

As businesses go cashless, digital players vie for market pie

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A look at how payment platforms fare in terms of cost, efficiency

How they stack up		
Mode	Initial set-up cost	Fees/commission
Credit/debit card PoS	₹10k-15k plus monthly rental of ₹500-800	3-4 per cent commission shared between bank and MasterCard/Visa
Mobile wallet	A smartphone- ₹3,000 upwards + internet data charges	2-3 per cent commission on every transaction + bank transfer fee of 1 per cent
Telecom wallet	Same as above	Same as above
Bank wallet/pocket	Same as above	Same as above
App POS	Same as above plus integration charges of ₹500- ₹1,000	Same as above
UPI	Smartphone- ₹3,000 + data charge. No integration charges	Less than 1 per cent commission/ no bank fee as it is on UPI

Mumbai, November 25:

The migration to a cashless economy induced by the demonetisation move has had various digital payment enablers pitching themselves as the most cost-effective solution for businesses.

Point of Sale (POS) suppliers, mobile wallets, app-based POS and the Unified Payment Interface (UPI) are battling it out, but the key factor on which their success hinges is the ease with which merchants, who have hitherto believed only in cash, take to them.

BusinessLine spoke to over two dozen players, consumers and merchants to analyse how the payment platforms stack up against each other in terms of cost and efficiency. While card swiping machines had an edge thus far, e-wallets and UPI are fast emerging as convenient options to receive payments, capitalising on the fact that a merchant needs to make capital investments to acquire a card-swiping machine.

UPI-based platforms, built on a technology developed by the National Payments Council of India, are scoring because they come with no installation charges, less commissions, no maintenance charges, and no intermediaries (such as MasterCard and Visa).

Sanjeev Kumar, a Delhi-based chemist, recently shifted to TruPay, built on the UPI platform, which lets consumers pay instantly from their bank account to the merchant's. "I tried Paytm, but consumers who don't have it can't pay through any other app. Besides, the money stays in the wallet till I transfer it to my account. UPI cuts through those problems," he said.

Another merchant, Amit Saubhri, has a range of options: major wallets such as FreeCharge, Paytm and Oxigen, and a credit card POS machine — for which he pays ₹ 800 as rental every month. Post-demonetisation, e-wallets account for about 85 per cent of his transactions, he says.

Vivek Lohcheb, founder of TruPay, told *BusinessLine* that UPI is the most convenient: a merchant can send a payment request to a consumer by entering the latter's phone number; the payer then validates it with an m-pin password created at the time of registration; the money is transferred directly from the buyer's bank account to the merchant's.

"We are witnessing a surge in demand; our commission is below 1 per cent, against 3-4 per cent for POS machines," Lohcheb said.

Rohit Chaddha, founder of FoodPanda, has launched an app-based POS service, for B2B players, called Paylo. "An app-based POS is better than a physical POS: there is no hardware cost, it has zero maintenance, is completely secure, and the transaction is completed in three simple steps."

While a card-swiping machine costs ₹ 10,000-15,000, with a monthly rental of ₹ 300-800, the app-POS is free and can be installed in seconds.

Govind Rajan of FreeCharge said the wallet not only acts as a payment mode at physical retail stores, but also can be used to do several other online transactions unlike other payment modes. FreeCharge already has over 200,000 merchants on its platform.

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