

PhonePe is a financial services company founded in December 2015 by Sameer Nigam, Rahul Chari, and Burzin Engineer, who were ex-Flipkart employees. The total revenue of the Walmart-funded startup PhonePe shot up by 133% to INR 1692.7 Cr in 2022.

Metrics

- Phonepe has around **400 million** listed users.
- Company Claimed to have **165 million** monthly active users.
- Has acquired majority of the market share with **49%** users in India using Phonepe. ([Source](#))

Revenue Model

Platform commissions

App gets commission on payments like bill payments , mobile recharges , Loan and EMI repayment

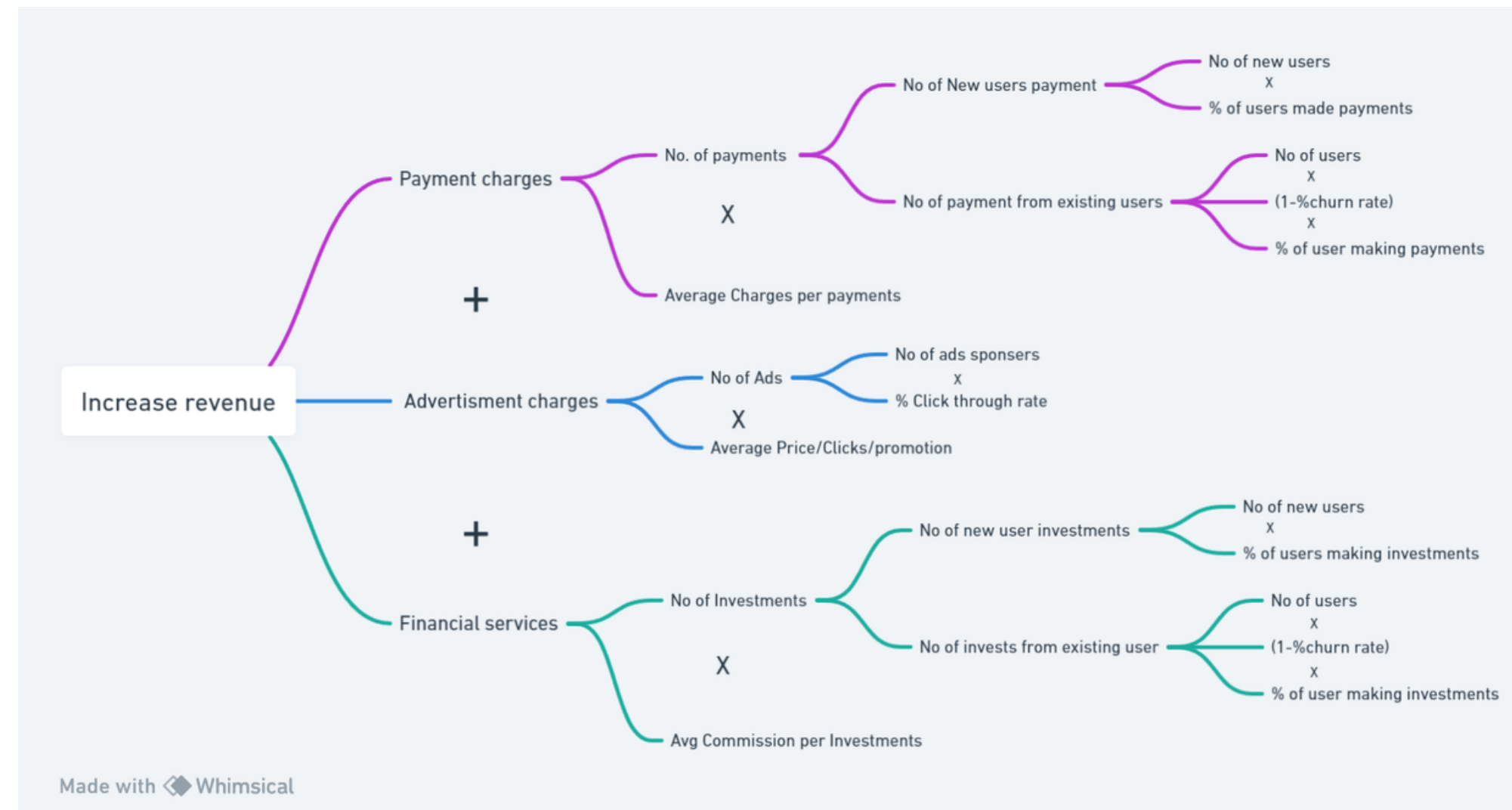
Advertising

Platform displays ads of Other businesses who are partnered . Also provides In app experience of the business like Swiggy, Fastag etc. for which businesses have to pay

Financial services

Investment opportunites and wealth mangement applications with additional charges .

