

Q4 2021



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PhonePe Pulse:

Digital payment trends for Q4 2021 (Oct-Dec)

Digital payments registered strong growth in Q4 2021 across India as per the latest PhonePe Pulse data. Goa, Andaman, and Assam registered the highest growth in overall transactions among states and union territories and Maharashtra became the first state to cross 100 Cr. transactions in a quarter.

This quarter also saw an overall 663.5 Cr transactions, a 26% jump over the previous one, and the Total Payment Value (TPV) touched ₹11 lakh crores.

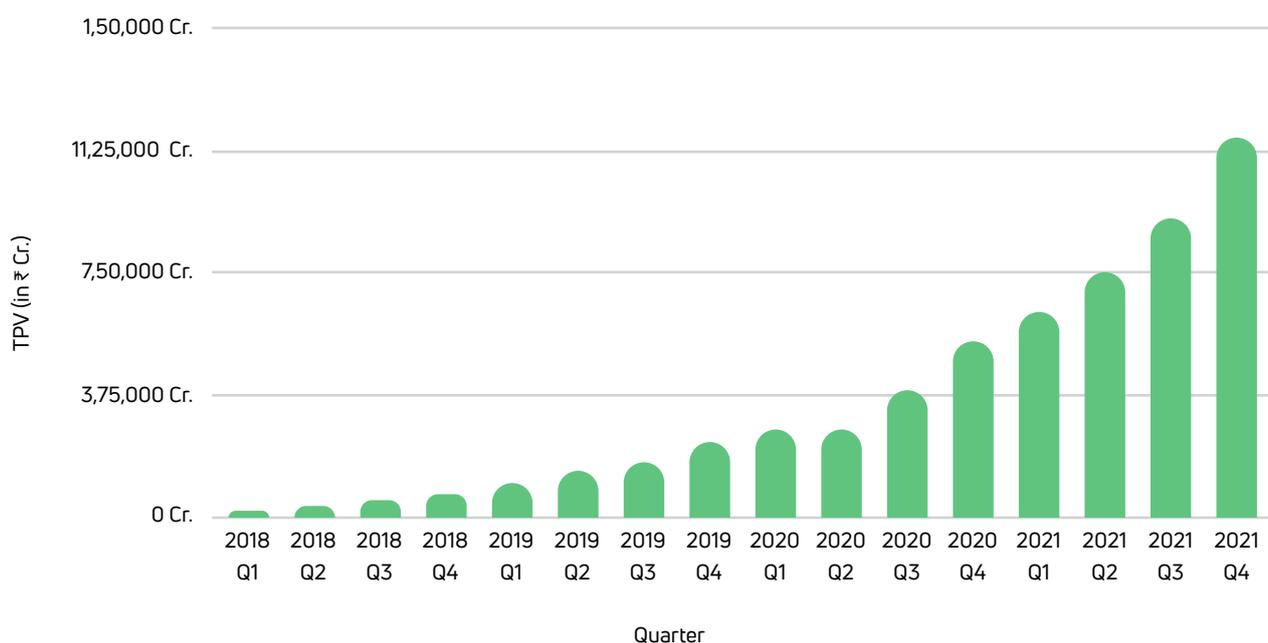
The trend of digital payments becoming a Pan-India habit, which we observed in Q3, continued in Q4 as well with 722 out of 726 districts in the country clocking positive growth in the number of registered users and digital transactions.

Higher TPV driven by growth in number of users and transactions

Quarter 4 saw rapid growth in the number of registered users as well as the transactions on the platform. The Pulse data indicates that as a result of this uptick, the overall Total Payment Value (TPV) continued to show hockey stick growth, registering a **26% QoQ increase**.



PhonePe TPV Trend (in ₹ Cr.)



Merchant transactions for the win, this quarter



The merchant category was the highest transactions driver, with 36% QoQ growth, clocking 315 Cr. transactions in Q4. The merchant category includes transactions made both at offline stores such as kiranas, petrol bunks, restaurants, etc. and payments made to online platforms for ordering food, shopping online, etc.

The festive season combined with multiple e-commerce sales in Q4 led to a huge spike in online and offline merchant transactions. The growth in offline transactions was also driven by customer demand for contactless payments and the **steady digitization of offline merchants**.

Let's now deep dive into the key factors driving this growth:

2.5 Cr. merchants digitized across 15,700 towns and villages in India

PhonePe's endeavour to democratize digital payments and take it to the hinterlands of India is bearing fruit with merchants from far-flung areas also going digital. This has led to the mix of rural merchants increasing to **33% in 2021, up from 25% in 2020**. In Q4 2021, PhonePe hit an incredible milestone of successfully digitizing 2.5 Cr. small merchants and kirana stores across 15,700 towns and villages constituting 99% pin codes in the country.

This increase in merchant acceptance, as well as a clear customer preference for the convenience of QR code based payments, resulted in **37% growth in transactions** in the offline category QoQ.

E-commerce shopping got Indians 'adding to the cart' like never before

This quarter also saw a **huge spike in online transactions** which was largely driven by the holiday season, festivals and multiple e-commerce shopping sales. The online merchant transactions category saw **32% QoQ growth** hitting 65.5 Cr. transactions.



Let's now look at some geographic trends by state and some interesting facts we uncovered:



Maharashtra - the first state to cross 1 Billion transactions in a quarter

While Goa (71%), Andaman (41%), Assam (37%) were the top 3 states and union territories in terms of QoQ transaction growth, Maharashtra which registered 27% growth became the first state to cross 100 Cr. transactions in a quarter. Karnataka was a close second showing 24% QoQ growth and **driving 93.2 Cr.** transactions.

Interesting facts we uncovered this quarter

- In Maharashtra, Pune accounts for 38% of overall transactions from the state.
- More than 37% of all transactions post 6pm on the PhonePe app are from food & beverage stores.
- The tourist season was visibly booming in the cool climes of Himachal in Q4 2021 with merchant payments (online + offline) seeing a record 46% jump from the previous quarter.

The path ahead for Q1 2022

As we are in the middle of the third wave of the Covid-19 pandemic, the data and insights clearly indicate that the fundamental shift we saw in consumer behavior towards contactless payments in the first two waves is here to stay. Customers are preferring digital payments, and businesses are rapidly adapting and adopting them. With the third wave of the pandemic, we are expecting to see a surge in volumes for Q1 2022 across use cases like money transfers, recharges, bill pay as well as payments made for buying essentials like food, grocery, medicines, online doctor consultations etc.



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