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Paytm expects customers to add \$500 million in their wallet in 2016, a ten times jump over this year

By [Aditi Shrivastava](#), ET Bureau | Updated: Dec 28, 2015, 11.23 AM IST

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BENGALURU: Mobile payments and commerce firm [Paytm](#) expects customers to add about \$500 million in their wallets in 2016, a ten-fold increase over this year, its founder Vijay Shekhar Sharma said.

"In 2015, we saw wallets become mainstream. Next year, as more and more businesses push marketing dollar spends to cashbacks and wallets, the recharge value and frequency will steadily increase," Sharma told ET.

The projection of \$500 million does not include cashbacks that the company offers its customers on ecommerce transactions, Sharma said.

Cashback is an incentive programme through which Paytm offers a fixed sum or a percentage of the amount spent back to the wallet holder's account to encourage use of the wallet.

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Shekhar Sharma said he expects to see startups that offer a lot of extras including loans and insurances built on top of wallets next year, thereby replacing or at the least competing with credit cards. "This is already a very hot use case in China," he said.

The Noida-based company, which says it has 110 million wallet users, is also betting big on its offline play to boost wallet transactions and become a ubiquitous debit card.

"There are about 35 million customers that actively use Paytm at least once a month," said Nitin Misra, head-wallet product pipeline at Paytm.

To expand that base and ensure more frequent payments, the company plans to rapidly scale up its merchant base in 2016.

"The idea is that if you have a phone, that is all you will need to accept payments," said Nitin Misra.

"From rickshawwallas and paanwallas, to multi-channel retail chains and brands, Paytm plans to tie up with offline and online stores to push wallet payments," he said.

However, under the existing norms set by the Reserve Bank of India, Paytm restricts its customers to Rs 10,000 wallet recharge per month on a mobile number and email ID verification.

For anything higher, customers are required to adhere to full knowyour-customer or KYC norms similar to that required for opening of a bank account.

In August this year, Reserve Bank of India granted payment bank licences to 11 of 42 applicants including Paytm, [Reliance Industries](#), [Bharti Airtel](#) and Vodafone. These entities can now take deposits, convey remittances and disburse payments to recipients, making them highly attractive for migrant workers, especially who need to send money home.

These banks can't lend to their customers, though.

Paytm is backed by China's giant Alibaba Group and affiliate Ant Financial. Other investors include SAIF Partners, SAP Ventures, Reliance Capital and [Silicon Valley Bank](#). The company competes with [MobiKwik](#), [FreeCharge](#), Airtel Money and PayU, among others, in the wallet business.