Mapping Business Outcome to product outcome



Business Outcome- Increase the Revenue.

Product Outcome-

The approach should prioritize targeting users to increase their transaction frequency within the app. Changing user behavior to encourage them to use the app exclusively for payments would yield benefits for both the user and the company.

Survey of Urban users

Why are users using UPI app?

- **100%** users said they find it **easy to use** and less time consuming.
- **52%** user use it because they have a **record of the payment**.
- **23%** use it because they get **cashbacks** and **discounts**.
- **17%** like the **Loyalty points**
- only **11%** say they find UPI is safe.

Insights

- Use of the app for EMI/Loan Payments and Investment have less usage on these users.(**29-40%**)
- **50%** said they don't track their expense to manage their finance.

User Interviews

Manoj, Age-30, Government Employee .Education -BCom.

“I utilize the application for its online payment capabilities, allowing me to shop and conduct peer-to-peer transactions. Occasionally, receiving rewards incentivizes me to use it once more.”

User Interview of Rural users (Surveyed 5 different Vendors using UPI for Small Business)

- **3/5** said they don't know or use all the features in the application.
- **4/5** said that they never use payment app to book tickets, travel booking, recharge etc.
- **5/5** said they see Phonepe " primary quick money transfer option “
- **4/5** said they don't know shopping benefits like rewards, discounts in Phonepe.
- **3/5** said they have either encountered fraud or heard payment frauds.
- **4/5** said they don't understand all the English definitions and descriptions

Insights

- These are regular users but not extensively with all features.
- There is fear among community about the safety .
- They don't use features unless they are personally assisted Or taught how to use it.

User Interviews

Jagadish, Age 55, Tailor ,Education 10th std.

“My sole reason for using PhonePe is its user-friendly interface, which enables me to send and receive money. I refrain from utilizing any additional features due to concerns about fraud within payment applications.”

Name:Ravi

Age:34

Job: Clerk

Education: MCOM

Stay:Bengaluru

Marital status:Married



Goals

- "Easy access to a variety of payment choices."
- "Convenience in conducting transactions or making purchases from the comfort of my own place."
- "Maintaining a transaction history for future reference."

Pain points

- "I rarely encounter substantial discounts or rewards when shopping, investing, or making EMI payments."
- "I lack visibility into my spending patterns, occasionally exceeding my budget."
- "I'm unaware of potential collaborations with third parties that could offer benefits through in-app purchases."

Job to be done

When I want to manage my expense

But I lose track of what I am spending on

Help me with an alert when im going off plan.

So that I can manage payments and budget.

Name: Krishna Kumar

Age:26

Job: Small business owner

Education: PUC

City: Mysuru rural

Marital status:Single



Goals

- "Receive customer payments directly into my bank account."
- "Seeking to minimize the need for visiting the bank for financial matters."
- "Desire to educate myself about financial regulations and policies at my own convenience."

Pain points

- "Struggling to locate a suitable guide to help me grasp the financial advantages."
- "Apprehension about the occurrence of financial fraud within payment apps."

Job to be done

When I want financial assistance

But I don't know the options and eligibility

Help me with the self help guide in my own language

So that I can use the app more often for financial benefits.

Overview of the Problems.

Both user segments extensively utilize the app for peer-to-peer (P2P) and peer-to-merchant (P2M) payments. Urban users are well-versed in the app's functions but tend to get distracted when it comes to managing their finances.

Conversely, rural users exhibit financial insecurity, and their digital literacy level is below the average standard.

Which segments to solve for?

- The Rural population stands at 64% of India's population. ([source](#)). More untapped user base for acquisition.
- Multiple efforts from the government have been taken to promote the use of UPI in rural India. ([source](#))
- Also the adoptions makes the life of rural people easy. Hence **choosing the Rural segment** is a priority.

What is the True Problem?

How can we educate user to use the application more often making their life easier that could bring revenue to the company

Who are the customers facing the problem?

Users who are educated and in rural and suburban areas where the community does not have the culture of payments in online without full knowledge.

How do we know its a real problem?

Individuals who can understand the useage off application but hardly educated on the features. This is a loss of business to the company.

What is the Values generated by solving this problem?

