2025)

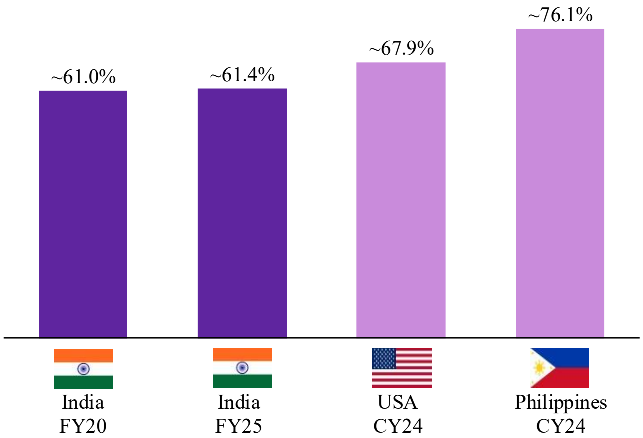
Private Final Consumption Expenditure (PFCE) is a material GDP contributor and one of the factors influencing PFCE is "GDP per capita". The GDP per capita mark of US$ 2,000 has been historically seen as an inflection point for economic growth in many large economies, characterised by increased consumer spending. For instance, when China exceeded the US$ 2,000 GDP per capita threshold in 2006, it experienced ~20% CAGR in its Private Final Consumption Expenditure (**PFCE**) over the following five years. India's GDP per capita stood at ~₹ 234,859 (~US$ 2,763) in Fiscal Year 2025, indicating an opportunity for further consumption growth. India's PFCE grew at ~10.7 % annually between Fiscal Year 2020 and Fiscal Year 2025 and is estimated to be ~61.4% of India's GDP based on Provisional Estimates (PE) for Fiscal Year 2025 as per the Ministry of Statistics and Programme Implementation ("**MoSPI**"). However, global developed economies such as the USA with a PFCE-to-GDP ratio of ~67.9% and developing economy of Philippines at ~76.1% in Calendar Year 2024 indicate India's potential for further growth, as indicated in Figure 2.

Figure 2: India's PFCE has outpaced GDP growth, but has more headroom for growth with PFCE as a % of GDP being less than that of developed countries, like the USA, and developing countries, like Philippines

PFCE[1] at current prices – India
(FY20, FY25, ₹ trillion (US$ trillion))



PFCE as a % of GDP – India[1], United States and Philippines
(FY20, FY25 (India), CY24 (USA and Philippines), in % of GDP)



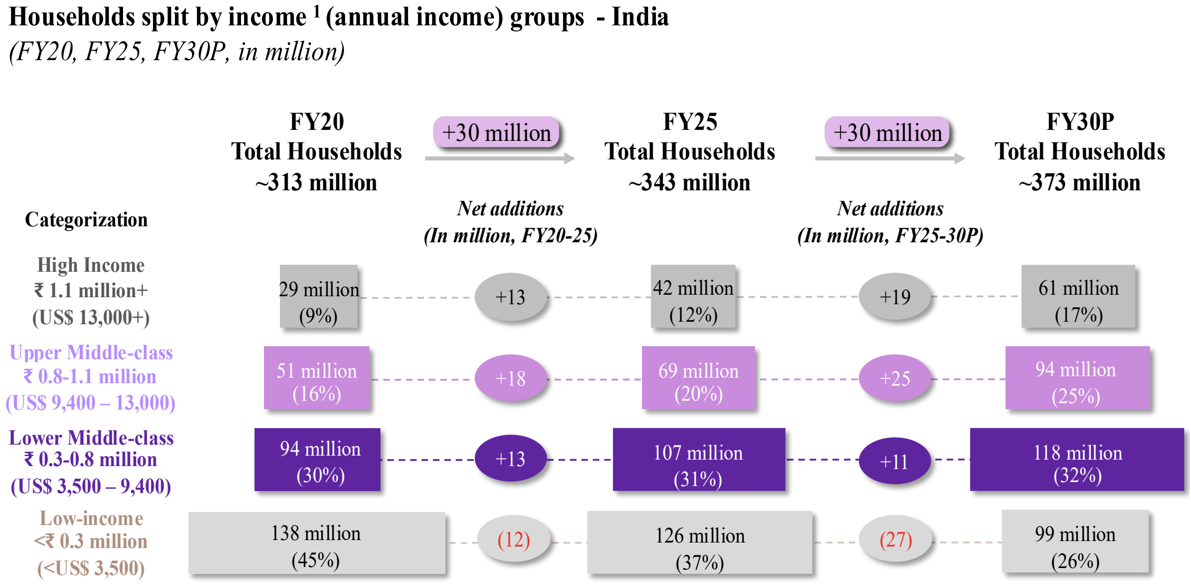
Note(s): 1. For India, second revised estimates ("2nd RE") have been considered for Fiscal Year 2020, and Provisional Estimates ("PE") have been considered for Fiscal Year 2025, 2. Conversion rate: US$ 1 = ₹ 85
*Source(s): World Bank (December 2025), Ministry of Statistics & Programme Implementation ("**MoSPI**") – May 2025*

1.2 India's burgeoning middle-class is driving strong Gross National Income (GNI) per capita growth, with bulk of the growth coming from Tier 2+ cities

GNI per capita increased from ₹ 148,261 (US$1,744) in Fiscal Year 2020 to ₹ 231,462 (US$ 2,723) in Fiscal Year 2025, growing at a CAGR of 9.3%, as per MoSPI data. This growth is accompanied by a structural transformation in the country's income and consumption patterns, led by the expanding middle-income segment.

The number of middle-income households (comprising the upper middle-class and the lower middle-class households) in India has increased by 21% from ~145 million in Fiscal Year 2020 to ~176 million in Fiscal Year 2025. This shift has been driven by factors such as rapid economic development and growing formalisation of employment. As of Fiscal Year 2025, the middle-income households accounted for ~51% of India's total households, which is projected to increase to ~57% by Fiscal Year 2030.

Figure 3: India's middle-income households are projected to reach 212 million by Fiscal Year 2030 witnessing the largest number of net overall household additions of 36 million



Note(s): 1. Incomes are calculated based on real wage growth and account for wage inflation, 2. Conversion rate: US$ 1 = ₹ 85
Source(s): Redseer Research and Analysis

The growth of India's middle-income segment is being spearheaded by Tier 2+ cities, which are projected to account for 65-70% of net additions to the middle-income segment from Fiscal Year 2025 to Fiscal Year 2030. This shift is being accelerated by government investments in infrastructure (Smart Cities Mission and PM Gatishakti National Master Plan), improved logistics connectivity and deeper digital penetration. Migration from smaller towns towards larger cities for better opportunities has resulted in higher remittances being sent back home digitally, supporting local consumption. As a result, India's income pyramid is expected to shift towards a middle-income heavy structure, led by Tier 2+ cities rising income levels and tailwinds such as public infrastructure development, smartphone adoption, and workforce upskilling.

1.3 India's favourable demographic profile, with a growing younger population, is driving higher consumption

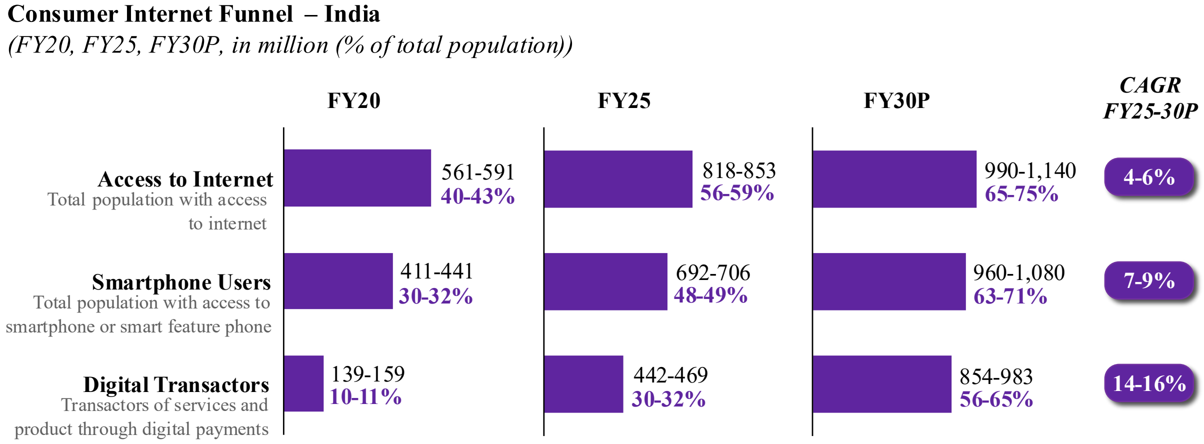
As of Calendar Year 2024, India's working age population (15-64 years) stands at 990 million (68% of the total population), indicating growth opportunities for consumption. A large and economically active population translates to higher disposable incomes, more demand for goods and services, with a larger appetite for financial and digital products. Additionally, India's population is relatively young, with a median age of 28 years in Calendar Year 2024, much lower than that of other developing economies like Thailand (40 years) and China (39 years) as well as developed economies like the UK (39 years) and the USA (38 years). Over 40% of India's population is under the age of 25, according to the United Nations World Population Prospects. This younger demographic is inherently tech-savvy and is increasingly using digital services, primarily through their smartphones, and reflects how India is evolving.

1.4 Digitisation is driving the democratisation of financial services, with smartphones becoming the entry point for digital adoption in the country

As of Fiscal Year 2025, India had about 818-853 million internet users, projected to grow to 990-1,140 million by Fiscal Year 2030, driven by low data costs, availability of affordable smartphones (including smart featurephones), rollout of 4G connectivity, and government initiatives like Digital India and the BharatNet project. Launch of 5G and continued affordability in data pricing are expected to drive continued growth momentum. While internet adoption in developed markets started with personal computers, the digital journey for Indian users began with smartphones. The user base for smartphones in India is 692-706 million in Fiscal Year 2025 with a penetration of 48-49% based on total population of 1,455 million and is further projected to reach 960-1,080 million with a penetration rate of 63-71% based on total population of 1,513 million by Fiscal Year 2030, reflecting a 7-9% CAGR. Additionally, feature phone users in India are estimated at 200-300 million in Fiscal Year 2025, accounting for approximately 14-21% penetration.

However, the addressable base for digital financial services is smaller. Consumer segments like teenagers, the elderly, and dependents often use smartphones for content rather than transactions, and in many single-income households, only the primary earner, also the sole owner of a smartphone in the household, transacts. Consequently, the number of digital transactors in India stands at 442-469 million in Fiscal Year 2025 and is projected to grow at a CAGR of 14-16%, to reach 854-983 million by Fiscal Year 2030.

Figure 4: India's digital population is projected to grow rapidly by Fiscal Year 2030, with internet access users projected to constitute 65-75% of population



Source(s): Redseer Research and Analysis

India has one of the most affordable data prices globally, at ~₹ 14 (~US$ 0.16) per GB, compared to the global average of ~₹ 222 (~US$ 2.61) per GB as of Fiscal Year 2025. This affordability has democratised internet access, across income groups and geographies. This is evident from India's data consumption per user average being 24 GB per month, one of the highest in the world, sustaining the growth of digital adoption. As per DataReportal (Calendar Year 2024), Indian users aged 16 to 64 spend ~148 minutes daily on social media, compared to developed economies like the USA at 129 minutes and United Kingdom (UK) at 97 minutes and developing economies such as China at 114 minutes. This highlights India's significantly higher engagement with online platforms.

India's consumption-led economic growth is increasingly being shaped by digital adoption, with the smartphone at its core. From shopping and payments to education, entertainment, and daily utilities, smartphones have embedded themselves into every facet of consumer life, cutting across demographics and geographies.

Linked to smartphones is the broader app economy that continues to gain traction. Rising smartphone adoption, an increase in app-first startups, and growing incomes are driving demand across sectors such as food, finance, healthcare, mobility, and identity services. As developers focus on regional languages and localised solutions, the app ecosystem is poised to lead the next wave of digital consumption across both urban and emerging markets.

1.5 Digital Public Infrastructure (DPI) and other Government initiatives are enabling adoption of digital services and payments

A cornerstone of India's digital transformation is the India Stack, an integrated framework of digital tools and services, including key elements of DPI – designed to enhance identity verification, financial transactions, and regulatory compliance. Key components of the India Stack include:

- ***Aadhaar UID (Unique Identification):*** Provides a unique identification for users, enabling seamless identity verification for financial services. As of September 2025, there are ~1,430 million registered Aadhaar accounts.
- ***e-KYC:*** Enables instant, paperless identity verification through Aadhaar, streamlining the onboarding and verification process required for accessing financial services.
- ***Unified payments Interface (UPI):*** UPI has revolutionised digital payments by providing a real-time payment system that allows users to send and receive money instantly. Low transaction fees, speed, security and ease-of-use have made UPI accessible to a wider population across urban and rural areas.

Additionally, the Government of India, the Reserve Bank of India ("**RBI**"), the National Payments Corporation of India ("**NPCI**"), and Payment Infrastructure Development Fund ("**PIDF**") have also played a pivotal role in driving the adoption of digital payments. A few factors that have further enabled this transformation are:

- ***DigiLocker:*** Cloud-based platform to store and share important documents digitally, enhancing the security and accessibility of personal records. DigiLocker reached a total of 629 million users as of December 2025, with 242 million users added in Fiscal Year 2025 alone, reflecting a 129% Year-on-Year (YoY) growth in user registration from 105 million in Fiscal Year 2024.
- ***e-RUPI:*** A voucher-based digital payment system that has enabled cashless and contactless payments for welfare benefits, which can be redeemed via Quick Response (QR) codes or Short Message Service (SMS) at designated

service providers without requiring a bank account or app. It facilitates direct benefit transfer, making government schemes payments targeted, efficient, and accessible.

- ***Goods and Service Tax Network (GSTN):*** Supports the implementation of GST by providing a digital interface for businesses to file returns and manage tax-related processes, ensuring greater compliance and efficiency.
- ***RuPay payment network:*** RuPay is India's own digital payment network that facilitates domestic and international transactions with lower fees, encouraging the use of digital cards.

Additionally, diverse payment methods such as UPI, cards, mobile wallets, etc. offer consumers diverse, convenient and secure ways to pay, driving widespread usage across demographics. As a response to this growing consumer adoption, merchants have also embraced these payment methods to offer greater payment flexibility and align with consumer preferences, further accelerating the expansion of India's digital payments ecosystem.

1.6 India's increasing adoption of digital financial services has resulted in higher financial inclusion further fuelling consumption and economic growth

Government-led initiatives such as the Pradhan Mantri Jan Dhan Yojana (PMJDY) have played a pivotal role in expanding financial access across India. The number of Jan Dhan accounts has grown 44%, from 383 million in March 2020 to 551 million as of March 2025. Notably, in this, the share of rural and semi-urban accounts has increased from 59% to 67% during the same period, reflecting the deepening reach of formal financial services in these regions.

As of Fiscal Year 2025, more than 78% of adults hold a bank account, indicating a significant leap forward, though still behind benchmarks in countries such as the USA and China where bank account penetration exceeds 85%. The Financial Inclusion Index (FI Index), published by RBI, improved from 53.1 in Fiscal Year 2020 to 67 in Fiscal Year 2025, with improvement in scores across access, usage and quality indicators, showcasing consistent growth.

Deepening financial inclusion has far-reaching macroeconomic implications. A more financially included population translates into higher consumer spending, greater credit penetration, and a stronger foundation for digital commerce and fintech innovation. The seamless movement of money through digital channels enhances efficiency, reduces dependency on cash, and strengthens financial stability by broadening the deposit base of banks.

The digitisation of financial services and payments has played a crucial role in the formalisation of the economy, driving transparency, efficiency, and inclusivity across various sectors. Digital payments provide a clear, traceable record of transactions, reducing scope for tax evasion and contributing to higher tax compliance and therefore high tax revenue.

In summary, India's strong macroeconomic fundamentals, rising middle-income population, and young, digitally native demographic are accelerating its transition toward a consumption-driven, digital economy. This shift is underpinned by expanding smartphone and internet penetration, low data costs, and robust home-grown Digital Public Infrastructure stacks such as Aadhaar and UPI. Government initiatives like PMJDY have significantly deepened financial access, especially in rural and semi-urban areas, bringing millions into the formal financial system. As financial inclusion strengthens and digital readiness increases across city tiers, India is poised for the next phase of its digital financial evolution.

CHAPTER 2: INDIA'S DIGITAL PAYMENTS LANDSCAPE

The drivers of India's growth include the rise of a young working population, expanding middle-class households, increasing internet and smartphone penetration, and the rapid adoption of digital services such as payments, e-commerce, financial services, and healthcare.

2.1. India's digital payments ecosystem has grown at a remarkable pace, led by UPI, supportive policies, a digital public-private collaboration, and innovations in the fintech space. Financial inclusion, user-friendly platforms, and government incentives have driven consumer and merchant payments adoption.

In a rapidly evolving digital era, the way people manage and transfer money has undergone a significant transformation, with digital payments acting as a key enabler for a wide range of digitally fulfilled services. Over the past decade, India has seen a dramatic shift in how essential services are accessed and paid for, driven by the rise of digital payments, especially UPI. This shift hasn't just enabled faster transactions; it has accelerated the digital fulfilment of everyday services like mobile recharges, utility bills, direct-to-home (DTH) or broadband subscriptions, FASTag top-ups, etc. These services were once fulfilled at physical outlets such as kirana stores (small, independent outlets with minimal standardisation and regulatory oversight), telecom shops, or government counters, but have now moved online. As users adopted digital payments for person-to-person (P2P) transfers and commerce, their trust extended to recurring service payments as well. Consequently, India has emerged as the global leader in fast payments, according to a note by the IMF titled "Growing Retail Digital Payments: The Value of Interoperability".

The exponential growth of digital payments in India has also delivered significant indirect benefits to the broader economy. First, it has accelerated the formalisation of economic activity. As more transactions move online, transparency and traceability have improved tax compliance. Second, digital payments have enabled financial inclusion, with schemes like Direct Benefit Transfer allowing wages, subsidies, and small business payments to bypass intermediaries, reducing leakage and improving efficiency. Third, a 2023 Bureau of Indian Standards (BIS) study found that every 1 percentage point increase in digital payment penetration adds 0.1% to GDP over two years. This multiplier effect reflects improved productivity, faster economic cycles, and broader participation in the formal economy, making digital payments a structural growth driver.

India is transitioning to becoming a cashless economy, and the Indian government has played a critical role in enabling this shift, fostering financial inclusion for both consumers and merchants since the pilot launch of UPI conducted by NPCI with 21 member banks on April 11, 2016.

Below are some of the key drivers for the growth of India's Consumer Digital Payments ecosystem:

- ***Improved financial access driven by government initiatives:*** Initiatives like Aadhaar and the PMJDY initiative have expanded banking access and financial inclusion while Aadhaar based e-KYC has streamlined onboarding. 2.31 billion Aadhaar-authentication transactions and 471.9 million e-KYC transactions processed in November 2025 highlight the strength of India's DPI stack.

- ***Proliferation of diverse payment methods:*** A wide array of digital payment methods, including UPI, mobile wallets, and prepaid cards, among others offer consumers enhanced speed, security and convenience. Ground-level merchant acquisition efforts by digital payment players have expanded the adoption of QR payments, allowing users more digital payments options and accelerating overall adoption.

- ***Growing Adoption of UPI Payments among consumers and merchants:*** The combination of low-cost data, affordable smartphone access and improved financial inclusion set the foundation for UPI, which has been a key catalyst for the growth of digital payments in India. Its benefits including seamless and instant transactions directly from mobile phones, low transaction costs, enhanced security with two-factor authentication, and daily transaction limits, among others have made UPI the preferred payment method for a wide variety of consumer segments and industries.

- ***External Factors:*** Other factors over the past years like smartphone adoption rates (48-49% of population in Fiscal Year 2025), demonetisation in 2016, and COVID all contributed towards the rapid usage of contactless, digital payments further driving the migration towards digital payments throughout India.

With bank accounts in place, linked to Aadhaar and mobile numbers, the stage was set for seamless UPI adoption at the time of its launch, connecting identity, account, and device in one cohesive ecosystem.

