

**India Online Payment Apps Market Assessment, By Solution [Application Program Interface, Payment Gateway, Payment Processing, Others], By Payment Mode [Bank Cards, Digital Currencies, Digital Wallets, Net Banking, Point of Sales, Others], By Location [Proximity, Remote], By Enterprise Size [Large Enterprise, Small and Medium Enterprise], By End-use [BFSI, Healthcare, IT and Telecom, Media and Entertainment, Retail and E-Commerce, Others], By Region, Opportunities and Forecast, FY2018-FY2032F**

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**Report description:**

India online payment apps market is growing due to factors such as increasing online transactions in e-commerce and m-commerce industry, a surge in penetration of smartphones and the Internet, and easily accessible payment apps along with the adoption of AI-based applications for payments. Online payments are made electronically among parties through digital platforms or technologies rather than cash or conventional banking procedures. The process of financial transactions uses mobile devices, the internet, and other electronic systems to trade money safely and effectively. Credit and debit card transactions, online bank transfers, mobile wallets, and new technologies, such as cryptocurrencies, are the means of common digital payment methods. Online payment systems have become an integral part of modern economies as they offer users accessibility, speed, and ease everywhere. They have completely changed how individuals and businesses perform financial transactions by simplifying the process of transferring money, making purchases, and remotely managing accounts.

According to the NIC, at the end of 2023, UPI's total transaction volume stands at 83.75 billion. Contactless payment technologies such as near-field transactions and host card emulation ensure quick transactions and it leads to a reduction in customer queues.

Mobile wallet proliferation is one of the most significant contributors to the growth of the online payment industry.

#### Increase in Online Payment Transactions Leads to Growth in the Market

Government organizations across the globe are encouraging digital transactions, which has led to the development of card payment platforms such as payment gateways. Payment gateways are used as a transactional authority while paying on any merchant website via credit cards, debit cards, and charge cards. The increase in the use of smartphones, tablets, and other Internet-enabled devices is fueling the M-commerce market. M-commerce reduces overhead costs and increases transactional efficiency by extinguishing the user's physical presence and other intermediaries. Advancements in wireless and mobile technologies will increase the number of transactions over the forecast period. As per RBI, retail online payments in India grew from 162 crore transactions in FY2012-13 to over 14,726 crore transactions in FY2023-FY24. Trust in online payments is based on transparency, ease of use, and security.

#### Smartphones and High-Speed Internet Usage Boosts the Market

The rate of adoption of smartphones in India has significantly increased in the past few years. The proliferation of 4G and 5G connectivity has enabled customers to have hassle-free access to conduct payments through smartphones. Moreover, comprehensive growth in the distribution network of smartphone companies has made smartphone devices easily available for end-users. For instance, Samsung and MI are major mobile phone brands in rural India, owing to their pan-India distribution channel, making online payments accessible to the rural population via their mobile phones.

The growing internet penetration in India reached a new milestone of 800 million as total active internet users reached 820 million 2023, that is, more than 55% of Indians used the internet last year. Internet penetration has grown across the nation at a modest 8% YoY. Furthermore, the increase in the use of smartphones and the expansion in faster connectivity have enabled retailers and customers to receive and make payments through their smartphones, which is propelling the growth of the online payment industry.

#### South Region Dominates the Market

As per regional segmentation, the South has shown a rapid growth in the use of online payment transactions and applications. According to MyGov data, India is the country with the highest number of digital transactions. This expansion in the market is due to the ease of access and reliability of payment apps for individuals and institutions. Also, the government is taking initiatives to make India digital and convert it into a cashless economy.

UPI transactions at retail stores in rural and semi-urban India rose 118 percent in 2023. The UPI transactions include banking and financial services, and digital services like utility payment, cash collection, credit, insurance, and many more indicating a significant behavioral shift among consumers in these regions towards aid to digital methods for their banking and lifestyle needs. The government of India has introduced several policies and initiatives such as Unified Payments Interface (UPI) and Bharat Interface for Money (BHIM) app, to make digital payments more accessible and convenient.

#### Online Payment Becomes an Indian Trend

Online payments market by mode of payment, includes digital wallets, credit cards, debit cards, online banking, and others.

Digital wallets are regularly used for digital payments. They offer a convenient and secure way to make transactions online and through mobile devices and store payment information. They provide an efficient and standardized transaction process for digital payments by storing consumers' debit and credit cards. Credit card companies apply several security measures to safeguard against fraudulent and unauthorized transactions, offering supplementary security features like two-factor authentication, fraud alerts, and real-time transaction monitoring.

Digital wallets are directly linked to cards, but they pose an indirect threat to card payments as they can be linked to users' accounts, enabling A2A and P2P transfers by real-time payment (RTP) or even blockchain systems for back-end processing. It can make payment transactions more reliable and cost-effective for merchants, as they would reduce transaction fees compared to card scheme providers.

#### BFBI to Dominate the Market

The Banking, Financial Services, and Insurance segment dominates the online payment apps market and has the largest revenue share. With the advent of digitization, banks have opted for the virtual transaction system due to the several advantages it offers, like increased efficacy of the delivery of products and services, wider access of customers, improved quality of services, reduced operational and transactional costs, and increased financial inclusion. The launch of UPI 123PAY by the RBI governor has provided

users to make digital transactions through UPI in assisted voice mode, enhancing digital transactions and financial inclusion in rural areas.

The utilization of digital payments in the healthcare sector is increasing due to fast payment processes, reduction in administrative expenses, and improved patient satisfaction. It is convenient for customers and helps businesses to reduce administrative costs. Contactless payment methods such as Near Field Communication (NFC) and Quick Response (QR) codes are becoming more popular in the hospitality industry.

#### Future Market Scenario (2025 - 2032F)

India has witnessed one of the most remarkable digital revolutions. Adoption of innovative platforms has led to tremendous growth such as UPI which has streamlined financial access for millions. Voice payments and the digital rupee are two emerging technologies that are expected to acquire popularity in forecast period. Launched in 2022, the Digital Rupee issued by the Reserve Bank of India is a sovereign currency that has the benefit of liquidity, settlement finality, and integrity.

Partnerships with merchants, banks, and other fintech companies will expand wallets and defend market share. UPI has been a mediator of the 'Bharat Bill Payment System (BBPS)', which links payment services with utility providers.

#### Key Players Landscape and Outlook

India online payment apps market is moderately competitive due to the presence of multiple players. These players in the market are adopting strategies such as product innovation, mergers, and acquisitions to expand their product portfolio, geographic reach, and competition in the market.

NPCI recently launched, Hello! UPI which is based on human-machine participation and is fostered by AI-enabled transactions. It allows users to give voice commands to transfer funds and input UPI PIN through UPI app, telecom calls, and IoT devices in Hindi and English and is soon going to be rolled in other Indian languages as well. It is especially beneficial for senior citizens, digitally illiterate, or visually impaired people.

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\*Companies mentioned above DO NOT hold any order as per market share and can be changed as per information available during research work

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