For Business

The more the transactions in bill payments ,shopping, investments etc. the higher the revenue and it directly contributes to profit.

For Customer

If the customers understand the benefit, they can make most of it in terms of ease of life, investments and single app for shopping etc.

Why solve this problem now?

- Use of cash is going down day by day and encouraged by government.
- Given increasing online purchases and digital adoption, we expect this to grow to .9- 1 trillion by 2026 ([Source](#))
- Educating a users on payment methods will also provide confidence to users in avoiding fraudulent activities. More than 95,000 UPI fraud cases reported in 2022([Source](#))



AILA-Artificial Intelligence Language Assistance.

Its a text based AI Chatbot powered by NLP which guides the users make the best of the app features. Its also trained with all the products and features information so that it generates step by step guide to a user in their local language. Its capable of pulling answers from QnA's , FAQs and standard operating procedures , Translate then summarize it to user as per the questions asked. It can read text to speech from the gathered information to user.

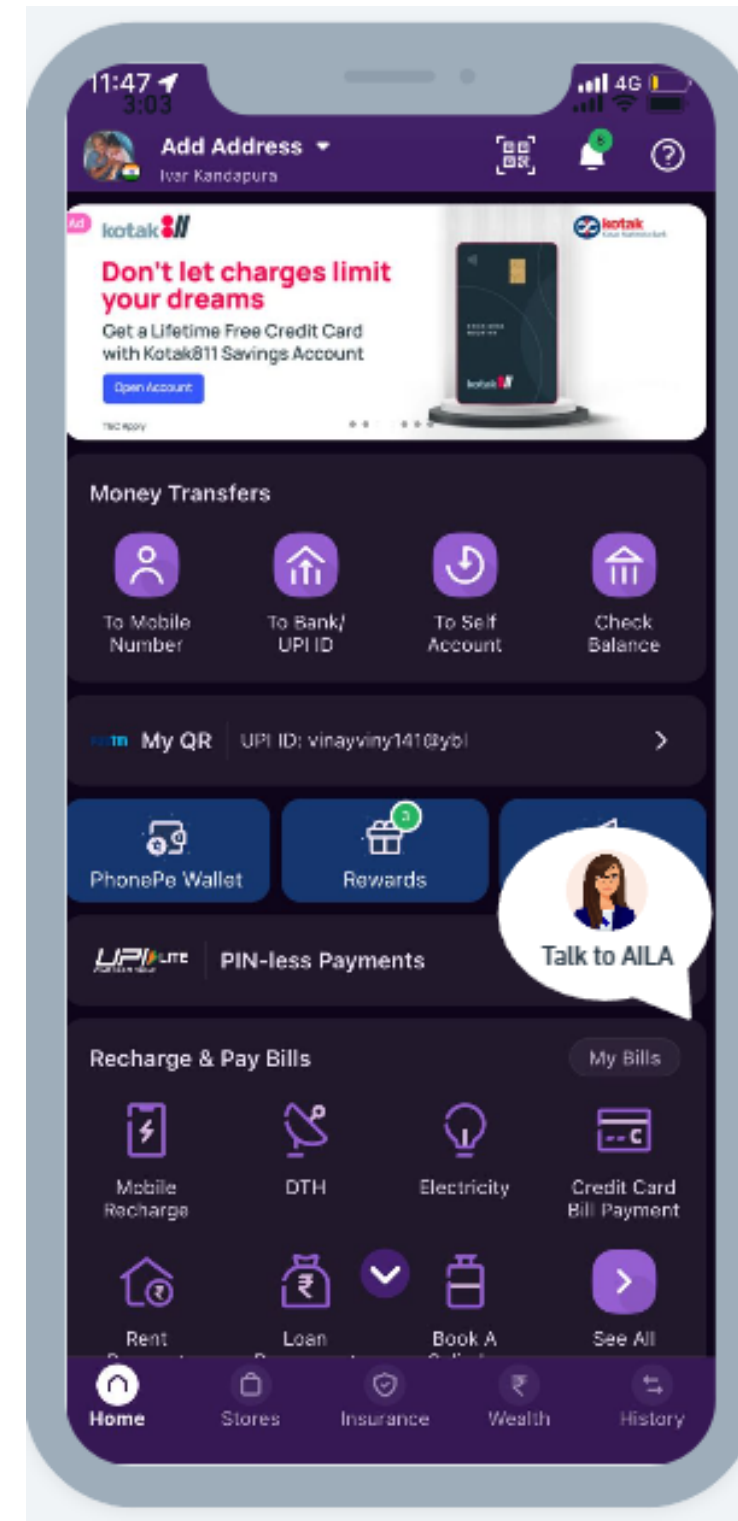
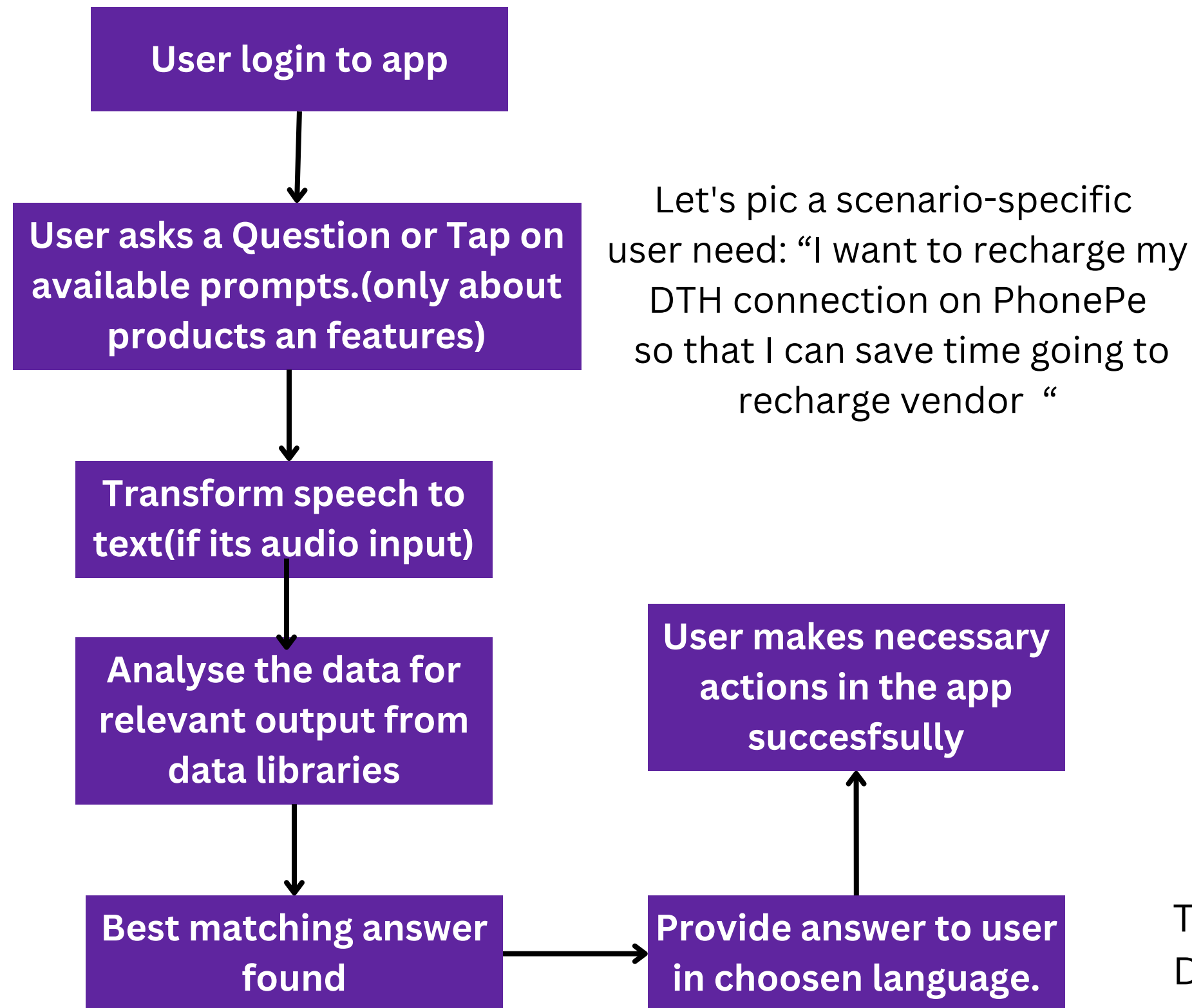