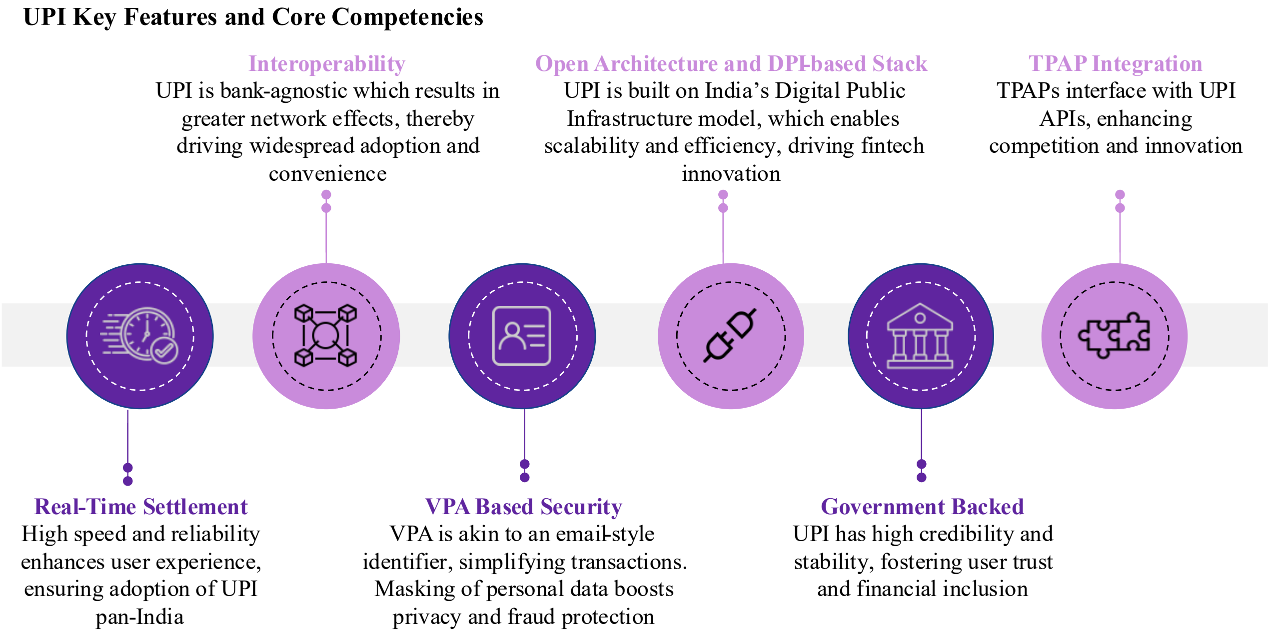
Conceived under the broader framework of India Stack, a set of open Application Programming Interfaces (APIs) designed to foster digital inclusion, UPI was implemented by the NPCI, a not-for-profit entity established by the RBI and the Indian Banks' Association (IBA). This collaborative approach combined public infrastructure with private innovation, enabling rapid adoption and scalability. Third-Party Application Providers (TPAPs) played a pivotal role, delivering user-friendly interfaces and driving mass adoption at minimal costs.

As global counterparts like Brazil's Pix, Singapore's PayNow, and the USA's FedNow seek to expand adoption, UPI has already achieved ubiquity, processing over 185 billion transactions in Fiscal Year 2025 alone. Its seamless interoperability, zero-cost model for users, and layered security architecture exemplify how thoughtful, inclusive infrastructure can redefine possibilities in financial innovation. Recognised as one of the world's leading real-time payment systems, UPI's success underscores the strategic advantage of open, collaborative digital public goods and services.

Before the launch of UPI, Indian consumers faced challenges in the payments industry such as lack of reliable and simplified payment solutions with high success rates at checkout. Since its launch in 2016, UPI has revolutionised the digital payment landscape in India by connecting everyone with a bank account and a smartphone and has evolved to be a critical national infrastructure. Designed as a secure, convenient, and real-time mobile-first payment system, UPI enables users to instantly transfer funds across banks with a virtual payment address (VPA) instead of having to share their bank account details. UPI was developed as a cornerstone of India's DPI vision, driven by a public-private collaboration model and built as an open, interoperable system. UPI's design stands out with features such as full interoperability across apps and banks, real-time bank-to-bank transfers, widespread QR-based merchant acceptance, API-driven public-private collaboration, and inclusive access via vernacular support and feature phone compatibility.

UPI enables seamless person-to-person (P2P) and person-to-merchant (P2M) transactions, driving financial inclusion by offering a secure, reliable, and convenient way to transact anytime, anywhere. Its bank-agnostic design and integration with third-party apps have fuelled mass adoption by users and merchants alike. With a low-cost, interoperable architecture requiring only a mobile phone and a bank account for consumers, and a QR code for merchants, UPI has become synonymous with digital payments in India. Traditionally used as a direct bank-to-bank debit mode, UPI has now expanded to become foundational digital rails managed by NPCI which enables seamless transactions across various payment products including Credit on UPI, Wallet on UPI, and Central Bank Digital Currency.

Figure 5: UPI is a mobile-based, real-time payment system developed by NPCI that enables zero-cost bank-to-bank transfers instantly, using VPA as the simple identifier



Source(s): NCPI, RBI, Redseer Research and Analysis

As per the article "India's UPI Revolution" released by Press Information Bureau (PIB) dated 20 July 2025, UPI is now world's number one real-time payment system and powers nearly 50% of global real-time digital payments. This growth of UPI has been shaped by several key milestones. The demonetisation in 2016 acted as an early catalyst, while the active involvement of TPAPs, through intuitive interfaces, investment in setting up technology infrastructure, establishing brand and awareness to build distribution and vernacular support, expanded UPI's reach across user segments. The COVID-19 pandemic further boosted the adoption of UPI payments. UPI continues to evolve with continued innovations such as:

- ***UPI Autopay:*** Enables seamless recurring payments, with close to 50 million mandates registered in March 2025 alone – demonstrating strong user adoption.

- ***UPI Lite:*** Designed for low-value, high-frequency transactions, it offers faster processing while reducing the load on core banking systems.

- ***Credit on UPI:*** Provides users with access to credit directly through the UPI platform, enhancing financial inclusion within the UPI ecosystem.

- ***RuPay Credit Card Linkage:*** Allows users to make payments at millions of UPI QR-enabled merchants using their RuPay credit cards.

- ***Cross-Border Remittances:*** Facilitates international transactions, enabling users to send and receive payments across international borders with ease.

- ***UPI Circle:*** Broadens access to digital payments by onboarding individuals and first-time users, such as young adults and senior citizens, into the UPI ecosystem.

The adoption of UPI payment has been further propelled by following factors:

- ***Impact of External Events:*** Events like demonetisation in 2016 acted as a catalyst for digital payments by creating an immediate need for non-cash alternatives. Similarly, the COVID-19 pandemic accelerated the shift to contactless transactions due to health and safety concerns. In both cases, UPI emerged as the most accessible, secure, and scalable solution, gaining widespread traction as consumers and merchants sought quick, cashless ways to transact. These external shocks reduced inertia around digital payment adoption, pushing UPI into the mainstream faster than organic market forces alone could have achieved.

- ***Growth of Consumer Tech Startups:*** The rise of consumer tech startups in India, fuelled by foreign direct investment (FDI), has played a pivotal role in shaping the digital ecosystem, with payments acting as a central enabler. From social media platforms to e-commerce, food delivery, education, and mobility, these startups have integrated digital payments as a fundamental feature across their offerings. Consumers now engage with digital payments in a wide variety of contexts, making UPI the go-to payment solution across multiple use cases.

- ***Investments in Innovation and Scalable Tech Infrastructure:*** While the availability of open-source software and public cloud infrastructure has meant that the technology barrier to entry has reduced considerably, true differentiation in the digital payments industry lies in the ability to scale reliably, securely and efficiently across multiple businesses and new use cases. TPAPs, and banks have made significant investments in building secure, scalable, and reliable digital payments infrastructure. This foundational tech backbone has enabled platforms to seamlessly handle growing transaction volumes while ensuring user trust and system resilience. Fintech players have further accelerated adoption by offering integrated, mobile-first platforms that combine payments with services like credit, insurance, and commerce thereby creating a unified, engaging user experience. Localised, multilingual support has made digital payments more inclusive, while robust security features such as encryption, biometrics, AI-driven fraud detection, and multi-factor authentication have reinforced consumer confidence. Innovations like metro QR ticketing, autopay, bill reminders, and merchant audio confirmation devices have enhanced usability. Real-time transaction tracking, analytics, and faster settlements empower merchants with better visibility and control, driving widespread adoption of solutions like UPI across the country.

- ***Pan-India Merchant Acceptance Network:*** A key driver of UPI's rapid growth was the extensive investment by banks and TPAPs in creating a nationwide acceptance infrastructure. By equipping over 50 million merchants with digital payment touchpoints, such as QR codes, integrated Point-of-Sale (POS) billing systems, and Electronic Data Capture (EDC) machines, they enabled seamless offline transactions. Given that a large share of retail purchases in India still occur in physical stores, this widespread merchant enablement was critical in shifting customer behaviour from cash to digital payments at the last mile.

While UPI remains the dominant mode of digital payments, other instruments such as wallets and credit cards, particularly RuPay credit cards are expected to witness growth going forward. With both wallets and RuPay credit cards now interoperable on the UPI platform, UPI has effectively become the foundational ecosystem, enabling the distribution and adoption of these instruments at scale. This interoperability allows consumers to access credit and pre-paid card payment modes with the same seamless UPI experience, while merchants benefit from unified acceptance infrastructure. UPI is becoming the digital payment rails of the country. UPI has become a household phenomenon by powering payments for millions of users in use cases like money transfers, utility payments, offline and online merchant payments.

The expansion of digital payments in India is being driven primarily by two core transacting participants - consumers and merchants. Consumers are increasingly adopting digital payment methods due to the ease of use, financial inclusion initiatives, and trust in technology. On the other hand, merchants are embracing these solutions to enhance customer experience, streamline transactions, and drive business efficiency. In addition, as an increasing number of merchants begin to accept digital payments, it is expected to unlock a significant change in access to credit for consumers and merchants, using the underlying payments infrastructure as the "digital rails". Both segments are integral to the ecosystem, with their collective adoption propelling digital payments:

- ***Consumers:*** Consumer adoption has been powered by improved financial access, growing smartphone usage, and user-friendly digital interfaces. As a result, the consumer digital payments Total Payment Value (TPV) has scaled to ₹ 301 trillion (~US$ 3.5 trillion) in Fiscal Year 2025 and is projected to grow at 15-18% CAGR until Fiscal Year 2030. In the future, the growth of digital payments is expected to be driven by initiatives like UPI Circle, RuPay Credit Card, and cross-border integration of UPI. The growth of UPI payments is also set to be driven by Tier 2+ cities led by an increase in the UPI user base from these regions.

- ***Merchants:*** Merchants form the backbone of the digital payments' ecosystem. Their acceptance of QR codes, POS devices, and online gateways are critical to the ecosystem. Merchant digital payments in Fiscal Year 2025 are at ₹ 112 trillion (~US$ 1.3 trillion) and projected to further grow at 20-22% CAGR until Fiscal Year 2030. Government-backed incentives such as the PIDF scheme (aimed at improving the number of payment devices across the country) and the rollout of RuPay credit cards for business use have played a key role in this expansion. India's digital merchant payment penetration stands at ~45% as of Fiscal Year 2025, significantly behind China's 93%, highlighting a major opportunity for growth. Continued innovation is expected to drive higher adoption across retail categories and smaller businesses.

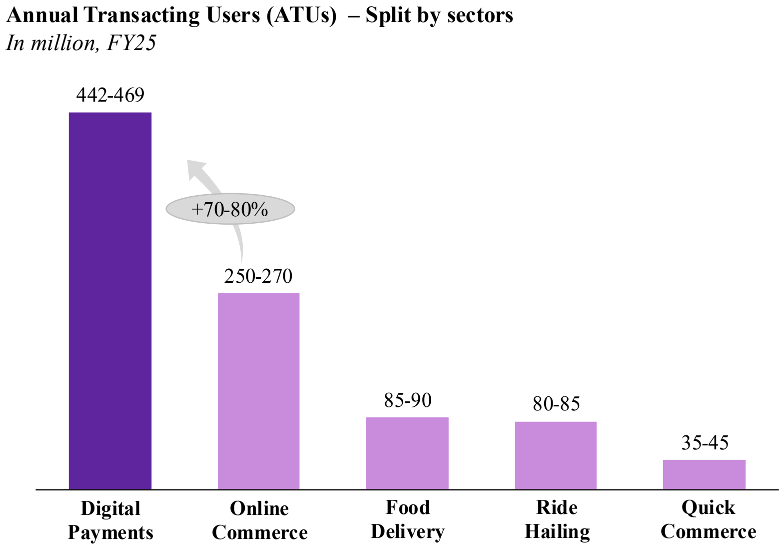
2.2. India's digital consumer payments TPV reached ₹ 301 trillion (~US$ 3.5 trillion) in Fiscal Year 2025, with UPI making up 87% of this volume. As more consumers embrace digital payments, UPI's growth is likely to be fuelled by user-friendly innovations like UPI Circle, Credit cards on UPI, and increasing cross-border use cases. UPI adoption is projected to accelerate further, particularly across Tier 2+ cities, fuelled by the growing penetration of digital services such as e-commerce, food delivery, quick commerce, travel, etc. As a result, Tier 2+ cities are projected to contribute ~65% of UPI's consumer TPV by Fiscal Year 2030.

Consumers are increasingly transacting digitally across categories driven by growing adoption of smartphones, wider internet access, and availability of various digital payment methods. These transactions include peer to peer payments, recharges, bill payments, online and offline shopping, purchase of tickets, purchase of wealth products, etc. The digital consumer payments include P2M as well as P2P payments through modes such as UPI, Credit and Debit cards, Net banking, and others (Wallets, Pre-Paid Instruments (PPI)), etc. Within this rapidly expanding landscape, UPI has emerged as the fastest growing and largest digital payment mode, growing at 65% CAGR between Fiscal Year 2020 and Fiscal Year 2025 reaching ₹ 261 trillion (US$ 3.1 trillion) and accounting for the dominant share at 87% of consumer payments TPV in Fiscal Year 2025. This digital consumer TPV has witnessed a rapid growth between Fiscal Year 2020 and Fiscal Year 2025, driven by the two major factors: (A) growth of digital payments user base and (B) the widening of digital payments use-cases.

A. Growing Digital Payments Userbase

As of Fiscal Year 2025, the number of Annual Transacting Users (ATUs) for digital payments has reached 442-469 million, ~54% of internet users. Digital payment ATUs are 170-180% of online commerce (250-270 million). In comparison, Food Delivery, Ride Hailing, and Quick Commerce have ATUs of 85-90 million, 80-85 million, and 35-45 million respectively. This indicates that digital payments not only have the highest user adoption, but they also pave the way for consumers to adopt more online services as their comfort with online transactions increases.

Figure 6: The ATUs for digital payments is 170-180% that of online commerce, indicating how it has been highly adopted and is paving way for consumers to adopt online services increasingly



Source(s): Redseer Research and Analysis

B. Widening of digital payment usage across use-cases and payment modes

Digital payments have rapidly expanded across multiple sectors, including government services, healthcare, education, retail, etc. Recurring payments like tuition fees, medical services, etc. in the education and healthcare sector, bill payments for mobile recharges, utility bills, rent, insurance premium, FASTag top-ups, credit card bills, mutual fund SIPs, etc. are increasingly shifting towards digital channels, offering convenience and streamlining payment processes.

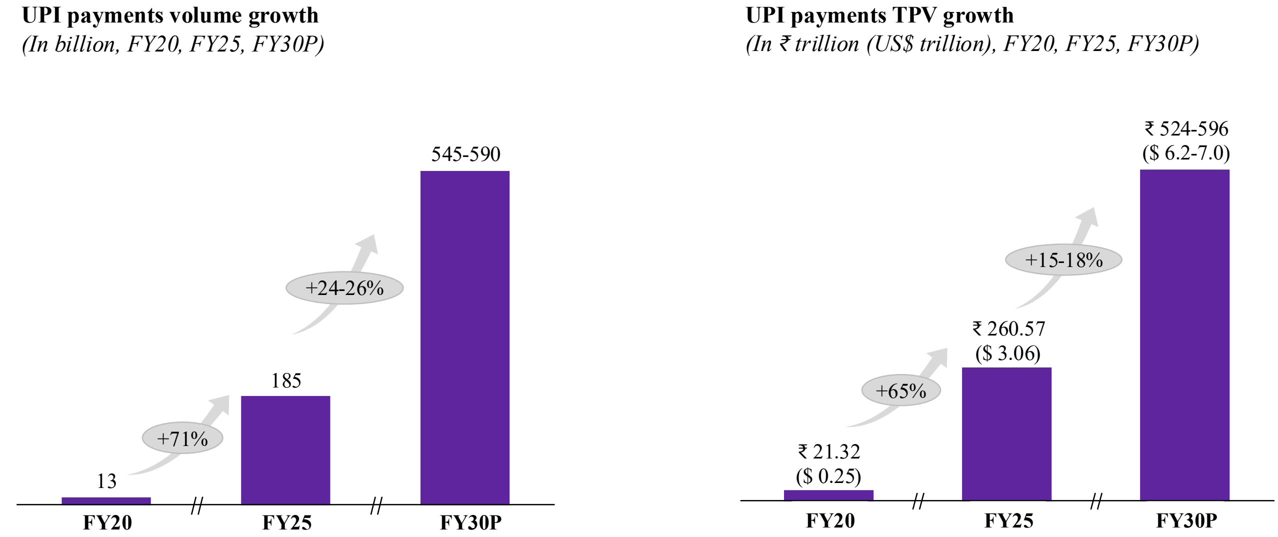
- ***Recharges:*** Mobile recharges, a key sub-category within bill payments, represent a ~₹ 2.8 trillion (~US$ 0.03 trillion) market in Fiscal Year 2025, and are projected to more than double by Fiscal Year 2030 to reach ~₹ 6.9 trillion (US$ 0.08 trillion). This highlights the growing opportunity for digital payments usage across a wide use-cases.

- ***Utility Bill Payment:*** Bharat Bill Payment System (BBPS), now Bharat Connect (since August 2024), which provides a unified platform for digital payments across multiple bill payment categories has further propelled the digital consumer payments. The Bharat Connect ecosystem comprises several key components: the Central Unit, managed by NPCI Bharat BillPay Limited (NBBL), which defines operating standards; Biller Operating Units (BOU) that onboard and manage billers which are typically banks; Customer Operating Units (COU) which facilitate digital interfaces for consumers to ensure seamless transactions and bill payments. With over 22,400 billers onboarded and more than 30 supported payment categories as of November 2025, Bharat Connect has expanded significantly to reach ~₹ 10 trillion (~US$ 0.12 trillion) TPV in Fiscal Year 2025.

UPI has been the primary driver for digital consumer payments usage in India, with its seamless and secure solutions gaining widespread adoption. Innovations like UPI Circle, Credit on UPI, and UPI's expansion into Tier 2+ cities and global markets are set to further accelerate growth and broaden financial access.

Driven by seamless and secure transactions, and the proliferation of TPAPs, the overall UPI payments TPV has grown at a robust CAGR of 65% between Fiscal Year 2020 and Fiscal Year 2025. The increasing ubiquity of UPI payment usage for P2P payments has translated into higher adoption for P2M or merchant payments. As a result, UPI P2M payments have outpaced P2P payments in growth, recording a CAGR of 91% compared to a CAGR of 59% for UPI P2P payments during the same period. UPI payments TPV is projected to continue its upward trajectory with a CAGR of 15-18% through Fiscal Year 2030. This would take the overall UPI payments TPV to around a projected ₹ 524-596 trillion (US$ 6.2-7.0 trillion) by Fiscal Year 2030.

Figure 7: UPI payments volume and TPV have grown at a robust CAGR of 71% and 65% respectively between Fiscal Year 2020 and Fiscal Year 2025 and are projected to grow at a CAGR of 24-26% and 15-18% respectively between Fiscal Year 2025 and Fiscal Year 2030P

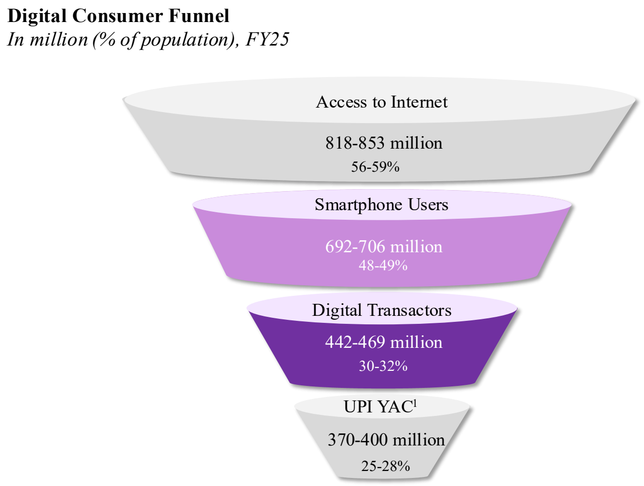


Note(s): 1. Conversion rate: US$ 1 = ₹ 85
Source(s): NPCI (April 2025), RBI (April 2025), Redseer Research and Analysis

The future growth of UPI payments is expected to be driven by several factors:

- ***Demographic Dividend:***
  - ***UPI adoption across multiple cohorts:*** UPI has become a ubiquitous payment solution, extending its reach across diverse user segments and geographies. Its adoption spans from large retailers and e-commerce platforms to small businesses, including Kirana stores, street vendors, and everyday shopping needs like groceries and utilities. UPI has been adopted across all consumer cohorts including homemakers, senior citizens, and younger populations like Gen-Z (born between 1997 and 2010). The Yearly Active Customers for UPI as of Fiscal Year 2025, stood at 370-400 million (25-28% of population), indicating UPI's wide scale of adoption.

