

Q3 2021



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PhonePe Pulse:

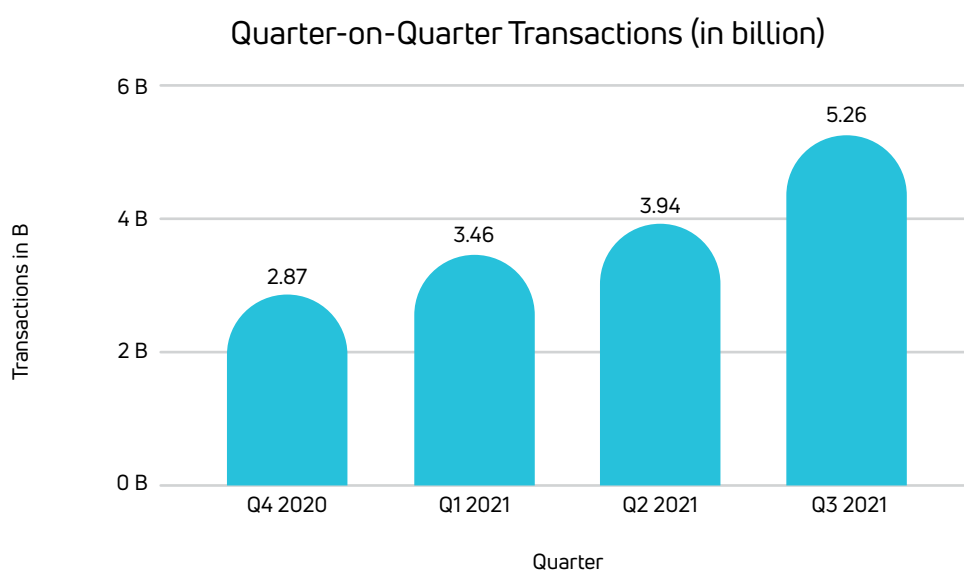
Digital payment trends for Q3 2021 (Jul-Sep)

Digital payments continued to register strong growth in Q3 2021 across India. The highlights for this quarter were the rapid growth in transaction volumes across categories, as well as the massive jump in P2P and merchant transactions on PhonePe. The trend of digital payments becoming a Pan-India habit also continued, with 720 out of 726 districts in the country registering a positive growth in the overall number of digital transactions.

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More and more users are going digital!

In what was a strong indicator of new users going digital, the number of registered users grew by 7.5% from 305 M to 328 M this quarter. The Total Payments Value (TPV) of transactions processed, grew **23.3% QoQ to \$122.9 B**, while the number of transactions grew by **33.6% to 5.26 B** transactions.



Xiaomi continues to be India's favourite smartphone for digital payments

When it came to mobile devices, Xiaomi continued to be the most preferred with the highest number of devices in play, with **~25% of the user base**, with the next largest being VIVO with 20% of the user base. However, in an interesting trend this quarter, we also saw RealMe, OnePlus and VIVO grow faster than Xiaomi clocking in growth rates of 17.8%, 17.0% and 11.2% relative to the 6.4% clocked by Xiaomi.



Money transfers and merchant payments crossed 2 B transactions



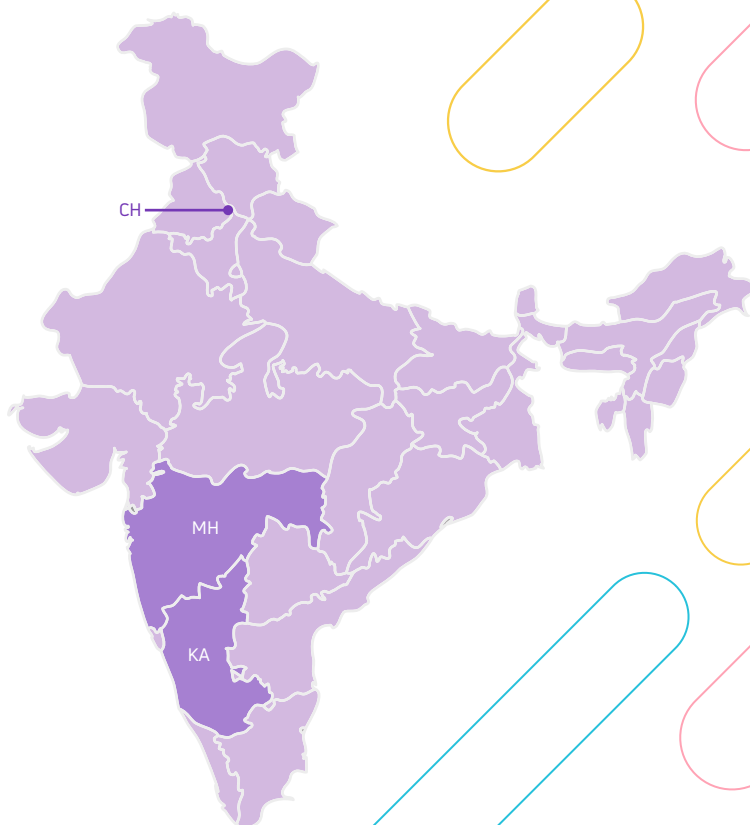
Money transfers with UPI and merchant payments hit the 2 B+ transaction milestone clocking 2.21 B and 2.31 B transactions respectively.

Offline merchant payments (such as paying at kiranas in store) grew faster than online merchant payments (such as ordering food or shopping online) registering a QoQ growth rate of 65%. In a clear indicator of recovery post the second wave of the pandemic, and stores rapidly opening up, nearly 4 out of 5 merchant payments are now offline payment transactions.

Geographical Trends: Chandigarh, Karnataka and Maharashtra top the growth charts

Chandigarh topped the charts among states registering 50%+ QoQ growth in transactions. Karnataka and Maharashtra, two states with the highest number of users on PhonePe, grew at ~ 40% which was higher than the overall average growth in transactions at ~ 33%

Amongst the districts, Washim in Maharashtra saw the largest QoQ growth in transactions at over 75%. Interestingly, Washim has the most digital payments savvy users in the country, with a base of 230 K PhonePe users driving over 47 M transactions in Q3 2021.



Interesting facts we uncovered this quarter



PhonePe users using a Vivo device saw sharp growth this quarter - **Vivo is now the second preferred device brand** for PhonePe users, after Xiaomi, having displaced Samsung from the 2nd spot.

While households in Kerala buy the most gold overall in India (per NSSO surveys), on PhonePe, **users from Karnataka buy the largest number of gold coins.**



Over **30% of digital payment users** believe in a digital form of shagun. They **tend to add ₹1** to the amount they send their contacts.

The path ahead for Q4

Q4 in India is all about festivals, and historically this time period also drives the highest value and volume of digital transactions in the country. **We believe the Q4 data will also be a strong indicator of how the economy has revived post the COVID induced lockdowns.** The festive mood combined with holidays is expected to lead to growth in transactions, aided by more digitized merchants and a strong consumer preference to pay digitally.



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