Cognitive Spend Data Analyzer Dashboard in Multiple languages

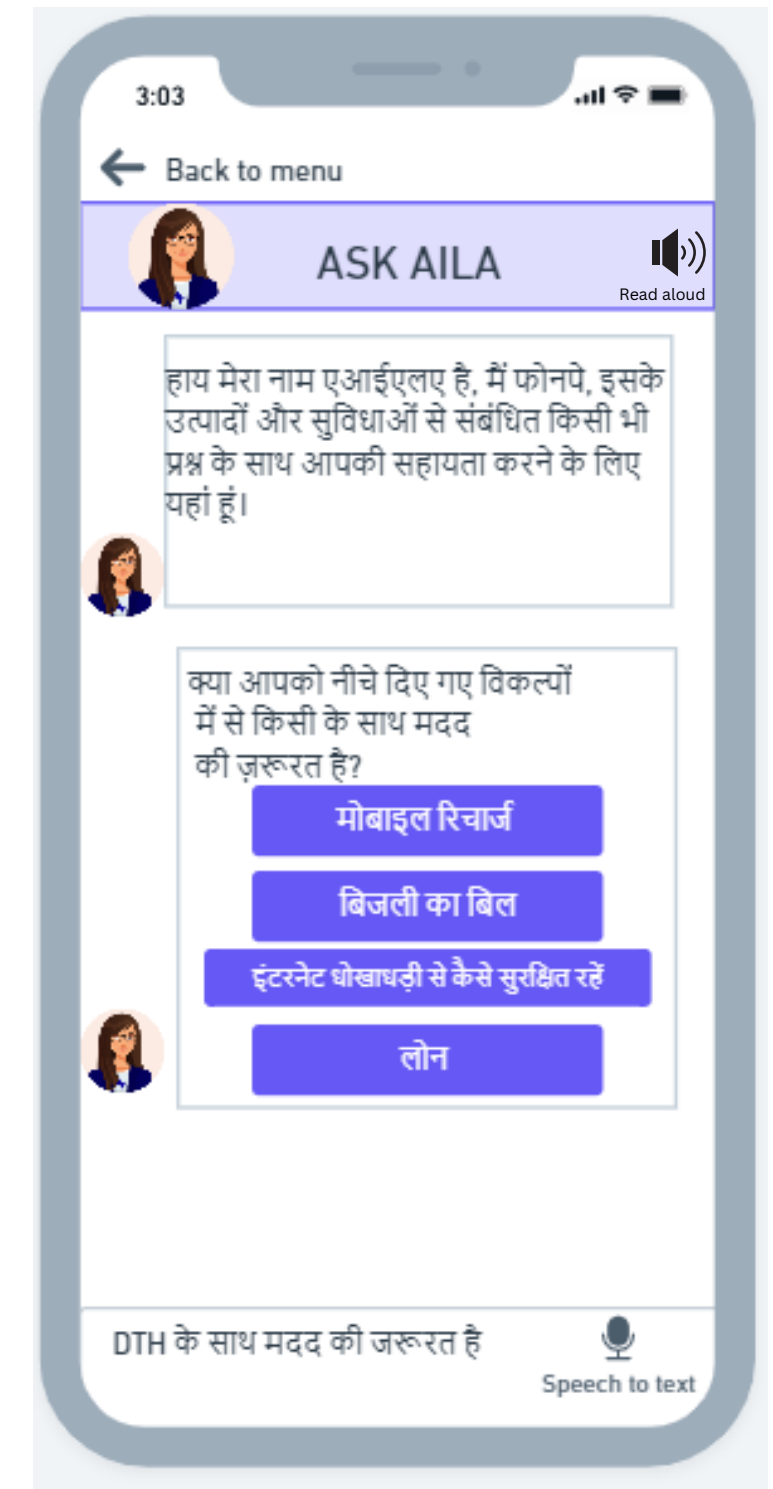
It's a Dashboard providing data analysis using historical data of the Individual. The dashboard provides insights on the spend categorically with date, type, and amount filter in their selected language. Through this insights, users can make better decisions in money management. The insights leading to savings can be pointed towards in app shopping, investment opportunities, pending bill and credit card payments etc. Also suggest available financial assistance.