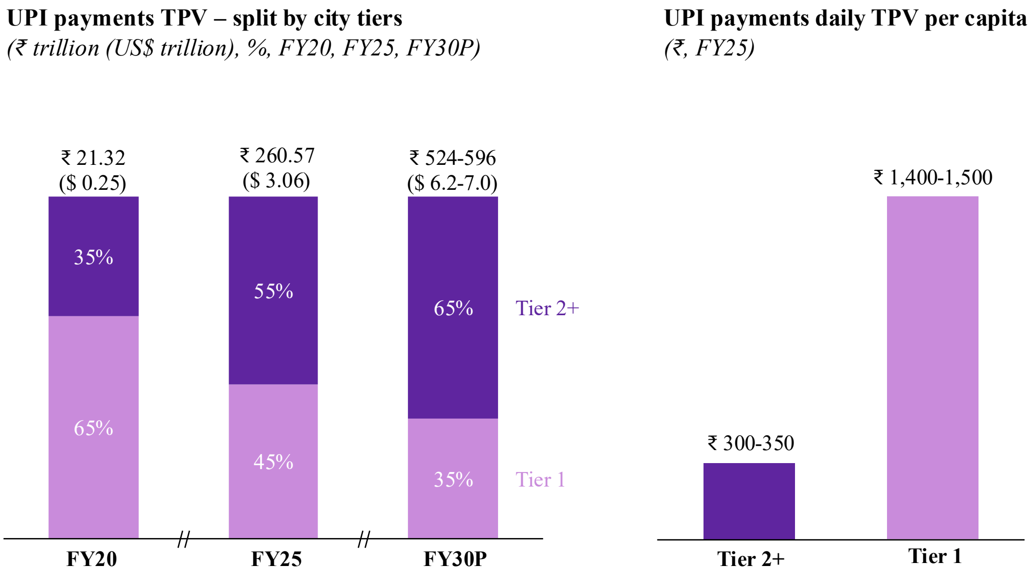
Figure 8: UPI YAC form 25-28% of India's total population as of Fiscal Year 2025



Note(s): 1. YAC stands for yearly active customers
Source(s): Redseer Research and Analysis

- *Growing penetration of UPI payment from Tier 2+ cities:* While UPI has already seen strong adoption, nationwide, its next phase of growth will likely be led by deeper penetration in India's Tier 2 and small cities. Rising digital adoption, fuelled by the expansion of e-commerce, food delivery platforms, and a shift towards organised retail is accelerating this trend. Additionally, increasing UPI acceptance even among unorganised merchants, is further driving usage in these markets. This trend also fosters financial inclusion by integrating diverse consumer segments into the digital economy. In Fiscal Year 2025, Tier 2+ cities contributed ~55% to the UPI payments TPV. With UPI's fast, easy, secure, and low-cost capabilities, and the growing reach of consumer tech into Tier 2+ cities, UPI's transaction value share in these regions is projected to grow to ~65% by Fiscal Year 2030. Despite this, TPV per capita largely remains underpenetrated and has a significant headroom for growth in Tier 2+ cities, relative to Tier 1 consumers. The per capita UPI daily TPV among Tier 1 population is 400-500% that of Tier 2+ cities' population, indicating significant headroom potential.

Figure 9: Although Tier 2+ cities have a higher UPI payments TPV split, TPV per capita in these regions still remains underpenetrated, indicating further headroom for growth

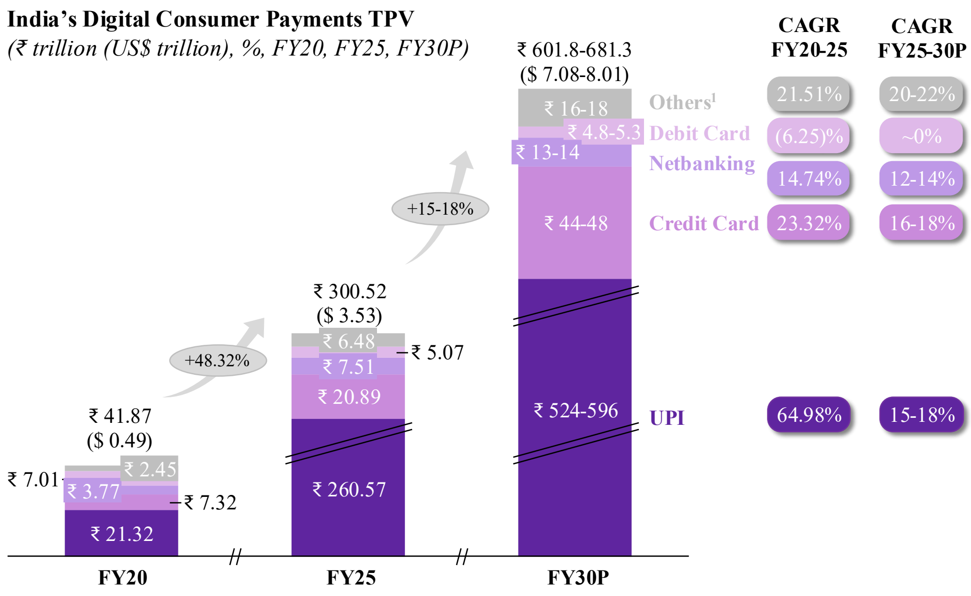


Note(s): 1. Tier 1 cities are cities with a population of more than 0.1 million (including metro and state capitals), while Tier 2+ cities are cities with population less than 0.1 million, 2. Conversion rate: US$ 1 = ₹ 85
Source(s): RBI (April 2025), NPCI (April 2025), Redseer Research and Analysis

- ***Innovations in UPI:***
  - *Credit and RuPay CC on UPI:* Integration of credit within UPI provides greater financial flexibility and accessibility by allowing users to make credit-based payments through UPI apps. This enhances credit access, expands merchant acceptance, and deepens digital payment penetration across consumer segments.
  - *UPI Circle and UPI Lite:* UPI Circle enables primary UPI account holders to delegate payment authority to trusted secondary users. With customisable access controls and transaction limits, UPI Circle promotes financial inclusivity by enabling individuals like elderly family members, domestic helpers, children, etc. to perform digital payments securely without the need to maintain a separate bank account. Further, UPI Lite is a digital account designed to facilitate low-value transactions. It is an on-device wallet service that allows low-value transactions, promoting the digitisation of simple payments that do not require a PIN.
  - *UPI on feature phones:* Smart feature phone users can perform key banking functions such as checking balances, sending or receiving money, and generating UPI Personal Identification Numbers (PINs), without requiring internet connectivity. This capability plays a critical role in bridging the digital divide, particularly in rural and low connectivity regions, through smart feature phones that are typically available at more affordable prices.
  - *Global Expansion and Cross-Border Integration of UPI:* NPCI International Payments Limited (NIPL), a wholly owned subsidiary of NPCI was incorporated in 2020 for the deployment of RuPay and UPI outside of India. Consequently, the UPI's international footprint has expanded significantly, with the system now operational in countries such as the United Arab Emirates (UAE), Singapore, Bhutan, Nepal, Sri Lanka, France and Mauritius. UPI has already partnered with international payment systems such as Singapore's PayNow and has also signed an agreement to link UPI with UAE instant payment platform Aani. Additionally, NIPL is also partnering with countries like Peru and Namibia to develop UPI-like real-time payment systems.

The growth of UPI has been a key driver of India's broader digital payments expansion. As UPI adoption increased, it laid the foundation for a surge in transaction volumes across various digital platforms. With government support, smartphone penetration, and seamless integration with other payment systems, UPI has significantly contributed to the rise of digital wallets and mobile payments, accelerating India's transition towards a cashless economy. Consequently, the digital consumer payments TPV has grown at a CAGR of 48% between Fiscal Year 2020 and Fiscal Year 2025, reaching ~₹ 301 trillion (~US$ 3.5 trillion) in Fiscal Year 2025. Further, the TPV is projected to grow at a CAGR of 15-18% to reach ₹ 602-681 trillion (US$ 7.1-8.0 trillion) by Fiscal Year 2030.

Figure 10: The digital consumers payments TPV grew from ₹ 42 trillion (US$ 0.5 trillion) to ₹ 301 trillion (US$ 3.5 trillion) between Fiscal Year 2020 and Fiscal Year 2025 at a CAGR of 48% and is projected to grow at a CAGR of 15-18% between Fiscal Year 2025 and Fiscal Year 2030, reaching a value of ₹ 602-681 trillion (US$ 7.1-8.0 trillion)



Note(s): 1. Others include wallets, PPI transactions, etc. 2. Conversion rate: US$ 1 = ₹ 85
Source(s): NPCI (April 2025), RBI (April 2025), Redseer Research and Analysis

2.3. With increasing consumer adoption, India's merchants are also swiftly transitioning to digital payments. This has been supported by availability of multiple solutions catering to needs across the spectrum, from static QRs, to audio payment confirmation devices and all-in-one EDC solutions.

Merchant payments include all customer-to-business transactions, across both physical stores and digital platforms. Offline acceptance points include QR codes, audio payment confirmation devices, EDC machines, Point-of-sale billing systems, etc., which facilitate in-person digital transactions. Online merchant payments are typically processed through payment gateways, which allow customers to make secure payments for goods and services via websites and apps. These solutions streamline payment processes, making transactions faster, more secure, and more accessible for both merchants and consumers across different platforms.

The growth in India's digital merchant payments is happening across offline and online channels, driven by tailored product offerings and innovations:

A. Offline Product Offerings and Innovations:

The growth of digital payments across merchants is expected to be driven by the availability of tailored products and innovations that address specific merchant needs in both offline and online environments. The offline payment solutions cater to the different sizes of businesses through tailored payment solutions such as:

- ***Audio payment confirmation devices:*** These are user-friendly, simple devices that provide audio confirmation of successful UPI transactions. Celebrity voice features and multi-lingual support are further driving adoption among merchants.

- ***Point-of-sale billing systems:*** Sophisticated tools that manage digital payments along with business processes such as inventory, sales, and accounting. By integrating payment gateways into their point-of-sale billing systems, merchants can streamline their payment acceptance and business operations.

India boasts a substantial base of 80-82 million merchants in Fiscal Year 2025. Of these 56-58 million are large enterprises, mid-market businesses, and small and micro merchant segments which are trade and service focused and hence are primary contributors towards P2M payments. Each merchant segment exhibits diverse operational needs and varying preferences for digital payment solutions such as audio payment confirmation devices, EDC machines, point-of-sale billing systems, etc. These variations are reflective of the payment volume, digital maturity, and complexity of each merchant segment.

Table 1: Focused Merchant Segments

Parameters	Small & Micro Merchants	Mid-Market Businesses	Large Enterprises
Number of merchants (Fiscal Year 2025)	56-58 million trade and services-based merchants	30,000 - 40,000	< 20,000
Payment Solutions Requirement	Low-cost, easy-to-use payment solutions like UPI through QR stickers, audio payment confirmation devices. Were earlier dependent on cash acceptance only which is being substituted by UPI	Flexible, integrated, and cost-effective payment solutions; UPI and card payments through EDC	Multiple payment solutions along with point-of-sale billing system integration, real-time data analytics, omnichannel affordability solutions, and loyalty management systems
Business scale	Low	Low to Medium	High
Channel	Typically offline	Online and offline	Online and offline

Historically, cash transactions have dominated the Indian merchant landscape; however, as these merchants increasingly adopt digital payment solutions and scale their businesses, they are transitioning to more sophisticated digital payment systems.

B. Online Product Offerings and Innovations:

As more businesses move to e-commerce platforms, online payment systems are becoming essential. Digital payment solutions such as Card Tokenisation and UPI Payment Integrations are revolutionising how merchants accept payments:

- ***UPI Payment Integrations:*** As UPI continues to be widely adopted, merchants of all sizes and across sectors can leverage UPI Payment Integrations to offer customers a seamless, secure, and low-cost payment method. This is beneficial across all merchant segments, who can offer UPI payments without incurring additional fees that are typically associated with card payments.

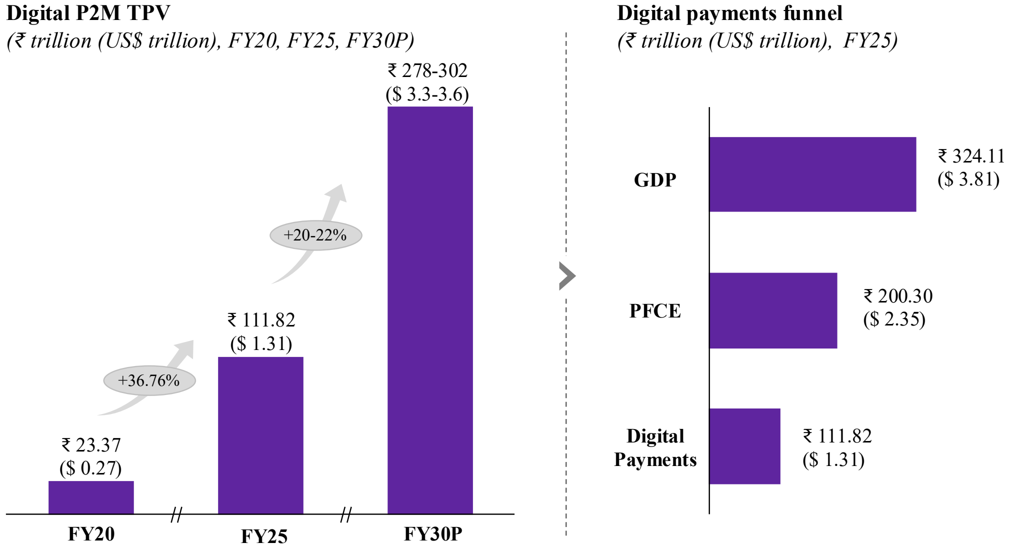
- ***Card Tokenisation:*** Tokenisation is a security feature that replaces sensitive card details with unique identifiers (tokens) that are stored with the card network. This reduces the risk of fraud, making it a crucial tool for large merchants who process high volumes of transactions. Device tokenisation ensures that tokens are created and saved at a device level and consumers do not need to create merchant specific tokens. Such solutions ease the payment experience for consumers and simultaneously reduce the risk. This also results in higher payment success rates for merchants which is a critical business growth enabler.

UPI payment integrations and card tokenisation are designed to address the specific needs of merchants. As digital payment players continue to invest in distributing these solutions, merchants will likely become increasingly empowered to accept digital payments and cater to the diverse needs of all customer segments. In addition, the growing active UPI merchant base and increasing adoption of UPI is driving the growth in the Total Payments per Active Merchant (TPAM) per month for UPI payments. An active merchant is defined as one who conducts a minimum of 1 transaction per month. The number of active merchants using UPI increased from ~9 million in Fiscal Year 2020 to ~21 million by Fiscal Year 2025, driven by the widespread adoption of QR-based payments. Meanwhile, TPAM per month rose ~1,717% from ~18 to ~327 transactions volume during the same period. Driven by ongoing UPI innovations and the increasing frequency of usage among active merchants, the UPI TPAM per month is projected to reach ~773 transaction volume by Fiscal Year 2030.

The digital P2M payments TPV which stood at ~₹ 23 trillion (~US$ 0.3 trillion) in Fiscal Year 2020, has grown at a CAGR of 37% between Fiscal Year 2020 and Fiscal Year 2025 to reach ~₹ 112 trillion (~US$ 1.3 trillion), driven by the increasing digital adoption among merchants. This includes ~₹ 22 trillion (~US$ 0.3 trillion) of payments against loan and credit card repayments and capital market transactions through UPI and auto-pay in Fiscal Year 2025, which are not part of the PFCE. The share of cash transactions in PFCE therefore stands at 55% in Fiscal Year 2025, down from 81% in Fiscal Year 2020. The digital P2M TPV is projected to grow at 20-22% CAGR by Fiscal Year 2030 and reach ₹ 278-302 trillion (US$ 3.3-3.6 trillion).

Along with the growth of in-store digital payments, there also has been significant expansion of digital payments in the online segment across the e-commerce sector, Direct-to-Consumer (D2C) brands, and various hyperlocal online sectors such as food delivery, quick commerce, and ride-hailing. This momentum in online digital payments has also been driven by a surge over the past year for BBPS use-cases such as credit card bill payments (~3,000% YoY growth) and loan repayments. Additionally, there also has been significant growth in the adoption of UPI for wider online payments. For instance, UPI Autopay mandates, typically used for recurring payments, subscriptions, SIPs, etc., have seen a sharp rise, growing by over 400% YoY. The capital markets have also witnessed that the consumers on broker platforms are adopting UPI as the preferred mechanism for wallet top-ups to fund equity and derivatives trading. This growth in online merchant payments has been a key enabler for the broader online ecosystem, supporting the digital transaction infrastructure essential for these sectors to thrive.

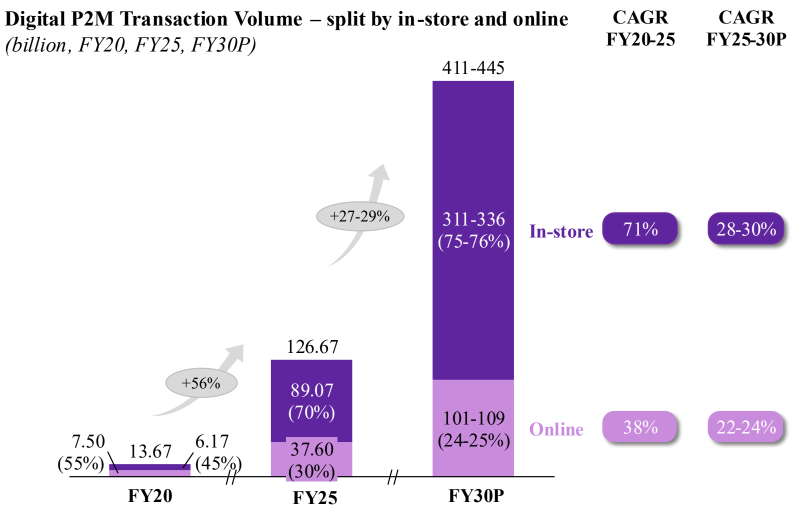
Figure 11: Digital P2M TPV, which stands at ₹ 112 trillion (US$ 1.3 trillion) in Fiscal Year 2025, is projected to grow at a CAGR of 20-22% between Fiscal Year 2025 and Fiscal Year 2030, reaching a value of ₹ 278-302 trillion (US$ 3.3-3.6 trillion)



Note(s): 1. Conversion rate: US$ 1 = ₹ 85
Source(s): RBI (April 2025), MoSPI (April 2025), Redseer Research and Analysis

The digital P2M payments volume expanded faster than the digital P2M payments value, with digital P2M payments volume recording a CAGR of 56%, as compared to digital P2M TPV recording a CAGR of 36.76%, between Fiscal Year 2020 and Fiscal Year 2025. This growth was driven by the adoption of UPI across high-frequency, small ticket cash transaction use-cases. Within this, in-store digital payments grew the fastest supported by wider offline merchants' acceptance that typically have a higher proportion of small ticket sized transactions. The in-store digital P2M payments volume grew at a CAGR of 71% compared to that of 38% CAGR for online segment between Fiscal year 2020 and Fiscal Year 2025. Looking ahead, as digital payment use-cases continue to broaden, the digital P2M payment volumes are further projected to grow at 27-29% CAGR through Fiscal Year 2030.

Figure 12: Digital P2M payments volume grew at a CAGR of 56% between Fiscal Year 2020 and Fiscal Year 2025, whereas the in-store digital P2M payments volume grew at a faster CAGR of 71% during the same period, driven by higher adoption for high frequency small-ticket sized transactions



Source(s): RBI (April 2025), Redseer Research and Analysis

The increasing digitisation of offline merchants has led to a higher number of digital customer transactions. As a result, the transactions made to merchants, which typically have a lower average transaction value, witnessed a higher growth compared to that of Customer transactions. Consequently, the growth in Customer transactions has outpaced the growth of Customer TPV, similar to that of merchant digital payments.

Prior to 2020, UPI transactions attracted a Merchant Discount Rate (MDR), which served as a revenue stream for TPAPs, Payment Aggregators and Sponsor banks. To drive mass adoption of digital payments, especially among small and micro merchants, the government waived off MDR on UPI and RuPay transactions, to eliminate a cost barrier for merchants and encourage wider acceptance of digital payments. To complement this move and ensure the long-term sustainability of the UPI ecosystem, the government introduced the Digital Incentive (DI) scheme aimed at incentivising low value UPI transactions for the TPAPs and Sponsor banks. While the MDR waiver directly benefited merchants, the DI scheme benefitted acquirers, TPAPs and banks. This ensures continued investment in infrastructure, service quality, and innovation across the ecosystem, ultimately benefiting merchants through improved accessibility, reliability, and reach of UPI services, particularly in underserved and rural areas.

Recognising the need for a sustainable monetisation model, the Payments Council of India (PCI) has urged the government to review the Zero MDR policy on UPI transactions for large merchants and all RuPay debit card transactions. Going forward, a carefully structured MDR regime could provide the necessary commercial incentive for ecosystem players to continue investing in innovation, infrastructure, and merchant acquisition. While it may marginally increase costs for certain segments, the revenue potential could strengthen the business case for digital payment providers, enabling deeper coverage, improved service quality, and continued growth in UPI adoption across the country.

