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Banks wake up to digital reality, chase small vendors

By [Pratik Bhakta](#) & [Saloni Shukla](#), ET Bureau | Nov 25, 2016, 01.23 AM IST

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MUMBAI: After [mobile wallets](#) like Paytm, MobiKwik and FreeCharge convinced cash-starved Indians and micro merchants to use their services even for small-value payments, [banks](#) are out to woo small vendors such as chaiwallas and vegetable vendors.

Banks are tweaking merchant-acquiring strategies and convincing micro merchants to switch to their apps or the [Unified Payments Interface](#) (UPI), which allows users to make and receive payments using smartphones.

"We are targetting micro merchants to accept payments through [SBI Buddy](#). So far, we were targetting large corporates. But now, we will target small merchants as well," said Manju Agarwal, deputy managing director, corporate strategy and new business, at SBI.

The country's largest lender has set a target of acquiring 1,000 micro merchants over the next month, she said. Axis Bank, which has seen a three-fold rise in demand for point-of-sale (PoS) terminals post [demonetisation](#), is pushing the adoption of UPI.

"We have worked with taxi drivers, small shops and vegetable vendors, educating them about mVisa and are now beginning to work with them on UPI," said Rajiv Anand, executive director, Axis Bank.

Since UPI allows direct transfer of funds within bank accounts, it is seen scoring over mobile wallets.

"In UPI, money moves directly from one bank account to another, which is a big benefit for merchants unlike wallets. Hence, most of them are eager to join UPI," said Rahul Gochhwal, co-founder of Trupay, which works with banks such as Axis Bank, SBI and HDFC Bank to onboard merchants for UPI.

"We have onboarded around 4,000 micro merchants for UPI-based payments and plan to increase the number to 50,000 in 12 months," added Gochhwal.

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