Solution	Reach(1-5)	Impact(1-5)	Confidence(0-1)	Effort(3-1)	Score=RIC/E
AILA-Artificial Intelligence Language Assistance.	5 (Accessible to all user)	5 (user gets assistance through payment journey)	1 (User gets smart on the product useage)	3 (Requires high effort to build AI and Machine learning process to a model)	8.3 ★
Cognitive Spend Data Analyzer Dashboard	5 (Accessible to all users)	3 (Depends if the user takes action from the insights)	.8 (dependent on users ability to think analytically)	2 (Medium effort as its required to make use of historical data with business intelligence tool integration in the ap.)	6

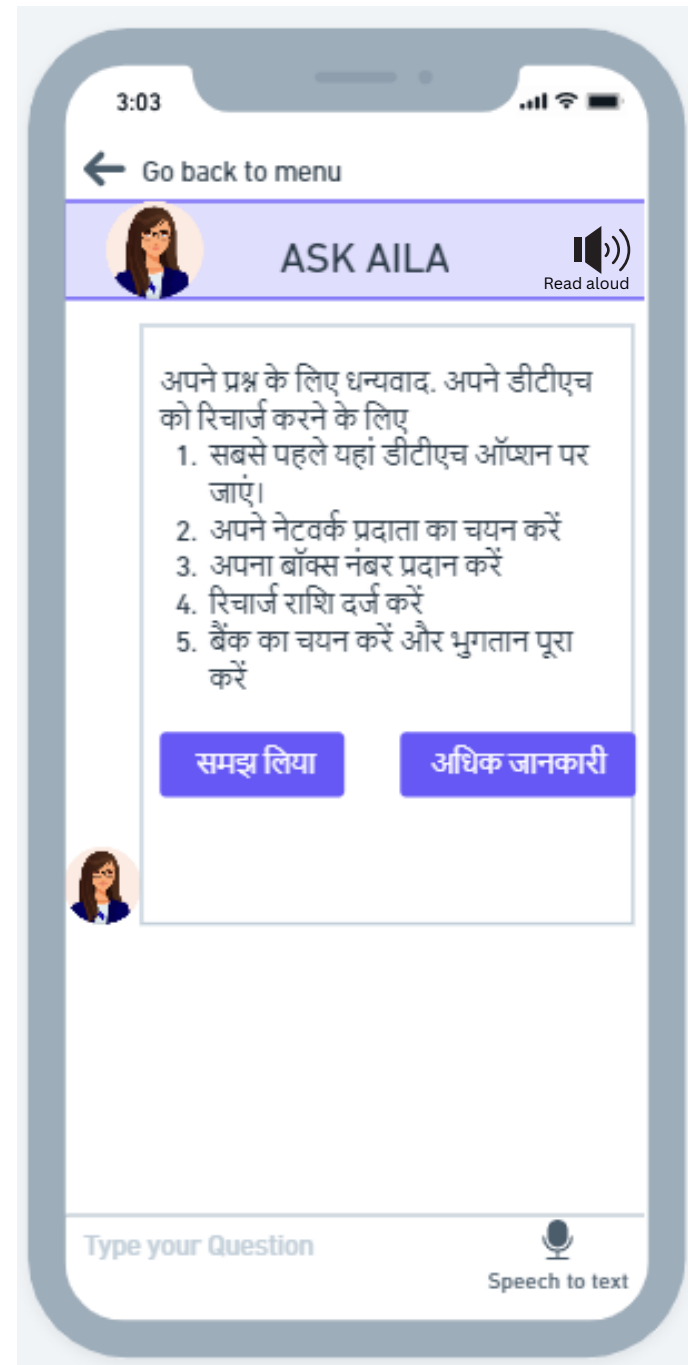
User flow



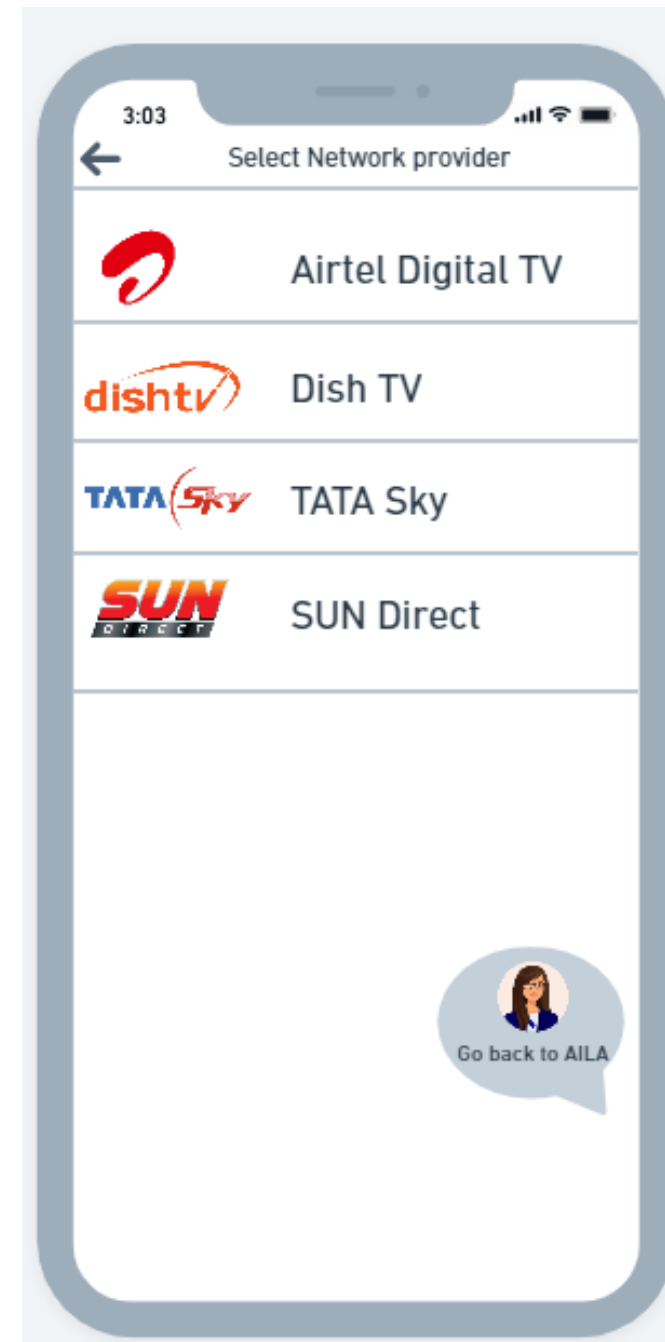
The User is logged into the app. Discovers AILA icon.



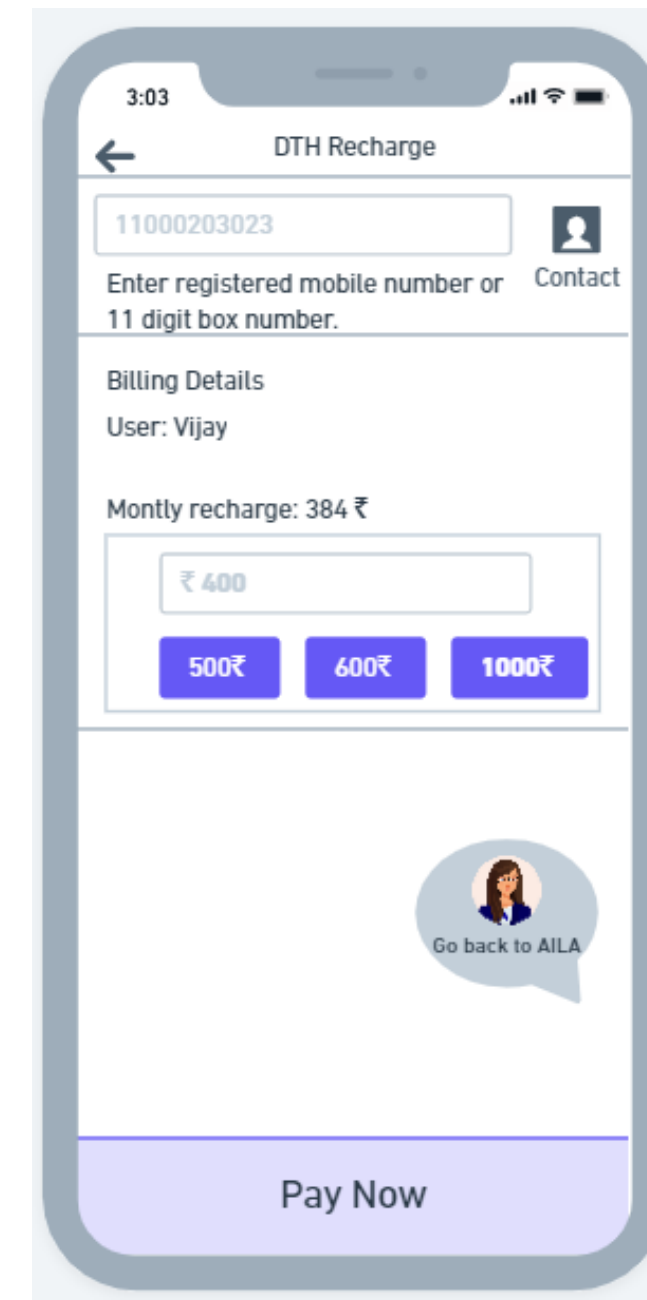
The ASK AILA Page Opens with a welcome message and available prompt buttons. Also search tab below, along with the audio capture button to ask question.