Today, merchant digital payment solution providers monetise through several streams, including device rental income from POS terminals and QR code devices, setup fees, transaction fees based on volume and merchant segments, MDR on debit cards and credit cards, wallets on UPI, and government-backed schemes like DI and PIDF. They also generate revenue from subscription fees for premium services, cross-selling financial products like loans and insurance, and offering advertising and marketing services within the platform. These varied monetisation methods support sustainable growth for digital payment providers

In summary, India’s digital payments ecosystem has grown rapidly, led by UPI’s widespread adoption across consumer and merchant segments, particularly in Tier 2+ cities. Government-led innovations such as UPI Autopay, Credit on UPI, UPI Circle, UPI Lite, etc. combined with an active role of TPAPs in building intuitive, user-friendly platforms have significantly expanded use cases and driven UPI adoption. As digital payments become embedded in everyday life across user segments, they are creating valuable digital transaction records that are laying the foundation for financial services in India’s formal economy.

CHAPTER 3: INDIA’S DIGITAL LENDING LANDSCAPE

India's lending ecosystem is a dynamic and evolving landscape, playing a crucial role in the nation's economic development. It comprises a diverse range of players, from traditional banks and Non-Banking Financial Companies (NBFCs) to fintech companies all catering to the varied credit needs of individuals and businesses. The ecosystem is continually being reshaped by technological advancements, regulatory reforms, and shifting market dynamics.

Digital Lending refers to the process of offering loans through digital platforms, leveraging technology to streamline the application, approval, and disbursement processes.

The Indian Digital Lending landscape is undergoing a significant transformation, characterised by the rising adoption of digital platforms, propelled by India's evolving digital economy and accelerating digital payments penetration. This has fostered a rapid embrace of Fintech lending since its emergence around 2015-16. The sector's growth is further underpinned by robust regulatory support through favourable policy frameworks and the continuous development of Digital Public Infrastructure. A key aspect of the evolving landscape is the proactive regulatory environment shaped by the RBI, which, particularly through the recent comprehensive “RBI (Digital Lending) Directions, 2025” issued in May 2025, aims to foster orderly growth while enhancing transparency, ensuring robust data privacy and governance, strengthening borrower protection, and clarifying the roles and responsibilities of various entities within the ecosystem, including Lending Service Providers (LSPs) and Regulated Entities (REs).

Fintech companies are advancing traditional lending models and championing financial inclusion by addressing previously underserved and unserved user segments. They employ data-driven assessment methods utilising digital footprints in helping lenders assess creditworthiness in addition to conventional credit scores and thus democratising access to credit. Technological advancements are integral to refining credit risk assessment, bolstering fraud detection, and personalising customer service, enabling lenders to offer tailored loan products and optimise operational efficiencies. Supporting elements like payment infrastructure, credit bureaus for informed decision-making, and cybersecurity firms to protect sensitive data, collectively foster a seamless, customer-centric, and secure digital lending environment.

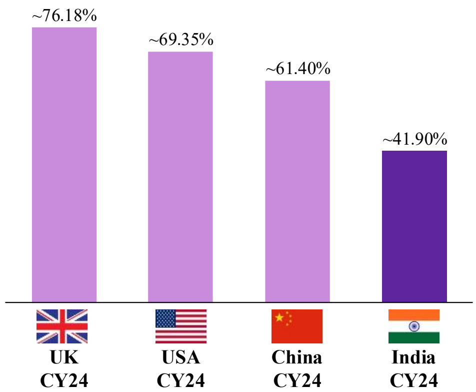
Strategic collaborations between Fintech companies and traditional financial institutions (banks and NBFCs) are creating synergies that combine innovative agility and reach with established trust, further expanding the digital credit market and contributing to India's broader economic growth.

3.1. India offers a substantial growth opportunity in credit penetration, with its relatively low household debt-to-GDP ratio and untapped credit access, especially when compared to global benchmarks

India’s credit penetration market has further growth potential when compared to other countries. India’s household debt as a % of GDP remains low at ~41% as of Fiscal Year 2025, significantly lower than countries such as the UK (~76%), USA (~69%), and China (~61%), each for Calendar Year 2024, indicating substantial headroom for growth.

Figure 13: India's household debt as a % of GDP remains to be lower than other global economies, indicating a growth headroom

Household debt as a % of GDP – India and global benchmarks
(%, As on end-December, 2024 (India), CY24 (China, UK, USA))

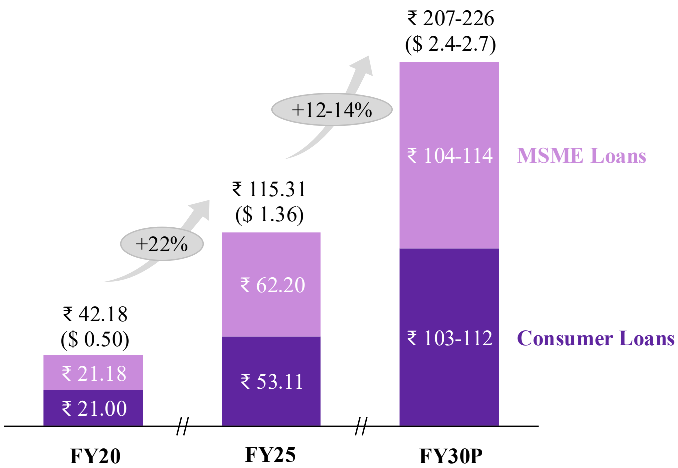


Source(s): RBI (April 2025), IMF: Household debt, loans and debt securities (September 2025), Redseer Research and Analysis

India's Consumer & Micro, Small and Medium Enterprises (MSME) loans (excluding corporate loans) landscape presents a significant long-term opportunity, driven by rising credit penetration, digital innovation, and increasing financial inclusion. India's Consumer & MSME loans disbursal market, including both secured and unsecured loans have seen accelerated growth over the past few years, growing at CAGR of 22% between Fiscal Year 2020 and Fiscal Year 2025 to reach ~₹ 115 trillion (~US$ 1.4 trillion) and is projected to grow further at a CAGR of 12-14% to reach ₹ 207-226 trillion (US$ 2.4-2.7 trillion) by Fiscal Year 2030.

Figure 14: India's consumer & MSME loans disbursals grew from ₹ 42 trillion (US$ 0.5 trillion) to ₹ 115 trillion (US$ 1.4 trillion) between Fiscal Year 2020 and Fiscal Year 2025 at a CAGR of 22% and is projected to grow at a CAGR of 12-14% between Fiscal Year 2025 and Fiscal Year 2030, reaching a value of ₹ 207-226 trillion (US$ 2.4-2.7 trillion)

India's Consumer & MSME Loans Disbursals
(₹ trillion (US$ trillion), FY20, FY25,FY30P)



Note(s): 1. Conversion rate: US$ 1 = ₹ 85, 2. MSME loans include Secured Business Loans, Commercial Vehicle Loans, Unsecured Business Loans and MSME Entity Loans 3. Consumer loans include Auto Loans, Housing Loans, Two-Wheeler Loans, Gold Loans, Loans against Securities, Used Car and Tractors Loans, Property Loans, Personal Loans, Consumer Durable Loans, Education Loans, and Other loans. It does not include credit card loans
Source(s): Redseer Research and Analysis

Both demand-side and supply-side factors are driving the shift in India's credit environment. On the demand side, an increased consumer appetite for formal credit across segments is fuelled by growing aspirations and the need for medium and short-term liquidity. On the supply side, financial institutions and fintech players have expanded credit access, facilitated by technological advancements, supportive regulatory frameworks, the emergence of new-age digital lending models, and the capability for end-to-end digital customer acquisition. In addition, the advancing formalisation of India's economy substantially strengthens this credit growth, driven by:

- ***Digital Public Infrastructure:*** Robust digital infrastructure (Aadhaar, e- KYC, UPI, Account Aggregator, and the Unified Lending Interface (ULI)) enabling scalable, cost-effective, and faster digital lending.

- ***Advanced Credit Underwriting:*** Utilising newer data footprints (digital payments, mobile usage, spending patterns, GST returns) and methods to assess creditworthiness and expand credit access, including to new-to-credit (NTC) borrowers.

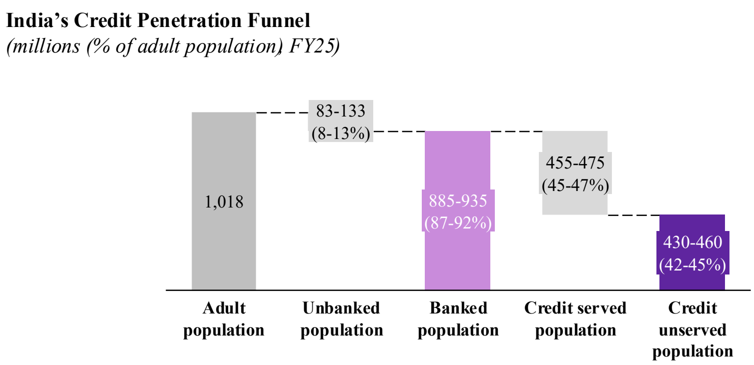
- ***Expanding Reach to Deepen Market Penetration:*** Having invested significantly in payments to acquire users (both consumers and merchants) across all the tiers of India, key fintech players benefit through this extensive reach, which provides a strong foundation for deepening lending penetration. Emerging players are strategically investing and deepening in
  - Enhancing user experience and accessibility via scalable, user-friendly digital journeys.
  - Ensuring broader market access by establishing a comprehensive PAN-India physical presence, integral to an effective 'phygital' strategy.
  - Empowering potential borrowers through robust financial and credit literacy initiatives. These combined efforts are vital for onboarding new and underserved customer segments.

- ***Supportive Government & Regulatory Framework:***
  - *Digital Lending Guidelines:* Promoting consumer protection and fair lending practices within the digital lending ecosystem
  - *Guarantee Schemes:* Facilitating financial inclusion through initiatives like Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), Credit Guarantee Fund for Micro Units (CGFMU), etc., encouraging financial inclusion, particularly for underserved populations and the priority sector
  - *Financial Inclusion Initiatives:* Expanding access to formal financial services through the JAM trinity (Jan Dhan-Aadhaar-Mobile) which has broadened the market for digital lenders by integrating the unbanked and underbanked
  - *Account Aggregator Framework:* Improving credit assessment through secure and consented sharing of financial data between institutions.

3.2. India’s consumer loans disbursal market stands at ~₹ 53 trillion (~US$ 0.6 trillion) in Fiscal Year 2025 and is projected to grow at a CAGR of 14-16%, reaching ₹ 103-112 trillion (US$ 1.2-1.3 trillion) by Fiscal Year 2030

India's consumer loan market shows substantial potential for growth, particularly when benchmarked against developed economies like the USA. As of Fiscal Year 2025, 87-92% of India’s adult population have access to a bank account, yet only 45-47% (around 455-475 million individuals) have access to credit. In contrast, 95-97% of the adult population in the USA is served with credit, highlighting a substantial opportunity to increase credit access in India. Additionally, among the 430-460 million individuals without credit access in India, 75-80% are in Tier 2+ cities, underscoring the under-penetration in these regions. Consequently, as credit penetration continues to rise, consumer loan disbursals are projected for further robust growth in the coming years.

Figure 15: As of Fiscal Year 2025, 42-45% of India’s total adult population has not been served credit and 75-80% of this population is from Tier 2+ cities

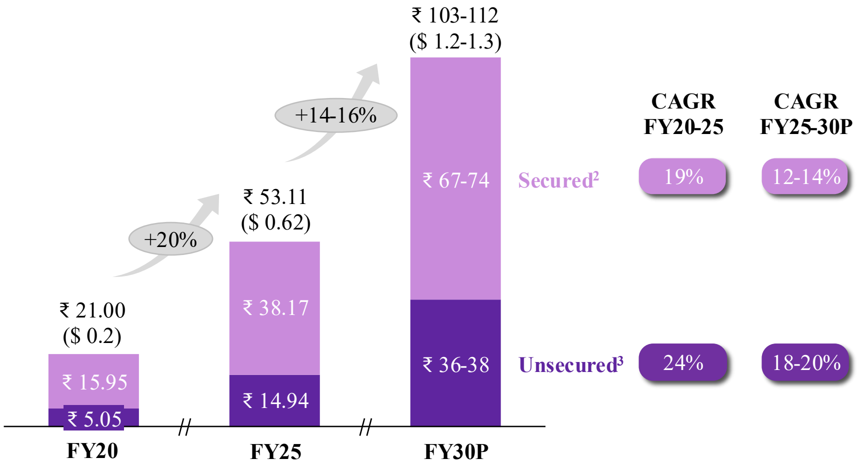


Note(s): Credit unserved population also includes credit underserved population
Source(s): World Bank (April 2025), Redseer Research and Analysis

India’s consumer loans disbursal market witnessed a robust growth of 20% between Fiscal Year 2020 and Fiscal Year 2025. Historically, India’s consumer loans have been dominated by secured loans like housing and auto, predominantly serving salaried and urban populations. However, recent trends show a significant shift toward broader credit access, with a rise in unsecured and digitally disbursed loans; even secured loans are gradually being digitised. As a result, unsecured consumer loan disbursals experienced a substantial 24% CAGR between Fiscal Year 2020 and Fiscal Year 2025, outpacing the 19% CAGR of secured loan disbursals during the same period. This trend is projected to persist over the next five years, with unsecured loan disbursals projected to grow at a CAGR of 18-20%, while secured consumer loan disbursals are anticipated to grow at a CAGR of 12-14%, by Fiscal Year 2030. This shift highlights the growing demand for flexible and accessible credit across diverse consumer segments. The digital penetration in secured loans is seeing traction, driven by advancements in technology, Digital Public Infrastructure, and regulatory support. This growing penetration is particularly beneficial for categories like Loan against Mutual Funds (LAMF). A critical driver underpinning the burgeoning opportunity is the consistent and robust growth of Assets Under Management (AUM) in the Indian mutual fund industry, especially amongst retail investors. Digital platforms facilitate instant processing, largely paperless transactions, and a seamless customer experience, thereby unlocking a substantial market for efficient, collateral-backed liquidity.

Figure 16: Unsecured consumer loan disbursals are projected to grow at a CAGR of 18-20% between Fiscal Year 2025 and Fiscal Year 2030, in contrast to secured consumer loan disbursals, which are projected to grow at a CAGR of 12-14% in the same period

India's Consumer Loan Disbursals – split by secured vs. unsecured loans
(₹ trillion (US$ trillion), FY20, FY25, FY30P)



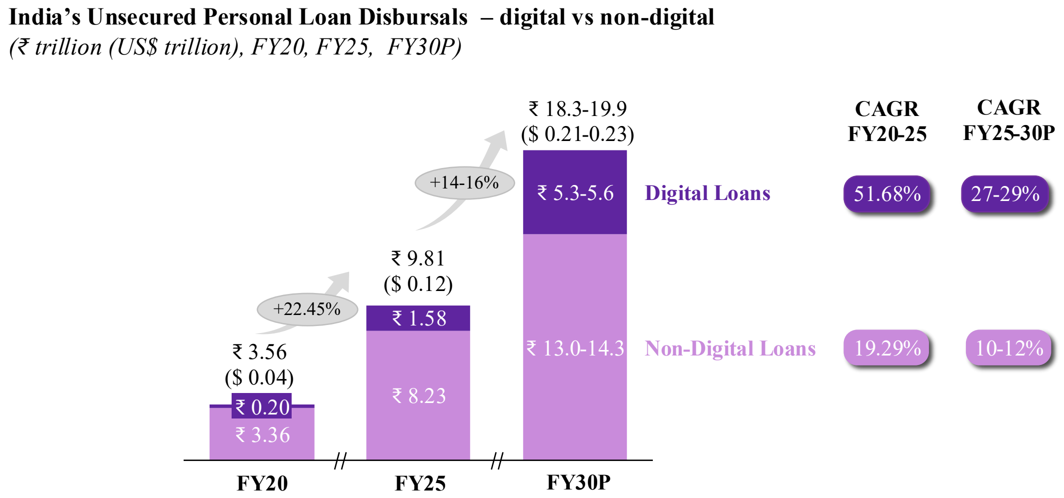
Note(s): 1. Conversion rate: US$ 1 = ₹ 85, 2. Secured Loans category includes Auto Loans, Housing Loans, Two-Wheeler Loans, Gold Loans, Loans against Securities, Used Car and Tractors Loans, and Property Loans 3. Unsecured Loans category includes Personal Loans, Consumer Durable Loans, Education Loans, and other loans. The figure does not include credit card loans
Source(s): Redseer Research and Analysis

The rise of digital payments has facilitated the creation of extensive data footprints, thereby driving the growth of unsecured personal loan disbursals. This, combined with advanced credit assessment models analysing diverse data (like digital payment transactions, recurring payments, spending patterns, account activity, and cash flows), is expanding credit access to consumers previously underserved or unserved due to a lack of formal credit history. This signifies a paradigm shift from collateral-based to informed, data-driven lending, fostering broader financial inclusion.

Unsecured personal loans have become attractive due to their accessibility, speed, and flexibility, making them ideal for consumers in both urban and rural areas. Consequently, the unsecured personal loan disbursals grew at a 22% CAGR (Fiscal Year 2020-25) to ~₹ 9.8 trillion (~US$ 0.12 trillion). Driven by increasing consumer demand and the emergence of advanced credit assessment platforms, the unsecured personal loan disbursals are further projected to grow at a 14-16% CAGR to reach ₹ 18.3-19.9 trillion (US$ 0.21-0.23 trillion) by Fiscal Year 2030.

The crucial role of digital penetration within the unsecured personal loan segment is underscored by its rapid growth: the share of digital disbursals rose from 6% in Fiscal Year 2020 to 16% in Fiscal Year 2025 and is projected to further expand to 26-28% by Fiscal Year 2030.

Figure 17: Digital unsecured personal loan disbursals are expected to grow at a CAGR of 27-29% between Fiscal Year 2025 and Fiscal Year 2030, in contrast to non-digital unsecured personal loan disbursals, which are expected to grow at a CAGR of 10-12% in the same period



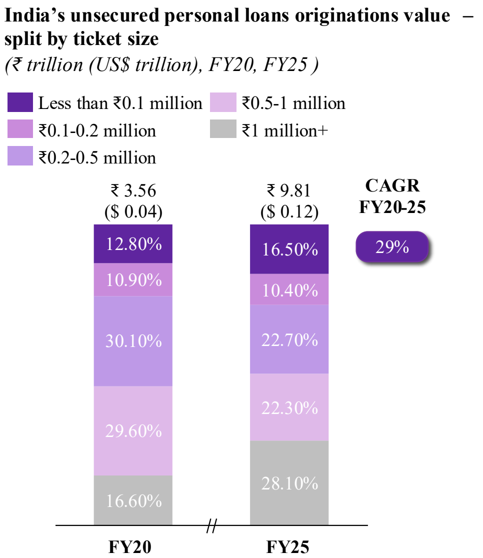
Note(s): 1. Conversion rate: US$ 1 = ₹ 85
Source(s): Redseer Research and Analysis

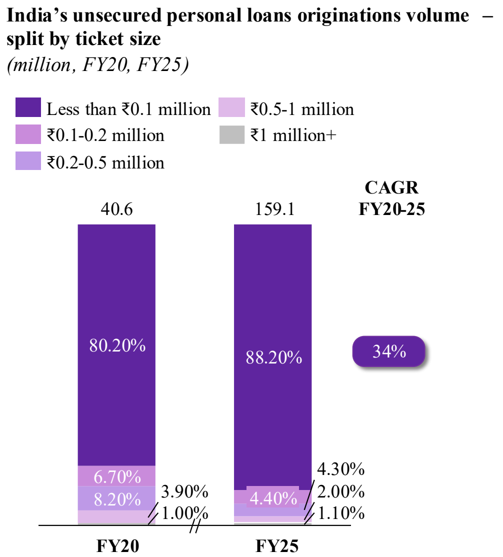
Digital players have played a pivotal role in expanding the market by facilitating:

- Wider access to credit by aggregating offers from multiple lenders (Banks and NBFCs).
- Better discovery of price and offers for the users.
- Enhanced transparency on loan terms and eligibility.
- Faster, paperless journeys via e- KYC and real-time disbursals.

With smartphones and data affordability reaching deeper markets, users in Tier 2+ cities are becoming digitally active and credit-aware consumers. Fintech players are tapping into this opportunity with tailored products and low-friction journeys, further driving the formalisation of credit. The contribution of Tier 2+ cities among the overall digital unsecured personal loans has grown from 5% in Fiscal Year 2020 to 20% in Fiscal Year 2025, indicating the growing credit penetration in these areas. Additionally, low-ticket value loans have experienced faster growth within the unsecured personal loan disbursals segment. The value of these loans grew at a CAGR of 29% between Fiscal Year 2020 and Fiscal Year 2025, while the volume increased at a CAGR of 34% during the same period.

Figure 18: The value of loans with ticket size less than ₹ 0.1 million grew at a robust CAGR of 29% between Fiscal Year 2020 and Fiscal Year 2025, in parallel to the volume, which increased at a CAGR of 34% during the same period





Note(s): 1. Conversion rate: US$ 1 = ₹ 85.
Source(s): Redseer Research and Analysis

3.3. India’s MSME loan disbursals have grown rapidly, reaching ₹ 62 trillion (~US$ 0.7 trillion) in Fiscal Year 2025, with significant opportunities for further expansion, particularly through merchant penetration in the Tier 2+ cities.

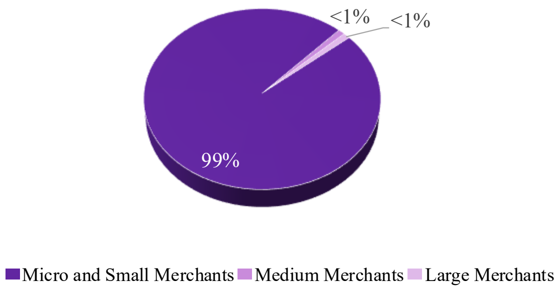
A large segment of India’s MSMEs often relies on informal lending networks, largely due to limited financial literacy and a lack of formal credit history. Many operate without systematic book-keeping, audited financial statements, or standard business registrations like tax filings or trade licenses. This absence of verifiable documentation makes it difficult to demonstrate consistent cash- flow or provide adequate confidence, thereby restricting their access to affordable, structured financing and often forcing them towards high-cost borrowing.

The Indian government has introduced several initiatives to improve credit accessibility for MSME merchants. A key example is the Pradhan Mantri Mudra Yojana (PMMY), which aims to provide small loans to these businesses. Under the scheme, ₹ 4.93 trillion (US$ 0.06 trillion) loans were disbursed in Fiscal Year 2025 to the merchants, propelling the MSME credit landscape in India.

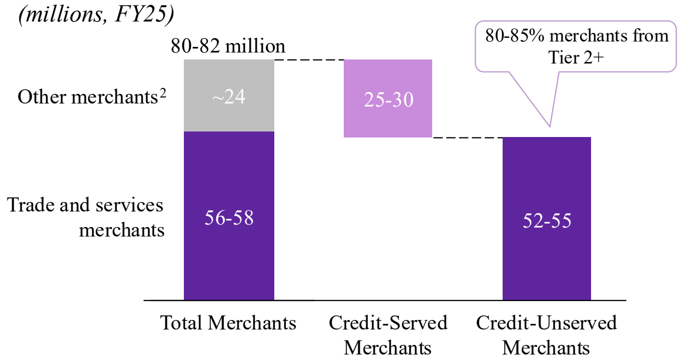
Despite this progress, substantial opportunities remain to expand credit access, particularly among micro-merchants. India has a 56-58 million trade and services merchant base. The Small and Micro-merchants constitute about 99% of the total MSME merchants in India. And this segment remains largely underserved. In Fiscal Year 2025, only 25-30 million of all merchants had access to credit. Additionally, a large proportion (80-85%) of these credit-unserved merchants are in Tier 2+ cities, highlighting a key opportunity to drive credit penetration, especially for micro and small enterprises.

Figure 19: As of Fiscal Year 2025, only about 25-30 million merchants in India have been served credit

India’s total merchant base – by size[1] of merchants
(%, FY25)



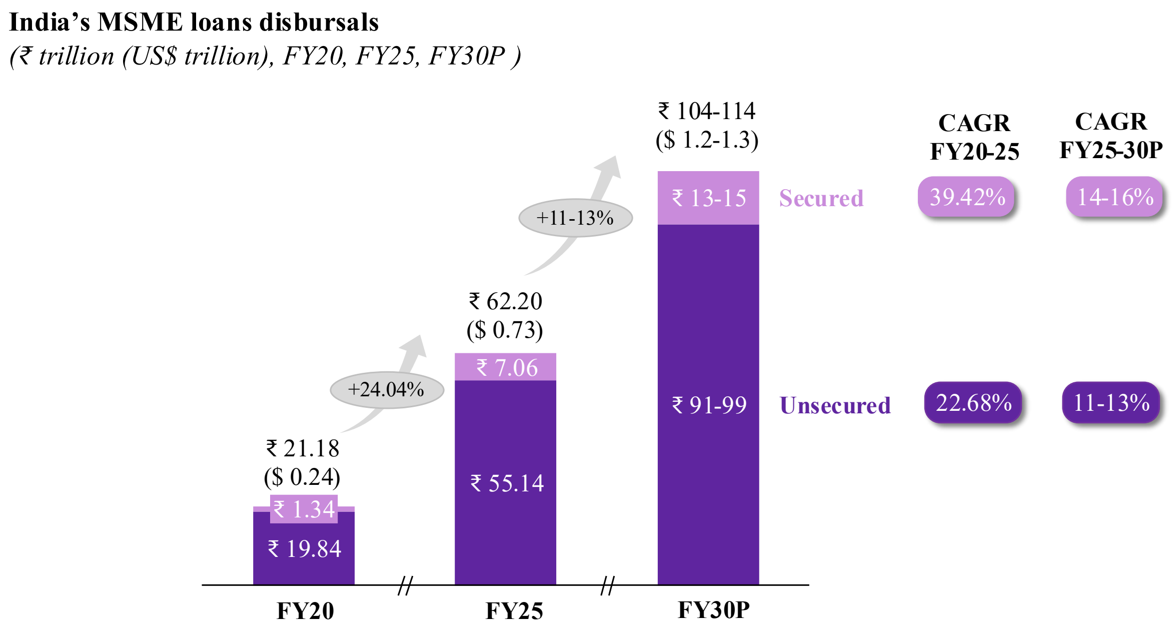
India’s merchant credit penetration funnel
(millions, FY25)



Note(s): 1. Micro merchants include merchants with an annual turnover limit of ₹ 50 million, small merchants include merchants with an annual turnover limit of ₹ 500 million, medium merchants include merchants with an annual turnover limit of ₹ 2,500 million and large merchants include merchants with an annual turnover limit of more than ₹ 2,500 million as of Fiscal Year 2025, 2. Other merchants include manufacturing, electricity and mobility merchants
Source(s): Redseer Research and Analysis

India’s MSME loans, including individual business loans disbursals, grew at a 24% CAGR between Fiscal Year 2020 and Fiscal Year 2025 to reach ~₹ 62 trillion (~US$ 0.7 trillion). This expansion has also been enabled by the rise of formalisation through GSTN, Udyam, and digital payments, leveraging merchants’ data, expanding phygital presence, and a mobile-first onboarding process to serve small businesses and informal merchants. Consequently, the penetration of MSME loans disbursed by non-banking institutions has reached 25-30% in Fiscal Year 2025. The MSME loans are further projected to grow at a CAGR of 11-13% between Fiscal Year 2025 and Fiscal Year 2030, reaching ₹ 104-114 trillion (US$ 1.2-1.3 trillion) by the end of the period.

Figure 20: Unsecured MSME loans disbursals comprise the lion's share of overall MSME loans disbursals in India



Note(s): 1. MSME Loan Disbursals include Secured and Unsecured Business Loans and Commercial Vehicle Loans, 2. Conversion rate: US$ 1 = ₹ 85
Source(s): Redseer Research and Analysis

However, digital penetration in MSME loan disbursals remains low, accounting for less than 1% in Fiscal Year 2025. This landscape is poised for transformation as merchants increasingly adopt digital platforms and build comprehensive digital transaction histories. Fintech companies have played a pivotal role in this shift, successfully digitising a large set of micro-merchants by growing the digital payments ecosystem through the widespread deployment of QR codes and audio payment devices that provide instant confirmation of payment. This has not only built trust and reliability among these merchants but also enabled them to embrace digital operations, laying the groundwork for broader digital adoption. Further, several governmental and ecosystem initiatives are accelerating this shift. Udyam Registration, for instance, provides MSMEs with a formal, digital identity, which is often a prerequisite for accessing formal credit lines and government schemes. The GSTN offers lenders a verified, real-time view of a business's turnover and compliance, creating a strong basis for credit assessment. Additionally, platforms like the Trade Receivables Discounting System (TReDS) are enabling MSMEs to digitally manage and finance their receivables, improving cash flow and creating auditable transaction trails.

Payment enablers' existing relationships with MSME merchants allow them to leverage expanding digital data, enabling creditworthiness assessments in addition to traditional credit histories. This empowers lenders to underwrite loans more effectively and offer innovative repayment solutions.

One such innovation is the Equated Daily Instalment (EDI) model. Unlike traditional Equated Monthly Instalments (EMIs), EDI allows for smaller, daily repayments, making credit more accessible and manageable for businesses with fluctuating incomes. Payment acquirers facilitate smooth EDI transactions, strengthening payment relationships and driving adoption. EDI benefits lenders through better recovery and lower costs, fostering greater confidence to expand the credit landscape. Borrowers benefit from flexible and affordable repayment terms, and payment enablers benefit from increased engagement and cross-selling opportunities. Given its flexibility, the EDI model is well suited to increase credit penetration in the underpenetrated micro-merchant segment.

In summary, India's lending market is undergoing a profound shift towards digital-first models, with personal loans and MSME lending at the forefront. Over the next five years, digital lending is expected to drive an increasing share of credit disbursals. Platforms with deep digital engagement, wider reach, robust data capabilities, and trusted consumer relationships, operating within a clear and evolving regulatory framework promoting responsible growth, are well-positioned to be at the vanguard of this transformation.

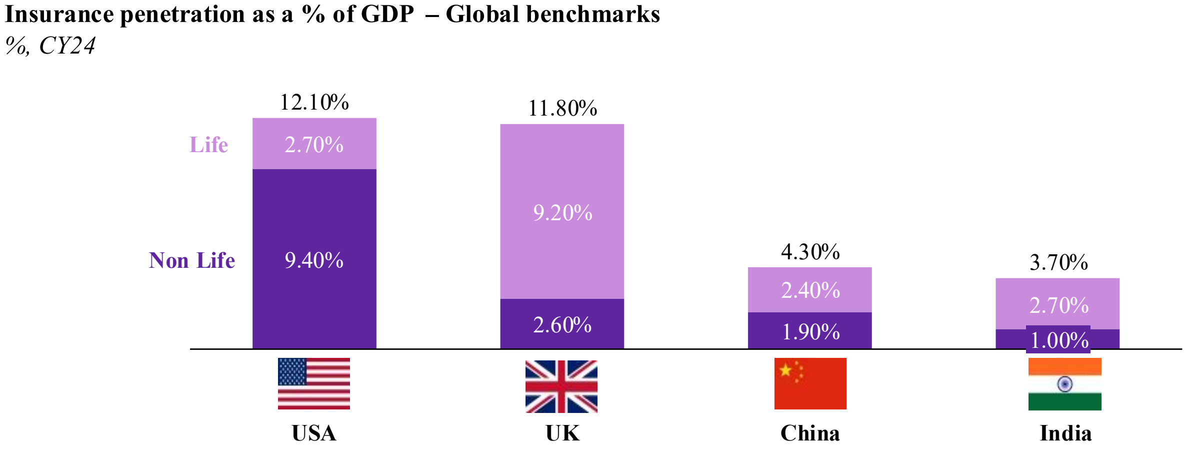
CHAPTER 4: INDIA'S DIGITAL INSURANCE MARKET

India's insurance sector is on the cusp of rapid growth, with increasing demand for motor, health, and life insurances. The rise of digital insurance platforms in India has transformed the landscape, addressing inefficiencies in traditional offline processes, such as operational bottlenecks, lack of transparency, and limited customer support. These platforms have enabled faster, more cost-effective underwriting, claims processing, and policy servicing, while increasing market reach through digital distribution channels. Digital-first models are also addressing underserved populations, especially in rural areas, by offering products tailored to specific needs.

Insurance penetration in India, measured by total Gross Direct Premium Income (GDPI) as a percentage of GDP, remains below that of developed economies. According to the Insurance Regulatory and Development Authority of India (IRDAI), in Calendar

Year 2024, India's insurance penetration stood at ~3.7%, with non-life (motor, health and general insurance) at ~1.0% and life insurance at ~2.7%. In comparison, the global average for total insurance penetration and non-life insurance penetration stands at 7.3% and 4.3% respectively. Mature markets such as the USA and the UK reported significantly higher total insurance penetration levels of 12.1% and 11.8%, respectively.

Figure 21: Insurance remains to be highly underpenetrated in India, in comparison to global counterparts



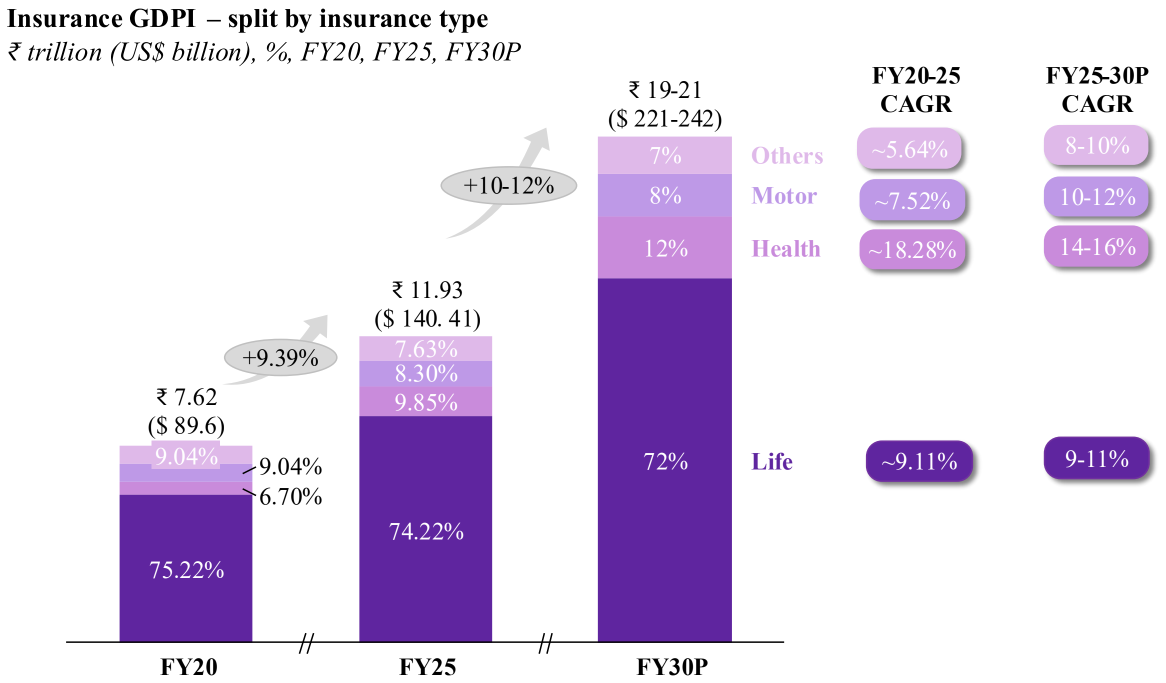
Source(s): IRDAI Annual Report 2024-25

Insurance density in India, represented by GDPI per capita, reached approximately US$ 97 in Calendar Year 2024, up from ~US$ 74 in Calendar Year 2018. This remains significantly lower than mature markets like the USA and the UK, where insurance densities stand at approximately US$ 10,295 and US$ 6,185, respectively, in Calendar Year 2024. China, with a similar population size, recorded a much higher insurance density of approximately US$ 558 in Calendar Year 2024, indicating considerable growth potential in India. Historically, the low insurance penetration in India has been driven by multiple factors on all of Insurers, Customer and Distributors end, such as

- ***Insurers**:* Complex products with limited customisation and therefore lower ability to cater to varied customer needs, dependency on physical distribution
- ***Customers**:* Limited awareness, low financial literacy, and constrained household incomes
- ***Distributors**:* Higher cost of traditional agent driven models and lower presence in Tier 2+ cities and rural areas

Despite these challenges, India's total GDPI has been steadily growing at a CAGR of ~9% between Fiscal Year 2020 and Fiscal Year 2025, reaching an estimated ₹ 11.9 trillion (US$ 140 billion) in Fiscal Year 2025. Life insurance dominates the market, accounting for ~74% of the total GDPI, followed by Health, Motor and Others at 10%, 8% and 8%, respectively. The Health insurance sector has seen the fastest growth, with a CAGR of ~18% from Fiscal Year 2020 to Fiscal Year 2025, fuelled by heightened awareness and increased demand following the COVID-19 pandemic. Over the next five years, other sectors including personal accident, travel, crop, and marine insurance are expected to experience strong growth, driven by greater risk awareness, regulatory focus on underserved areas, and the expansion of embedded and context-specific insurance products. The rise of digital distribution and bundled offerings is further improving accessibility and driving adoption across diverse consumer sectors.

Figure 22: As of Fiscal Year 2025, life insurance comprises the highest share of overall Indian insurance GDPI at ~74%, with health and motor insurance accounting for ~10% and ~8% respectively



Note(s): 1. Life insurance includes both new and renewal premiums, 2. Health Insurance excludes Travel and Personal Accident, 3. Motor Insurance includes Own Damage and Third-party, 4. Others include overseas medical, marine, personal accident, microinsurance, crop insurance etc., 5. P – Projected, 6. Conversion rate: US$ 1 = ₹ 85
Source(s): IRDAI "Handbook on Indian Insurance Statistics 2024-25", Redseer Research and Analysis

India's increasing insurance market penetration has been enabled by the following growth drivers:

- ***Government support for insurance industry growth**:* The Indian government has been a key enabler in driving the growth of the insurance industry through several targeted initiatives aimed at improving affordability, accessibility, and the overall ease of insurance processes. India's DPI, comprising initiatives like Aadhaar for identity verification, UPI for payment processing, and Account Aggregators for data sharing, is strengthening the entire insurance ecosystem. The DPI stack enables real-time identity verification, premium collection, and risk assessment, facilitating faster onboarding, better underwriting, and streamlined claims processes, making insurance more inclusive and efficient. Government schemes like Ayushman Bharat (PMJAY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJBY), and Pradhan Mantri Suraksha Bima Yojana (PMSBY) have expanded coverage, particularly for low-income groups, enhancing both affordability and access to insurance. Other key government initiatives include:

    - ***Insurance for All by 2047**:* Insurance Regulatory and Development Authority of India (IRDAI), launched the initiative with a vision to ensure that every Indian citizen is insured by 2047, with a focus on expanding access to underinsured and uninsured segments of the population. This is expected to improve the financial security for low-income households.

    - ***Bima Trinity**:* Launched by IRDAI, The Bima Trinity initiative, aims to enhance the insurance ecosystem by fostering coordination across the key pillars of digital platform, product innovation, and women-centric distribution. It includes three key schemes:

        - Bima Sugam, which aims to be a one-stop digital marketplace for all insurance needs, where customers can buy, service, renew, and claim insurance policies across all insurers in one place.

        - Bima Vistaar, offering all-in-one affordable insurance products for health, life and property cover.

        - Bima Vahak, a dedicated, tech-enabled, last-mile distribution channel to increase insurance penetration in rural, remote, and underserved areas with preference given to women to become Bima Vahaks.

    - ***Regulatory Sandbox:*** IRDAI's Regulatory Sandbox encourages innovation by enabling insurers to test new products and technologies in a controlled environment without the need for full compliance with existing regulations. This initiative fosters a culture of experimentation and supports the creation of innovative, customer-centric insurance solutions.

    - ***100% FDI in Insurance:*** While 100% FDI has been allowed in insurance broking since November 2019, the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Bill, 2025 passed by the Parliament in December 2025 allows up to 100% FDI in insurance companies, applicable for companies that invest the entire premium in India. This initiative is designed to attract foreign capital inflows, fostering growth and strengthening the Indian insurance market.

- ***Open Architecture:*** Open architecture allows brokers to offer insurance products from multiple insurers, rather than being tied to a single provider. This fosters transparency, promotes competition, and gives consumers greater flexibility to compare and choose policies that best suit their needs, ultimately leading to better service and more affordable options.

- ***Approvals for new Standalone Health Insurance (SAHI):*** In a move aimed at broadening consumer choice in the SAHI space, IRDAI approved two new players, Galaxy Health & Allied Insurance, and Narayana Health Insurance, in 2024. This strategic expansion signals the regulator's intent to deepen health insurance penetration and foster innovation in product offerings tailored to India’s evolving healthcare needs.

- ***Other IRDAI initiatives:*** IRDAI introduced several other transformative measures to bolster the insurance ecosystem. It expanded the scope of cashless hospitalisation, aiming to make it the default mode of claim settlement, thereby reducing out-of-pocket expenses and enhancing trust in health insurance. The introduction of the "use and file" regime eliminated delays in product rollouts, allowing insurers to launch new offerings without prior approval. Further, IRDAI strengthened its policyholder protection mandate by requiring insurers to issue a concise and standardised Customer Information Sheet (CIS) which presents key policy details such as coverage limits, waiting periods, exclusions, and definitions, in plain language, empowering consumers to make informed decisions and improving overall transparency in insurance contracts.

- ***Improved consumer awareness:*** With increasing consumer awareness, especially post-COVID, there has been a shift towards protection-focused insurance products such as life, health, and critical illness coverage. The pandemic heightened the need for financial security, leading to a surge in demand for products that offer financial protection against unforeseen risks, thus expanding the base of first-time and informed insurance buyers across all income segments. Additionally, financial and digital literacy initiatives offered by the government in local languages increase consumer awareness regarding insurance products in Tier 2+ cities, where there is a large growth opportunity for insurance penetration.