AILA displays the step-by-step guide for the questions asked. User after reading of satisfied clicks on the “understood” button which leads to the feature. In this case, it takes to make a DTH payment. If they are not satisfied, the “need more information” button will take him to relevant help section.



The user goes to the next step to continue with payment details and makes a payment. Here the AILA button floats on the screen while the user completes the steps. In case the user gets confused with the option he can switch to AILA screen but tapping on the Icon.



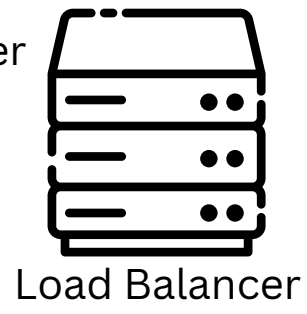
The user completes the payment successfully. AILA page opens to ask for help if he wants to make any other payments. If “Yes” then it returns to the home page of AILA or else Exits to the PhonePe home menu.



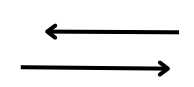


Mobile Chat UI

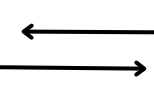
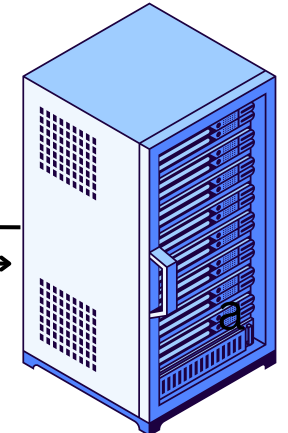
Response to user
Client Request/Query



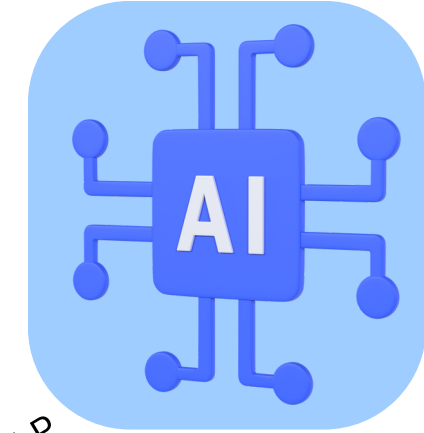
Load Balancer



Distriibuted Load



Matching Respond sent back
Request sent to NLP Model



NLP Model

The Model is trained to receive the request, analyse the data in the database and process the answer in the selected language

AI Trained with Available data and updates frequently.

Questions asked and response getting stored for QA and improvement



App data base

The database contains all the FAQs, answers from help section.. and any app related definitions and resources. Also the updated regulatory information.

Considering the **AARRR** Framework to track the success

Metric category	Metrics: Definition
Acquisition	<p>Number of User Engagements: Track the number of users who engage with the chatbot.</p> <p>User Source: Understand where users are coming from</p>
Activation	<p>User-Initiated Actions: No of users who made transaction through chatbot.</p> <p>User payment setup completion: Users who setup payment via the chatbot instruction.</p>
Retention	<p>Repeat user: Users who use AILA repeatedly</p> <p>User Satisfaction: Measure of user rating post AI assistance implementation (Via the chatbot and Indirectly)</p>
Revenue	<p>Conversion Rate: Track the percentage of users who successfully complete payments or transactions using the chatbot.</p> <p>Transaction Value: Calculate the total value of payments or transactions processed through the chatbot.</p> <p>Average Revenue Per User (ARPU): Analyze how much revenue is generated per user through the chatbot.</p>
Referral	<p>User Referrals: No of users joining the platform through referrals.</p> <p>Referral engagement: Measure of no of referred users who use the chatbot function.</p>



North Star Metrics

Monthly Transaction Volume: By increasing the monthly transaction volume, you are driving the primary function of your application and, in turn, generating revenue.

Other relevant metrics

- **Performance:** Response time, Accuracy
- **Health:** Downtime, No of error, No of tickets regarding the assistance
- **Bounce rate**

Pitfalls	Mitigation
Low User Adoption	Users should be educated about the feature through in app marketing and other add campaigns
Inaccurate reponse	we should make sure the AI is trained with enough data and tested adequately
Security Concerns	Authenticate the user when chatbot is dealing with private information.
Regulatory concerns	The system needs to be fed with current data and financial regulations to avoid compliance issues.
Lack of personalization	AI should make use of historical data to provide recommendations to users in a personalized way.