- ***Customisation and innovation in insurance products*:** Insurers are offering more tailored products, such as driving-habit-linked motor insurance, wellness-linked health insurance and flexible term life insurance, to meet the needs of emerging consumer segments, including the younger, tech-savvy generation and the elderly. The pay-as-you-drive (PAYD) insurance model is one such example of personalised insurance innovation. Under the PAYD insurance, premium is based on the distance travelled, enabling consumers to save costs and pay insurance as per requirement. It also promotes better driving habits through data-driven safety measures.

- ***Growing digital insurance penetration driven by digital platforms*:** The increasing use of smartphones, improved internet penetration, and the rise of digital payment platforms has transformed the way insurance products are distributed and consumed. Digital-first models, including mobile apps and online platforms, are enabling insurers to reach a broader audience. The increasing adoption of digital tools allows for quicker onboarding, seamless premium payments, and faster claim processing. The mobile-first, user-friendly interfaces by digital insurers enable users to seamlessly upload claims and the required documentation, such as vehicle pictures for motor insurance, directly through mobile. Moreover, digital distribution drives significant cost efficiencies, making insurance more affordable and accessible to the underserved segment, an untapped market that can be effectively reached through digital channels. Digital insurance has also been enabled by the increasing integration of insurance products into everyday digital transactions, such as UPI payments, digital wallets, etc.

- ***Rising healthcare inflation and high out-of-pocket expenses:*** Healthcare inflation exerts considerable pressure on households, making it challenging to manage medical expenses without sufficient financial protection. As of December 2024, India’s year-on-year healthcare inflation stood at 4.05%, notably higher than the corresponding rates in the USA (2.8%) and China (0.9%) for the same period. Unlike many developed countries that offer universal healthcare, allowing for greater control and regulation of healthcare costs, India’s system relies heavily on out-of-pocket expenditure by individuals. As per WHO, India’s out-of-pocket expenses as percentage of Current Health Expenditure (CHE) stood at 46%, which is much higher than the World’s (17%) and the global economies of USA (11%), UK (13%) and China (34%) in Calendar Year 2022.

As India’s insurance market evolves, digital insurers and brokers are emerging as a key distribution channel in non-life insurance. Life insurance has traditionally been driven by agents and direct channels, as insurers have focused on promoting products and fostering long-term relationships with customers. However, the broker channel is gaining traction particularly in non-life insurance due to their ability to offer a wider range of insurance products from multiple providers, enhanced transparency, and personalised advice. This is evident from the Table 2 below:

Table 2: Share of brokers distribution channel in Non-life Insurance

Share of Brokers	Fiscal Year 2020	Fiscal Year 2025	Fiscal Year 2030P
Motor	31%	49%	61%
Individual Health	7%	12%	24%

Note(s): Share of Brokers and Web Aggregators included in Individual Health

As India's consumers are shifting towards increased digital behaviour across sectors such as payments, e-commerce etc. and the insurance sector is also witnessing rising digital penetration. This has led to the advent of digital insurance aggregators and insurance manufacturers, making insurance products more accessible and transparent for consumers. In the insurance sector, consumers often need assistance while buying products due to the complex nature of products. Digital insurance companies and brokers are solving for this through offering solutions such as AI powered chatbots and assistance for product purchases. These digital solutions offer benefits to both consumers as well as insurers:

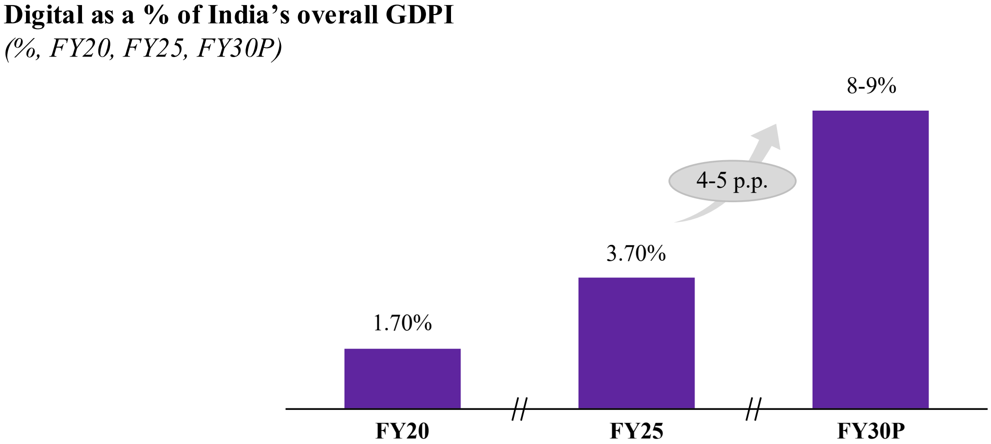
Table 3: Insurance Landscape: Solutions Offered by Digital Insurers

Stakeholders	Factor	Innovative Solutions Offered by Digital Insurers and Distributors
Consumers	Purchasing Process	Online, quick and hassle-free purchase process eliminating the need for intensive paperwork
	Policy Terms and Conditions	Clear, transparent policy details, inclusions and exclusions, real-time comparisons, and AI driven summaries improving consumer decision-making
	Product Accessibility	Digital platforms reach underserved remote areas and offer wider product selection, improving accessibility
	Consumer Engagement and Support	24/7 AI-powered product purchase assistance and instant query resolution enhance engagement and satisfaction
	Claims Filing and Settlement	Simpler claims filing due to digital tools such as uploads from mobile and online platforms. Faster claim settlement times driven by digital processes and lower dependence on agents for claim filings.
Insurance Companies	Underwriting and Claims Processing	Automated and faster processing for underwriting and claims processing
	Product Offerings	Flexible and customisable insurance plans tailored to consumer needs based on consumer behaviour insights
	Consumer information, Fraud Risks & Operational Errors	Standardised questionnaires, real time validation checks ensuring more accurate collection of consumer information, AI-powered fraud detection and automated processing reducing human errors

Digital insurance brokers with integrated offerings such as payments, lending, etc. are playing an integral role in democratising access to insurance, making it more accessible to a broader consumer base. These players typically have higher touchpoints among consumers due to high usage frequency, leading to higher top of mind awareness. They can leverage valuable insights on consumer behaviour to enable reach of insurers to a broader audience in the underpenetrated areas. By utilising real-time data and understanding customer behaviour, these players help insurers tailor products to specific needs. Driven by these insights, the digital insurers can launch innovative insurance solutions, such as short-term health coverage, flight delay insurance, pet insurance, Kumbh Mela insurance, firecracker insurance, etc. Digital insurers are also able to launch exclusive insurance products using these insights. Consumers benefit from a wider set of insurance policies from multiple insurers, allowing them to choose the ones based on their specific needs. By delivering value to both stakeholders, digital insurance brokers that offer integrated services generate revenue through commissions earned from insurers on insurance policy sales.

Consequently, the digital brokers have contributed to further driving the digital penetration in Total Insurance GDPI from 1.7% in Fiscal Year 2020 to 3.7% in Fiscal Year 2025. Further, with increasing smartphone adoption and financial inclusion, along with government and regulatory support, the digital penetration is further projected to reach 8-9% by Fiscal Year 2030.

Figure 23: The digital penetration of insurance is projected to increase from 3.7% in Fiscal Year 2025 to 8-9% in Fiscal Year 2030



Note(s): The digital GDPI penetration includes only non-assisted insurance sales
Source(s): Redseer Research and Analysis

In summary, India's insurance market is undergoing a rapid transformation, driven by government initiatives, increasing digitalisation of insurers, and the expanding role of digital brokers. The transition from traditional offline models to digital platforms has enabled insurers to offer more tailored and accessible products directly to underserved segments. Digital brokers offering integrated services, leveraging real-time consumer insights with higher touchpoints, are enhancing product distribution by providing consumers with broader choices and increasing transparency. This synergy between insurers and digital brokers is reshaping the market, driving further growth, and broadening insurance access for diverse consumer groups across the country.

CHAPTER 5: INDIA'S DIGITAL TRADING AND INVESTING LANDSCAPE

India's trading and investment landscape is undergoing a transformation, driven by digital-first trading, investment platforms, and government initiatives aimed at improving accessibility and investor engagement. India is already the fourth largest country by market capitalisation for equities as of Fiscal Year 2025, yet there exists further growth opportunity as the adoption among population remains low, with only 11-13% of the adult population holding a demat account.

India's trading and investment landscape includes sectors such as Equities, Derivatives and Asset Management (including Mutual Funds, Alternate Investment Funds, and Portfolio Management Services). Enabling access to a broader consumer base is an opportunity for the sector.

Table 4: Sectors of the trading and investment landscape – Equities, Derivatives, and Asset Management

Sectors	Description	Market Size (Fiscal Year 2025)	CAGR (Fiscal Year 2020-25)	CAGR (Fiscal Year 2025-30P)
Equities	Represents ownership in listed companies and includes trading in the cash market	₹ 92 trillion (~US$ 1.08 trillion) (traded value)	21%	17-19%
Derivatives	Financial instruments like futures and options based on stocks, indices, or currencies (only for hedging purposes)	₹ 133 trillion (~US$ 1.6 trillion) (traded value)	13%	5-7%
Asset Management	Involves managing investments through mutual funds, portfolio management services and alternative funds	₹ 84 trillion (~US$ 1trillion) (AUM)	24%	15-17%

This growth in the trading and investment landscape has been driven by the following key factors:

<u>A. Evolving consumer mindset for wealth creation:</u>

Historically, Indian households have favoured physical assets such as real estate and gold for investments. However, with government initiatives promoting financial inclusion, increasing investment literacy and the growing adoption of digital payments, consumers are using diverse financial products such as equities, mutual funds, derivatives, digital gold, etc. This shift towards financial assets is fuelled by advantages such as availability of smaller ticket sizes investments, diversification of asset classes, higher return potential, enhanced liquidity, rising affluence permitting a move away from safe haven assets, and consumer awareness driven by digital platforms.

- India's household savings in financial assets accounted for 49% of overall assets in Fiscal Year 2024. Despite this growth, India still has significant room for further development, especially when compared to global economies like the USA, where 68% of household savings are invested in financial assets. As investors increasingly pursue higher returns and expand their knowledge of investment avenues, the appeal has shifted towards the capital markets.

- Further, India's capital markets have matured significantly, offering more transparency, better regulatory oversight, and increased accessibility, factors that have made participation more attractive for retail investors, who are increasingly adopting a long-term wealth creation mindset. As a result, the flow of net financial savings towards assets such as equities and mutual funds, as a percentage of total financial assets, has increased from ~4% in Fiscal Year 2020 to ~9% in Fiscal Year 2024. Among the types of assets, Equities have emerged as the preferred asset class in the last five years with domestic inflows (by both Individuals and Domestic Institutional Investors ("DII") rising to average monthly run rate of ~₹ 611 billion (~US$ 7.19 billion) in Fiscal Year 2025, from ~₹ 110 billion (~US$ 1.29 billion) in Fiscal Year 2020.

- Additionally, the rise of robo-advisory platforms, and social investing communities has made investing more accessible and personalised. Robo-advisors provide algorithm-based portfolio recommendations with minimal human intervention, helping new investors navigate the markets efficiently. Community-based platforms, on the other hand, allow users to follow peer strategies, discuss trends, and make informed decisions, bridging the trust and knowledge gap for first-time or less-experienced investors.

B. Regulatory support for Investor enablement:

The government has introduced initiatives to support the growth and resilience of the secondary market in India. The Securities and Exchange Board of India (SEBI) has implemented the Application Supported by Blocked Amount (ASBA) system for both primary and secondary markets, allowing investors to apply for IPOs and trade in secondary markets with funds blocked in their own bank accounts. Further, India has become a global leader in T+1 settlement cycles, enhancing liquidity and reducing settlement risks. The market infrastructure has also been strengthened through initiatives such as the Investor Risk Reduction Access (IRRA) platform, which provides direct access to investors in case of broker downtime. The government has also introduced the revised pledging/repledging system by SEBI, which aims to reduce the risk of misuse of client funds and securities by brokers, offering higher control for investors. SEBI has also reduced the minimum SIP value to ₹ 250 to drive inclusion across low-income population segments.

C. Growing investible surplus and falling returns on traditional asset classes

Rising disposable incomes and better financial literacy have led to a growing investible surplus, especially in urban and semi-urban India. Simultaneously, declining returns from traditional savings instruments (such as fixed deposits) are prompting individuals to seek better yields in equities, mutual funds, exchange traded funds (ETFs), and other market-linked instruments. This shift is deepening market participation and increasing demand for sophisticated investment products and platforms.

D. Product Innovation by digital-first platforms and adoption by digital native users:

India's investment landscape has been traditionally offline, with investors trusting agents to make the investment decision on their behalf. Prior to 2016, investment avenues had traditionally been unfamiliar, complex, jargon-loaded, and expensive, acting as a barrier for retail investors to participate in the capital markets. By delivering an easy, data enriched, transparent, and seamless platform, new-age digital-first platforms have facilitated market growth and reduced reliance on offline networks (relationship managers ("RMs"), affiliates and brokers) and democratised investment and trading. Additionally, a new generation of tech-savvy investors are increasingly turning to digital platforms for their investing needs. Their comfort with mobile apps, digital payments, and online transactions has spurred the rapid adoption of wealth tech platforms offering low-cost, user-friendly interfaces for trading, goal-based investing, and portfolio tracking. This demographic shift is expanding the investor base and driving higher volumes in retail participation. The key solutions offered by digital-first platforms in the investment landscape includes:

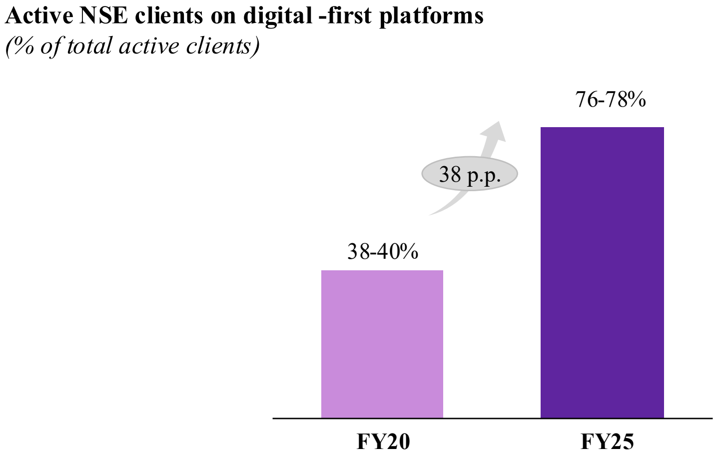
Table 5: Trading and Investment Landscape: Solutions Offered by Digital-First Platforms

Factors	Solutions by Digital-First Platforms
Onboarding Process	100% digital onboarding using instant e-KYC, Aadhaar-based verification, and e-signature
Trading and Investment Product Knowledge	Simplified, user-friendly platforms with clear content and easy to read charts, offering democratised access to information across all customer segments
Access and Decision-making	Easy accessibility for all, including Tier 2+ cities, villages, and socio-economic groups; enabling DIY investing with real-time information and educational content
Cost	Affordable transactions due to discounted brokerage with complete transparency on all applicable fees and charges
Transparency & Security	Live portfolio tracking with real-time statements, eliminating the need for paper-led statements along with better data protection and security protocols
Service	AI-led, 24/7, multi-lingual, and multi-channel customer support to offer immediate assistance

As a result of a strong value proposition, digital-first platforms have been scaling across Equities, Derivatives and Asset Management.

- ***Equities:*** Of the active users on the National Stock Exchange (NSE), 76-78% are using digital-first trading and investment platforms in Fiscal Year 2025, compared to 38-40% in Fiscal Year 2020. During the same period, the total number of active clients grew by a factor of 700% from 6 million to 49.2 million. Digital-first trading and investment platforms have zoomed ahead of the legacy brokers by solving investors' need for real-time information, stock research tools, simplified and real-time order placement at low-cost. However, in terms of adoption, only 11-13% of the adult population in India have opened a demat account as of December 2024, compared to that of ~62% for the USA, ~54% for the UK and ~20% for China during the same period, indicating growth potential.

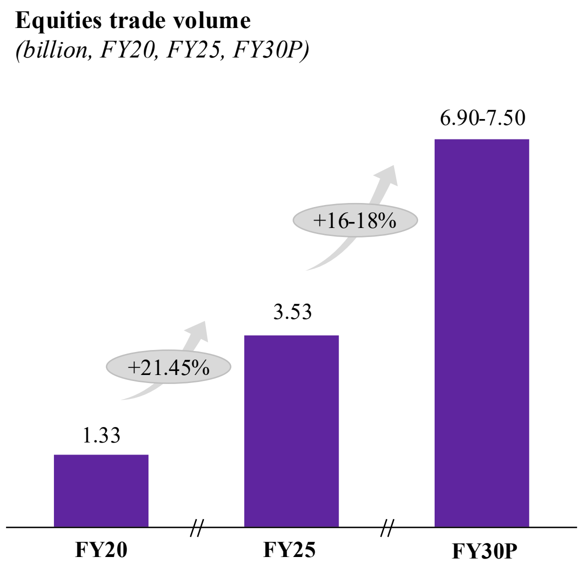
Figure 24: The % of active NSE clients who utilise digital-first platforms has increased from 38-40% in Fiscal Year 2020 to 76-78% in Fiscal Year 2025

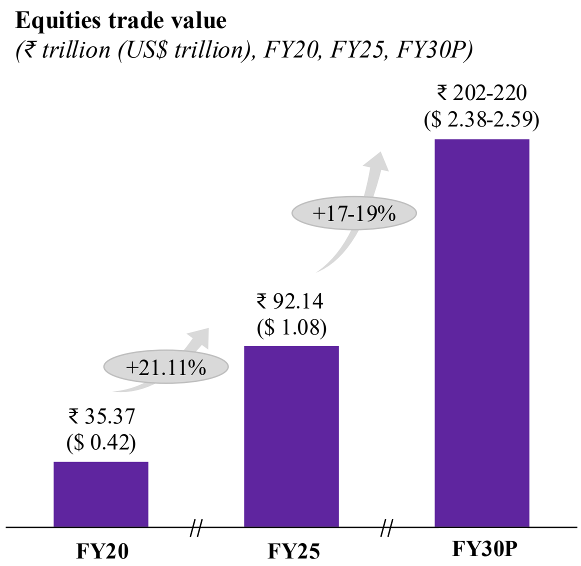


Note(s): Brokers with active clients above 0.1 Mn as of March 2025 are considered and defined as digital first brokers based on the absence of advisory
Source: NSE (April 2025), AMFI (April 2025), Redseer Research and Analysis

India has become the fourth largest country by equities market capitalisation after the USA, China and Japan driven by factors such as digital-first platforms onboarding more users, increased retail participation, higher investor confidence, and surge in fresh company listings. India's market capitalisation to GDP ratio at 140% in Calendar Year 2024 lags that of the USA at 210% for the same period, highlighting further growth opportunity for India's capital markets. The equities traded volume (total number of shares bought and sold) grew at ~21% CAGR between Fiscal Year 2020 and Fiscal Year 2025, reaching ~3.5 billion and is further projected to grow at 16-18% till Fiscal Year 2030. The equities traded value (total value of shares bought and sold) grew at a similar CAGR of ~21% between Fiscal Year 2020 and Fiscal Year 2025, indicating confidence by investors in the equity market. The equity traded value stood at ~₹ 92 trillion (US$ 1.1 trillion) in Fiscal Year 2025 and is projected to grow at 17-19% CAGR till Fiscal Year 2030 to reach ₹ 202-220 trillion (US$ 2.4-2.6 trillion).

Figure 25: Equities traded volume and value have grown at a CAGR of ~21% and ~21% respectively between Fiscal Year 2020 and Fiscal Year 2025, and are projected to further increase at a CAGR of 16-18% and 17-19% respectively between Fiscal Year 2025 and Fiscal Year 2030





Note(s): 1. Conversion rate: US$ 1 = ₹ 85
Source(s): NSE (April 2025), AMFI (April 2025), Redseer Research and Analysis

- ***Derivatives:*** Digital-first trading and investment platforms have simplified derivatives trading for retail investors, making it more accessible and cost-efficient. In addition to intuitive, mobile-friendly interfaces, advanced features such as strategy-builders, option-chain, charts, and embedded risk-management (anti-nudges, loss protection) have made derivatives trading more structured, data-driven and equipped with better risk management. As these platforms continue to drive innovation, their role in expanding retail participation in derivatives trading is expected to strengthen further. In Fiscal Year 2025, India's NSE was the largest futures and options market in the world by the number of contracts traded. Further, in the same period, the number of contracts traded in NSE was ~1,300% the exchange with the next highest number of contracts traded (B3 - Brasil Bolsa Balcão). The derivatives traded volume grew at 31% CAGR between Fiscal Year 2020 and Fiscal Year 2025 to reach 9.6 billion and is projected to further grow at 22-24% CAGR till Fiscal Year 2030 to reach 26-28 billion. Similarly, the derivatives traded value grew a CAGR of 13% between Fiscal Year 2020 and Fiscal Year 2025 to reach ₹ 133 trillion (US$ 1.6 trillion) and is projected to grow at 5-7% CAGR till Fiscal Year 2030 to reach ₹ 170-187 trillion (US$ 2-2.2 trillion).

- ***Asset Management:*** The consumer experience for asset management has been transformed by digital-first platforms through detailed product pages (enabling investors to compare and choose options), simplifying redemption/withdrawal, offering portfolio management, and providing rich insights and analytics. India's Asset Management AUM, including Portfolio Management Services (PMS), Alternative Investment Funds (AIF) and Mutual Funds, increased by a CAGR of 24% between Fiscal Year 2020 and Fiscal Year 2025 to reach ₹ 84 trillion (~US$ 1 trillion). Mutual Fund constitutes the largest sector at ~80% of the total AUM as of March 2025. Out of the Mutual Funds AUM, the AUM through Systematic Investment Plans (SIPs) rose at a CAGR of 41% between Fiscal Year 2020 and Fiscal Year 2025, reaching a value of ~₹ 13.3 trillion (US$ 0.2 trillion). Driven by increasing consumer preference for financial assets savings, the Asset Management AUM is projected to grow further at 15-17% till Fiscal Year 2030 to reach ₹ 169-184 trillion (US$ 2-2.2 trillion). While India's mutual fund AUM-to-GDP ratio increased from ~11% in Fiscal Year 2020 to ~20% in Fiscal Year 2025, it is significantly lower when compared to the AUM-to-GDP ratio of advanced economies such as USA (~132%) and UK (~78%), and slightly lower than that of China (22%) in Calendar Year 2024. This points towards significant headroom for growth across investment products in the Indian financial markets, driven by rising household financialisation and the rapid adoption of digital trading and investment platforms.

In summary, India's trading and investment landscape is at the cusp of digital transformation and as digital-first platforms simplify the trading process for investors while enhancing awareness, the trading and investment landscape is projected to witness growth over the next few years.

CHAPTER 6: INDIA'S INDIGENOUS APP STORE OPPORTUNITY

India has witnessed a rapid adoption of smartphones (including smart feature phones) at 48-49% of the population in Fiscal Year 2025 owning a smartphone. Smartphones have embedded themselves in the everyday life of consumers, resulting in a mobile-first ecosystem. As a result, in Calendar Year 2024, India had the highest number of app downloads (from iOS App Store and Google Play Store) globally, at more than 24 billion downloads. For app developers, app stores have become a necessary medium for the distribution of their apps to end users. India's app download market is expected to maintain its position as a global leader, with substantial growth in both download volumes and market value through 2030, outpacing any other major economies.

The overall mobile application market in India is large and growing, with market revenue projected to rise from ~US$ 12 billion in Fiscal Year 2025 to US$ 26-28 billion by Fiscal Year 2030, growing at CAGR of 16-18%. Key growth drivers for the app store industry mainly include (a) increasing smartphone adoption in India, (b) growth in digital payments and in-app purchases expanding rapidly driven by content, entertainment and fintech industry and (c) demand expansion for app categories like casual gaming, core gaming and social apps with billions of installs each year. The app store revenue typically comes from two sources: (i) advertisements by app developers, and (ii) fees charged on in-app payment transactions for apps downloaded via the app store.

India is a highly diverse, multilingual market, with increasing consumption of vernacular content across consumer groups. Preference for local language is especially pronounced in rural areas, which account for more than half of the country's user base. This, in addition to growing popularity of locally developed apps made for the Indian consumers, creates a conducive environment for an indigenous app-store built for the diverse Indian consumer, focusing on the need for localisation, better app discovery, and better user engagement.

Native app stores can offer several benefits to Developers and Users like (a) lower competition and greater visibility for new apps (b) targeting niche and regional audiences (c) flexible monetisation options (d) lower fees (e) faster and more accessible app approval process (f) innovative marketing and promotion opportunities.

In India, the app distribution ecosystem is largely consolidated, with a single dominant platform accounting for over 90% of all smartphone users. This high concentration has given the leading app marketplace significant influence over app visibility and access, prompting regulatory concerns around market openness and platform neutrality. In response, the Competition Commission of India (CCI) has introduced several measures to safeguard the interests of developers, such as mandating support for third-party billing systems and encouraging reduced platform commission fees, which currently range up to 30%. These commissions, ultimately borne by developers, can lead to increased costs for end consumers. India's regulators are also actively reviewing app store policies to foster competition and protect local developers.

Global markets including the USA, Japan and EU are also seeing changes in the App store ecosystem with developers seeking options for distribution to remove reliance on a single dominant platform and seeking fair app store payment policies.

The evolving app store market is at the cusp of disruption in India, creating an opportunity to empower developers and users with greater choice, fairer policies, product innovation and growth.

CHAPTER 7: COMPETITIVE LANDSCAPE AND PHONEPE DIFFERENTIATION

India's financial services market, which has companies that have digital payments offerings such as Consumer Payments and Merchant Payments, and other offerings such as Lending, Insurance, and Mutual Fund Distribution. The digital payments industry includes payment companies such as BHIM, Google Pay, MobiKwik, One 97 Communications Limited (Paytm), etc., which provide B2C offerings such as Consumer UPI Payments, Wallet Payments, among others, and payment companies such as BharatPe, BillDesk, PayU, Pine Labs, Razorpay, etc. that provide B2B offerings such as Offline Merchant Acquisitions, Online Payment Aggregator, among others. Furthermore, financial services companies such as Cred, Navi, PB Fintech, Super.money, etc. in the industry provide offerings among Lending Distribution, Insurance Distribution and Mutual Fund Distribution, along with a few offerings from consumer and merchant payments. PhonePe offers the widest range of offerings among its peers in this industry across the consumer payments (consumer UPI payments, card payments, wallet payments), merchant payments (offline merchant acquisition, online payment aggregator), and other financial services such as insurance distribution and lending distribution. As the application experience is increasingly being commoditised and indistinct, players with an ability to build and control the full technology stack have a powerful competitive moat. Among the listed peers, One 97 Communications Limited (Paytm) is the only player whose business profile is comparable to PhonePe's businesses in terms of size (above ₹ 10 trillion customer-initiated transactions) and business model.

[The remainder of this page has been left intentionally blank]

Figure 26: PhonePe comparison with domestic peers

✓ License held ● Service provided ○ No mention of the offering on company website

Company	Consumer Payments			Merchant Payments			Other financial services			Customer initiated transaction TPV (₹ billion, FY25)[15]
	Consumer UPI Payments[1]	Wallet Payments[2]	Cards (Issuing Gift cards, Co-branded credit cards)[3]	Offline Merchant Acquiring (QR stickers, Soundbox, others)[4]	Online Payment Aggregator[5]	Payment Devices (accepting multiple forms of payments)[6]	Insurance Distribution[7]	Lending Distribution[8]	Mutual Fund Distribution[9]	
Validation Source >>	TPAP license	PPI License	Company Website	Company Website	RBI - PA Online license	Company Website	IRDAI - broker and insurer license	Company Website	AMFI/AMC/ SEBI License	
PhonePe	✓	✓	●	●	✓	●	✓	●	✓	131,634
Google Pay	✓		●	●	✓	○		●		92,660
Paytm	✓		●	●	✓	●	✓	●	✓	14,721
Cred[10]	✓	✓	●	●	✓	○	✓	●	✓	5,925
BHIM	✓		○	●		○		○		1,054
Navi	✓		○	○		○	✓	●	✓	916
MobiKwik[11]	✓	✓	●	●	✓	●	✓	●	✓	371
Super.Money	✓		●	○		○		●		261
BharatPe	✓		●	●	✓	●		●	✓	2
PineLabs		✓	●	●	✓	●		○		
RazorPay[12]		✓	●	●	✓	●		●		
PayU[13]		✓	●	●	✓	●		●		NA
BillDesk			○	○	✓	○		○		
PB Fintech[14]			●	○	✓	○	✓	●	✓	

Note(s): 1. Consumer UPI payments include the offering for consumers to make payments through the UPI payment mode using the platform's app. The player offering has been considered based on the UPI data from NPCI website 2. Wallet payments include the facility for consumers to pay merchants or peers through the platform's wallet. The player offering has been considered based on "Pre-Paid Payment Instrument" license from RBI 3. Cards offering includes the facility to issue gift cards as well as co-branded credit cards for consumers 4. Offline merchant acquiring includes offering for merchants to accept payments through QR stickers, Soundbox, and offline payment mode acceptance of BHIM Aadhaar Pay 5. Online Payment Aggregator includes the offering for merchants and businesses to accept digital payments online, such as through websites, e-commerce platforms, etc. The player offering has been considered based on the "Online Payment Aggregator" license from RBI 6. Payment device offerings include EDC (Electronic Data Capture) machines that provide multiple payment mode acceptance such as QR code, debit cards, credit cards, prepaid cards, etc. 7. Insurance distribution refers to distribution of insurance as an insurer or on behalf of insurers as an IRDAI registered entity (broker, corporate agents) 8. Lending distribution includes offering by platforms that help connect consumers with lenders in exchange for a commission or distribution fees. Solutions that facilitate EMI options for consumers and merchants have not been included 9. Mutual fund distribution includes offerings by platforms that market and distribute mutual fund schemes to investors in exchange for a commission or distribution fees. The offering has been considered based on the ARN (AMFI Registration Number) registration 10. The status of Cred's "Online Payment Aggregator" license is "In-principle Approved". Cred also has acquired Kuvera that operates as an advisory firm 11. MobiKwik offers Online Payment Aggregator solution through Zaakpay 12. Since Razorpay has acquired a majority stake and does not fully own Pop club, we have not included Consumer UPI payments as an offering for the company. The wallet payment has been included for Razorpay as it has a PPI license and powers wallets of other players. However, Razorpay does not have its own wallet offering 13. PayU manages cobranded/personalized corporate gift cards & general purpose reloadable cards as per the website 14. PB Fintech offers online payment aggregator through PB Pay. The status of PB Pay's Online Payment Aggregator is "In-Principle Authorisation Granted" 15. Data for customer-initiated transactions has been taken from NPCI. The figures may not match exactly due to rounding off to ₹ billion 16. All the offerings considered are as of 13 January 2026
Source(s): NPCI, IRDAI, RBI, Company Filings and Annual Reports

PhonePe has a large addressable Total Addressable Market ("TAM") across financial services industry:

- There exists substantial opportunity in India's financial services sector:
  - India's digital consumer payments total payment value ("TPV") reached ₹ 301 trillion (approximately US$ 3.5 trillion) in Fiscal Year 2025 and is projected to grow at 15-18% CAGR reaching ₹ 602-681 trillion (US$ 7.1-8.0 trillion) by Fiscal Year 2030, while digital merchant (P2M) payments reached ₹ 112 trillion (US$ 1.3 trillion) in Fiscal Year 2025 and is projected to grow at 20-22% CAGR reaching ₹ 278-302 trillion (US$ 3.3-3.6 trillion).
  - The TAM for Lending is ₹ 115 trillion (US$ 1.4 trillion) in Fiscal Year 2025 and is projected to be ₹ 207-226 trillion (US$ 2.4-2.7 trillion) by Fiscal Year 2030, growing at a CAGR of 12-14%.
  - The TAM for Insurance is ₹ 12 trillion (US$ 0.14 trillion) in Fiscal Year 2025 and projected to be ₹ 19-21 trillion (US$ 0.23-0.25 trillion) by Fiscal Year 2030, growing at a CAGR of 10-12%.

- The TAM for Equities and Derivatives traded value is ₹ 225 trillion (US$ 2.65 trillion) in Fiscal Year 2025 and is projected to be ₹ 372-407 trillion (US$ 4.4-4.8 trillion) by Fiscal Year 2030, growing at a CAGR of 11-13%.

- The TAM for Asset Management in terms of AUM is ₹ 84 trillion (US$ 1 trillion) in Fiscal Year 2025 and is projected to be ₹ 169-184 trillion (US$ 2-2.2 trillion) by Fiscal Year 2030, growing at a CAGR of 15-17%.

Financial Services Sector	Units	FY25 TAM	FY30P TAM	CAGR *(FY25-30P)*
Digital Consumer Payments	₹ trillion / US$ trillion	₹ 301 / $ 3.5	₹ 602-681 / $ 7.1-8.0	15-18%
Digital Merchant (P2M) payments	₹ trillion / US$ trillion	₹ 112 / $ 1.3	₹ 278-302 / $ 3.3-3.6	20-22%
Lending	₹ trillion / US$ trillion	₹ 115 / $ 1.4	₹ 207-226 / $ 2.4-2.7	12-14%
Insurance	₹ trillion / US$ trillion	₹ 12 / $ 0.14	₹ 19-21 / $ 0.23-0.25	10-12%
Equities and Derivatives	₹ trillion / US$ trillion *(traded value)*	₹ 225 / $ 2.65	₹ 372-407 / $ 4.4-4.8	11-13%
Asset Management	₹ trillion / US$ trillion *(AUM)*	₹ 84 / $ 1	₹ 169-184 / $ 2-2.2	15-17%

- Tier 2+ cities are where financial services are most underpenetrated and have substantial TAM for financial services.

PhonePe is India's largest digital payments platform with sustained leadership in market share

- Following the pilot launch of Unified Payments Interface ("UPI") in April 2016, PhonePe was India's first UPI app by a private non-bank player to launch a UPI based application in August 2016, as per National Payments Corporation of India ("NPCI") data.

- PhonePe was one of the earliest to adopt India's Digital Public Infrastructure ("DPI") initiatives at scale, including UPI, Bharat Bill Payment System ("BBPS"), Open Network for Digital Commerce ("ONDC"), Aadhaar and DigiLocker.

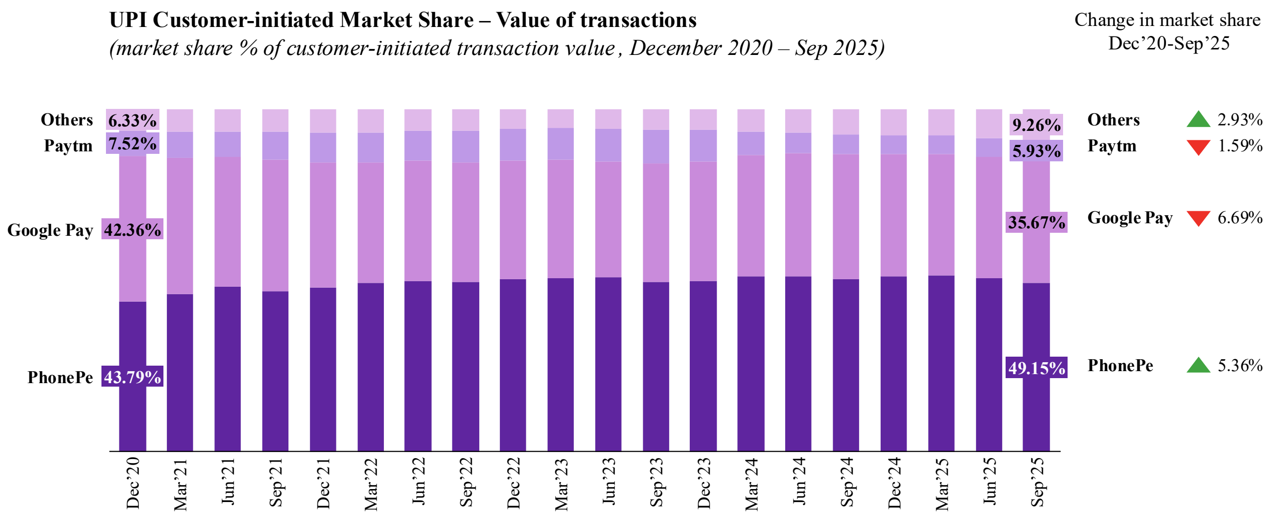
- In February 2023, PhonePe became India's first private fintech platform to enable cross-border UPI payments.

- In H1 Fiscal Year 2026 and Fiscal Year 2025, PhonePe platform was the largest online transaction platform in India in terms of total payments value ("TPV").

- PhonePe emerged as the largest player in merchant UPI transactions in April 2020.

- Over the period December 2020 to September 2025, PhonePe has consistently sustained the #1 market position in terms of number of transactions and TPV for customer-initiated transactions in UPI for 58 consecutive months, as per NPCI data.

Figure 27: PhonePe is India's largest digital payments platform, with sustained leadership in market share from December 2020 to September 2025 in terms of TPV for customer-initiated UPI transactions, as per NPCI



Note(s): 1. Apart from PhonePe, there are 80+ UPI apps including players such as Amazon Pay, BHIM, Cred, Google Pay, Navi, Paytm etc., 2. Market

*share has been calculated on customer-initiated transactions and excludes B2C and B2B transactions, 3. Market share numbers exclude the cross-border transactions and new/recent features, 4. App volume in the table is basis the Payer App logic, i.e. the financial transaction is attributed to the PSP in UPI on the Payer's side, 5. Within Others, BHIM Volume is inclusive of *99# volume*
Source(s): National Payments Corporation of India (NPCI): UPI Ecosystem Statistics (September 2025), Redseer Analysis

- PhonePe had a market share of 46.85% in terms of transaction volume for customer-initiated UPI transactions in September 2025, as per NPCI data.
- While PhonePe maintains market leadership in overall customer-initiated transactions in UPI, they also hold substantial market share in various other payment use cases and payment instrument:

H1 Fiscal Year 2026:

Payment use-case/ Payment instrument	Measurement Metric	Time period	Market Share
UPI P2P transactions[1]	Volume	H1 Fiscal Year 2026	49%
UPI Autopay transactions (successful)[3]	Volume	H1 Fiscal Year 2026	57%
BBPS transactions[6]	Volume	H1 Fiscal Year 2026	36%

Fiscal Year 2025:

Payment use-case/ Payment instrument	Measurement Metric	Time period	Market Share
Online recharges[2]	TPV	Fiscal Year 2025	46%
Rupay credit card on UPI[4]	TPV	Fiscal Year 2025	43%
UPI Lite transactions[5]	Volume	Fiscal Year 2025	40%

Note(s): 1. Market size data sourced from NPCI 2. Basis estimated market size of online recharges of ₹ 1.68 trillion (US$ 19.8 billion) for Fiscal Year 2025 3. Market size data sourced from NPCI 4. Basis estimated market size for Rupay credit card on UPI TPV is ₹ 1.37 trillion (US$ 16.2 billion) for Fiscal Year 2025 5. Basis estimated market size for UPI Lite transactions volume of 670 million for Fiscal Year 2025 6. Market size data sourced from Bharat Connect, 7. For H1 Fiscal Year 2026, industry data for Online recharges, RuPay credit card on UPI, and UPI Lite transactions is currently unavailable.

- As of Fiscal Year 2025, PhonePe had a market share of 20-25% in the non-assisted two-wheeler digital insurance market of ₹ 12.5-16.0 billion (US$ 0.15-0.19 billion) and 12-15% market share in the non-assisted four-wheeler digital insurance market of ₹ 24.0-30.0 billion (US$ 0.28-0.35 billion) in terms of premium value (the non-assisted digital insurance market for both two-wheeler and four-wheeler excludes Point of Sales Person (POSP) model of insurance that are sold through agent).
- Globally as well, PhonePe has a comparable scale among the prominent digital payments players – In terms of scale, PhonePe's[1] platform TPV (Total Processed Value) in Fiscal Year 2025 at ~₹132.70 trillion (~US$ 1.56 trillion) is comparable to that of established global digital payment players such as Paypal[2] (~US$ 1.68 trillion in Calendar Year 2024), Adyen[3] (~US$ 1.51 trillion in Calendar Year 2024) and Stripe[4] (~US$ 1.40 trillion in Calendar Year 2024). PhonePe also has the largest volume of customer-initiated UPI transactions among its peers operating in the UPI payment sector in Fiscal Year 2025, as per NPCI.

Note(s): 1. TPV for PhonePe is defined as the Total Payment Value of the successful customer transactions and merchant transactions for the period. 2. TPV for PayPal is the value of payments, net of payment reversals, successfully completed on the payments platform or enabled by PayPal via a partner payment solution, not including gateway-exclusive transactions 3. TPV for Adyen is defined as Total Payment Volume and refers to the aggregate value of authorised and settled transactions processed via Adyen's platform, excluding reversals, refunds, and chargebacks. 4. TPV for Stripe is defined as Total Payment Volume and is the total monetary value of successful payments completed by businesses using Stripe's payments platform over a reporting period and includes all payment methods and geographies, and is reported gross (before fees, refunds, or chargebacks)

- PhonePe was among the early players to introduce monthly premium options through UPI for health insurance among digital payment industry peers and offered it through its partners that capture a majority share in the health insurance market. Monthly premium option through UPI has since become a popular feature offered by many platforms.
- PhonePe Pulse is India's first interactive, open-source geospatial payments insights platform launched by a private player, built on its own proprietary data, launched in 2021.
- Among fintech platforms, PhonePe launched India's first Green Data Center in 2022.

PhonePe also has a wide reach among consumers and merchants:

- PhonePe is India's most downloaded Android mobile app owned by an Indian company (in the Finance category) with the highest number of Daily Active Users at 156.00 million in H1 Fiscal Year 2026, as per Sensor Tower data.

- PhonePe became the first third-party UPI-based app to cross 10 million downloads in February 2017 and emerged as the largest driver of UPI transactions, as per Sensor Tower data.

- PhonePe has been one of the top 5 free apps in the finance category on both the Apple App Store and Google Play Store since July 2017 till September 2025, as per Sensor Tower data.

- With an extensive reach of 618.40 million LTD[1] Registered User Base (43% of India's total population of 1,455 million) and 44.87 million LTD[1] Registered Merchant Base (77-80% of the 56-58 million Trade and Services merchant base in India) as of March 31, 2025, PhonePe is providing population-scale solutions leveraging technology.
Note(s): 1. LTD refers to Life-till-date
- As of March 31, 2025, PhonePe has 402.90 million Yearly Active Users ("YAUs"), representing 57-58% of the 692-706 million smartphone population in India.

- PhonePe's Monthly Active Customers (MAC) on their own platform, at 230.08 million, represents 32-34% of the smartphone user base in India.

- PhonePe's Monthly Active Merchants ("MAM") on their own platform stood at 11.31 million in March 2025, comprising approximately 54% of approximately 21 million monthly active merchants in India using UPI

- PhonePe has a market-leading distribution at population scale across the length and breadth of India as of March 31, 2025. This is evidenced by PhonePe's LTD[1] Registered User Base of 618.40 million accounting for 88-89% of all smartphone population in India, and the LTD[1] Registered Merchant Base of 44.87 million representing 77-80% of the total Trade and Services merchant base in India, as of March 31, 2025.
Note(s): 1. LTD refers to Life-till-date

Indus Appstore is India's first and only indigenous app store created by a private player:

- Launched in February 2024, Indus Appstore is India's first and only indigenous app store created by a private player, offering localized app discovery in 12 Indian languages in addition to English as of September 30, 2025. It faces competition from Google and others, which operate mobile application distribution platforms on Android.

Industry Threats and Challenges

Threats

Macroeconomic Environment

- ***Digital Payments:*** Inflation, interest rate hikes, or broader consumption slowdowns can reduce discretionary spending and dampen the volume and frequency of digital transactions, especially in non-essential categories.

- ***Lending:*** An economic downturn typically leads to a reduction in consumer and business demand for credit, often driven by a shift in focus towards essential spending, while lenders tighten credit due to heightened risk, resulting in lower approvals, especially in unsecured retail and SME segments.

- ***Insurance:*** Insurance, particularly Life and Health, is often treated as a discretionary spend in India. During economic slowdowns, consumers may postpone or reduce coverage, impacting new policy issuance and renewals.

Regulatory Intervention on Market Dynamics

- ***Digital Payments:*** Regulatory actions such as market share caps for TPAPs, and evolving norms for Payment Aggregators (PA), PPIs, or KYC requirements may affect competitive positioning and scale-up plans for ecosystem players.

- ***Lending:*** Monetary policy tightening (e.g., rate hikes) increases borrowing costs. New regulations or obligations that could potentially constrain distribution models and reduce operating flexibility

- ***Insurance:*** Regulations that restrict bundling, mandate standardised products, or impose pricing controls can limit the ability to offer targeted, need-based coverage, particularly in low-income or first-time buyer segments.

Transaction Economics

- ***Digital Payments:*** Changes in MDR regulations or reduction in government subsidies (e.g., MDR reimbursements) can adversely impact monetisation, especially for low-value or small merchant transactions.

- ***Lending:*** Regulatory Interventions on the lending partners on pricing can impact monetisation potential, particularly in small-ticket and high-risk segments, where operational and credit costs are inherently higher. Beyond direct regulation, intense competitive pressures can also independently drive down interest rates and fees, further challenging profitability.

- ***Insurance:*** Expense caps and restrictions on product-level profitability can limit the financial viability of certain digital-first offerings. This can reduce flexibility in customising coverage or pricing based on user cohorts.

Challenges

- ***Digital Infrastructure and Access:*** Limited internet connectivity, smartphone penetration, and digital literacy in Tier 2+ cities continue to constrain broader adoption of digital payments.

- ***Ecosystem-Level Fraud and User Trust:*** Social engineering scams, fake apps, and misuse of UPI interfaces can erode user trust and require collective industry-level mitigation in the digital payments industry.

- ***Limited Access to Formal Credit in Lending:*** This stems from low financial literacy, inadequate documentation and collateral, lack of formalisation, and regional accessibility barriers.

- ***Low Demand for Insurance:*** This comes from poor awareness, product complexity, affordability concerns, and limited ability to offer customised or contextually relevant coverage at scale.

Annexure:

Competitive Benchmarking

Table 6: Competitive Benchmarking – Selected Metrics (H1 Fiscal Year 2025, H1 Fiscal Year 2026)

Particulars	Unit	PhonePe		One 97 Communications (Paytm)	
		H1 Fiscal Year 2026	H1 Fiscal Year 2025	H1 Fiscal Year 2026	H1 Fiscal Year 2025
Life-till-date (LTD) Registered User Base	million	657.56	578.59	NA	NA
Yearly Active Users (YAU)	million	420.74	378.84	NA	NA
Monthly Active Users (MAU)	million	301.29	270.56	NA	NA
Daily Active Users (DAU)	million	156.00	133.27	NA	NA
Yearly Active Customers (YAC)	million	305.51	271.81	NA	NA
Monthly Active Customers (MAC)[1]	million	237.75	212.85	75.00	71.00
Daily Active Customers (DAC)	million	106.56	91.38	NA	NA
Customer Transactions	billion	53.40	41.96	NA	NA
Customer TPV	₹ trillion	73.70	61.98	NA	NA
Monthly Active Merchants (MAM)	million	11.11	11.27	NA	NA
Daily Active Merchants (DAM)	million	6.75	6.51	NA	NA
Merchant Transactions	billion	24.96	19.93	NA	NA
Merchant TPV	₹ trillion	8.51	7.01	NA	NA
Revenue from operations	₹ million	39184.69	32075.16	39,790.00	31,610.00
Growth in Revenue from operations (%, YoY)	%	22.17%	NA	25.88%	(34.96)%
Adjusted EBITDA	₹ million	2539.09	5047.98	NA	(7,320.00)
Adjusted EBITDA Margin (%)	%	6.48%	15.74%	NA	(23.00)%
Adjusted EBIT	₹ million	-3138.32	-1414.06	NA	NA
Adjusted EBIT Margin (%)	%	-8.01%	-4.41%	NA	NA
Profit/ (loss)	₹ million	-14444.22	-12032.05	1,440.00	900.00
Profit/ (loss) Margin (%)[2]	%	-34.60%	-34.78%	NA	NA
Adjusted profit/ (loss)	₹ million	-660.28	1120.42	NA	NA
Adjusted profit/ (loss) Margin (%)	%	-1.58%	3.24%	NA	NA
Free cash generated/ (used)	₹ million	-5218.33	2501.61	NA	NA

Note(s): All operating metrics are for PhonePe Platform and financial KPIs are for overall PhonePe Group; NA = Not Available on company filings and investor presentations; Owing to the difference in the units across filings of companies and the selected metrics table units, there has been some rounding off in the aforementioned values for a few metrics that might vary from the actuals, 1. Average Monthly Transacting Users (MTUs) has been considered for Monthly Active Customers (MAC) for Paytm. Data shown is for the quarters ending 30th September 2024 (for H1 Fiscal Year 2025), 30th September 2025 (for H1 Fiscal year 2026), 2. One97 Communications reports Net Profit Margin (%) as Profit/ (loss) divided by revenue from operations and calculated as 2.85% and 3.62 for H1 Fiscal Year 2025, Fiscal Year 2024, respectively. Whereas PhonePe defines Restated profit/ (loss) margin (%) as restated profit/ (loss) divided by Total income and hence is not comparable

Source(s): Company Filings – Annual Report, Financial Statements, Investor Presentations

Table 7: Competitive Benchmarking – Selected Metrics (Fiscal Year 2023, Fiscal Year 2024, Fiscal Year 2025)

Particulars	Unit	PhonePe			One 97 Communications (Paytm)		
		Fiscal Year 2025	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2025	Fiscal Year 2024	Fiscal Year 2023
Life-till-date (LTD) Registered User Base	million	618.40	534.97	455.41	NA	NA	NA
Yearly Active Users (YAU)	million	402.90	349.02	301.12	NA	NA	NA
Monthly Active Users (MAU)	million	290.33	252.42	207.52	NA	NA	NA
Daily Active Users (DAU)	million	148.41	121.01	92.76	NA	NA	NA
Yearly Active Customers (YAC)	million	290.24	250.15	207.81	NA	NA	NA
Monthly Active Customers (MAC)[1]	million	230.08	197.43	160.73	72.00	96.20	89.90
Daily Active Customers	million	102.10	82.09	59.06	NA	NA	NA

(DAC)							
Customer Transactions	billion	90.27	62.36	39.67	NA	NA	NA
Customer TPV	₹ trillion	132.70	100.22	69.55	NA	NA	NA
Monthly Active Merchants (MAM)	million	11.31	11.45	11.43	NA	NA	NA
Daily Active Merchants (DAM)	million	6.77	6.20	5.05	NA	NA	NA
Merchant Transactions	billion	42.66	26.96	15.81	NA	NA	NA
Merchant TPV	₹ trillion	15.00	11.00	7.55	NA	NA	NA
Revenue from operations	₹ million	71,148.58	50,641.33	29,142.87	69,004.00	99,778.00	79,903.00
Growth in Revenue from operations (%, YoY)	%	40.50%	73.77%	NA	(30.84)%	24.87%	60.63%
Adjusted EBITDA	₹ million	14,771.92	6,518.81	(3,754.59)	(6,900.00)	5,590.00	(1,760.00)
Adjusted EBITDA Margin (%)	%	20.76%	12.87%	(12.88)%	(10.01)%	5.60%	(2.20)%
Adjusted EBIT	₹ million	1,168.81	(4,646.85)	(9,120.47)	NA	NA	NA
Adjusted EBIT Margin (%)	%	1.64%	(9.18)%	(31.30)%	NA	NA	NA
Profit/ loss	₹ million	(17,274.10)	(19,961.71)	(27,960.69)	(6,632.00)	(14,224.00)	(17,765.00)
Profit/ (loss) Margin (%)[2]	%	(22.64)%	(34.88)%	(90.68)%	NA	NA	NA
Adjusted profit/ (loss)	₹ million	6,304.52	1,969.95	(7,387.57)	NA	NA	NA
Adjusted profit/ (loss) Margin (%)	%	8.26%	3.44%	(23.96)%	NA	NA	NA
Free cash generated/ (used)	₹ million	1,904.76	(20,850.74)	(22,306.50)	NA	NA	NA

Note(s): All operating metrics are for PhonePe Platform and financial KPIs are for overall PhonePe Group; NA = Not Available on company filings and investor presentations; Owing to the difference in the units across filings of companies and the selected metrics table units, there has been some rounding off in the aforementioned values for a few metrics that might vary from the actuals, 1. Average Monthly Transacting Users (MTUs) has been considered for Monthly Active Customers (MAC) for Paytm. Data shown is for the quarters ending 31st March 2023 (for Fiscal Year 2023), 31st March 2024 (for Fiscal year 2024) and 31st March 2025 (for Fiscal year 2025), 2. One97 Communications reports Net Profit Margin (%) as Profit/ (loss) divided by revenue from operations and has reported 3.62%, (9.60%), (14.30%), (22.20%) in H1 Fiscal Year 2026, Fiscal Year 2025, 2024 and 2023, respectively. Whereas PhonePe defines Restated profit/ (loss) margin (%) as restated profit/ (loss) divided by Total income and hence is not comparable
Source(s): Company Filings – Annual Report, Financial Statements, Investor Presentations

Table 8: Competitive Benchmarking – Selected Metrics Definition

Metrics	PhonePe	One 97 Communications (Paytm)
Life-till-date (LTD) Registered User Base	*LTD Registered User Base refers to total unique users who have signed up with PhonePe Group by accepting the PhonePe terms & conditions, as of the end of the first half of the fiscal year/reporting period.*	*NA*
Yearly Active Users (YAU)	*Count of unique Registered Users, who have either opened the PhonePe app or initiated a transaction, in the last 12 months from the last month of the first half of the fiscal year/ /reporting period.*	*NA*
Monthly Active Users (MAU)	*Count of unique Registered Users, who have either opened the PhonePe app or initiated a transaction, in the last month of the first half of the fiscal year/reporting period.*	*NA*
Daily Active Users (DAU)	*Daily average count of unique Registered Users who have either opened the PhonePe app or initiated a transaction, averaged for the days of the last month of the first half of the fiscal year/ /reporting period.*	*NA*
Yearly Active Customers (YAC)	*Count of unique Registered Users who have done at least one successful payment transaction, in the last 12 months counted from the last month of the first half of the fiscal year/ /reporting period.*	*NA*
Monthly Active Customers (MAC)	*Count of unique Registered Users who have done at least one successful payment transaction, in the last month of the first half of the fiscal year/ reporting period.*	*Average MTUs (over the period) have been considered. MTUs are defined as the number of unique users in a particular calendar month who have successfully completed a transaction on the Paytm App or have used the Paytm for Business App.*
Daily Active Customers (DAC)	*Daily average count of unique Registered Users who have done at least one successful payment transaction, averaged for the days of the last month of the first half of the fiscal year /reporting period.*	*NA*
Customer Transactions	*Total successful payment transactions by PhonePe Customers in the first half of the fiscal year /reporting period.*	*NA*
Customer TPV	*Total payment value of the Customer Transactions in the first half of the fiscal year/ /reporting period.*	*NA*
Monthly Active Merchants (MAM)	*Count of unique Registered Merchants to whom at least one successful payment transaction was made in the last month of the first half of the fiscal year/ reporting period.*	*NA*
Daily Active Merchants (DAM)	*Daily average count of unique Registered Merchants to whom at least one successful payment transaction was made averaged for the days of the last month of the first half of the fiscal year/ reporting period.*	*NA*

Merchant Transactions	*Total successful payment transactions made to Registered Merchants in the first half of the fiscal year/ reporting period.*	*NA*
Merchant TPV	*Total payment value of the merchant payment transactions made to Registered Merchants in the first half of the fiscal year/ reporting period.*	*NA*
Revenue from operations	*Revenue from operations means revenue generated from sale of services and other operating revenue*	*Includes revenue from revenue from Payments & Financial Services, Marketing services and other operating revenue*
Growth in Revenue from operations (%, YoY)	*Growth in revenue from operations percentage is calculated as revenue from operations of the relevant period/ year minus revenue from operations of the preceding period/ year, divided by revenue from operations of the preceding period/ year.*	*Growth of current period / year over prior period / year.*
Adjusted EBITDA	*Adjusted EBITDA is calculated as restated profit/ (loss), before other income, finance costs, depreciation and amortisation expense, share of profit of associate, net of taxes, exceptional item, total tax expense/(credit) and share based payments.*	*EBITDA before ESOP cost is considered for Adjusted EBITDA and is a Non-GAAP financial measure defined as profit for the period, before depreciation & amortization expense, income tax expense, share based payment expense, finance costs, other income, loss for the period from discontinued operations, exceptional items, IPO expenses & share of profit/(loss) of associates/joint ventures*
Adjusted EBITDA Margin (%)	*Adjusted EBITDA margin percentage is derived by dividing adjusted EBITDA by revenue from operations*	*Percentage margin derived by dividing EBITDA w/o ESOPs by revenue from operations*
Adjusted EBIT	*Adjusted EBIT is calculated as restated profit/ (loss), before other income, finance costs, share of profit of associate, net of taxes, exceptional item, total tax expense/ (credit) and share based payments*	*NA*
Adjusted EBIT Margin (%)	*Adjusted EBIT margin percentage is derived by dividing adjusted EBIT by revenue from operations*	*NA*
Profit/ (loss)	*Profit/ (loss) means (loss) for the relevant period/ year.*	*Profit/ Loss for the year/period*
Profit/ (loss) Margin (%)	*Profit/ (loss) margin percentage is derived by dividing profit/ (loss) by total income*	*NA*
Adjusted profit/ (loss)	*Adjusted profit/ (loss) is calculated as profit/ (loss), before exceptional item and share based payments*	*NA*
Adjusted profit/ (loss) Margin (%)	*Adjusted profit/ (loss) margin percentage derived by dividing adjusted profit/ (loss) by total income*	*NA*
Free cash generated/ (used)	*Free cash generated/ (used) refers to the aggregate of net cash flows generated from/ (used in) operating activities, purchase of property, plant and equipment, including capital advances, capital work in progress and other intangible asset, proceeds from sale of property, plant and equipment, payment of principal portion of lease liabilities and interest on lease liabilities*	*NA*

Source(s): Company Filings – Annual Report, Financial Statements, Investor Presentations

GLOSSARY

Terms in Use	Definition
Aadhaar UID	12-digit individual unique identification number issued by the Unique Identification Authority of India on behalf of the Government of India
Bharat Connect	Bharat Connect is a bill payment system in India that allows businesses and customers to connect and make payments. It was previously known as Bharat Bill Payment System ("BBPS")
Compound Annual Growth Rate ("CAGR")	CAGR (Compound Annual Growth Rate) is the average annual growth rate of an investment or value over a specified period, assuming constant year-on-year growth.
Calendar Year	Calendar Year (January to December)
Consumer Loans	Includes Auto Loans, Housing Loans, Two-Wheeler Loans, Gold Loans, Loans against Securities, Used Car Loans, Used Tractor Loans, Property Loans, Personal Loans, Consumer Durable Loans, Education Loans, Credit Cards and Other loans
Conversion Rate	US$ 1 = ₹ 85 (taken basis RBI exchange rate data averaged over the Fiscal Year 2025, rounded off to zero decimals)
DigiLocker	DigiLocker is a Government of India-launched secure cloud-based platform for storage, sharing and verification of documents & certificates
E-commerce	Retail business model that involves customers buying and selling goods over the internet
Electronic Data Capture (EDC) machines	Electronic Data Capture (EDC) Machine is an electronic device that allows merchants to accept card payments from customers
e-KYC	Electronic Know-Your-Customer is a digital process to verify a customer's identity without the need for physical documents
e-RUPI	One-time use digital solution to facilitate cashless payment which is person & purpose specific solutions for various services like COVID Vaccine, donations, corporate gift vouchers, etc.
Financial Inclusion ("FI") Index	The Financial Inclusion Index (FI Index) is a composite measure that tracks the extent of financial inclusion in a country, considering access to banking, credit, insurance, and digital financial services
Fintech	Financial technology used to describe new technology that seeks to support, improve and automate the delivery and use of financial services
Fiscal Year	Financial year as per Indian standard which begins on 1st April of the base year and ends on 31st March of the following year. For reference, Fiscal Year 24 includes the time period from 1st April 2023 to 31st March 2024.
Goods & Services Tax ("GST")	The goods and services tax (GST) is a value-added tax levied on most goods and services sold for domestic consumption. The GST is paid by consumers, but it is remitted to the government by the businesses selling the goods and services
Gross Domestic Product ("GDP")	Gross domestic product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.
Gross National Income ("GNI")	Gross National Income (GNI) measures the total domestic and foreign value added claimed by residents at a given period in time.
Merchant Discount Rate ("MDR")	Refers to the rate at which merchants are charged for accepting Debit Card and Credit Card payments and funds paid via net banking and Digital Wallets
Merchant Loans	Includes Secured and Unsecured Business Loans and Commercial Vehicle Loans
Metro	Metro cities indicate 8 cities, namely – Mumbai (Maharashtra), Delhi (NCT), Bangalore (Karnataka), Chennai (Tamil Nadu), Hyderabad (Telangana), Kolkata (West Bengal), Pune (Maharashtra) and Ahmedabad (Gujarat)
Middle-income households	Households with annual income between ₹ 0.3-1.1 million (US$ 3,500-13,000)
Payment Infrastructure Development Fund ("PIDF")	Scheme launched by the RBI to facilitate and subsidise the development of payment acceptance infrastructure with a primary focus on Tier-3 to Tier-6 cities in India as well as Northeastern States and Union Territories of Jammu & Kashmir and Ladakh
Pradhan Mantri Jan Dhan Yojana ("PMJDY")	An initiative encompassing an integrated approach to bring about comprehensive financial inclusion of all the households in the country with universal access to banking facilities (at least one basic banking account for every household)
Private Final Consumption Expenditure ("PFCE")	Expenditure incurred by the resident households and non-profit institutions serving households on final consumption of goods and services, whether made within or outside the economic territory
Audio payment confirmation devices	Devices that carry UPI QR codes and give instant voice notification for successful payments
Tier 1	As per RBI classification defined in a circular dated 1 July 2015, which considers cities with

	a population of more than 0.1 million as per the Census 2011 city population data
Tier 2+ cities	As per RBI classification defined in a circular dated 1 July 2015, which considers cities with a population of less than 0.1 million as per the Census 2011 city population data
TPV	Total Payment Value
UPI	UPI stands for Unified Payments Interface, a real-time payment system that allows users to transfer funds between bank accounts using a mobile app