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Small towns lead in mobile payment app usage

By [Rupali Mukherjee](#), TNN | Updated: Dec 07, 2015, 10:55 AM IST Post a Comment

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With the proliferation of mobile payment apps, the Indian smartphone user has increasingly begun to go cashless and, surprisingly, many using these apps are from small towns.

Even though the penetration of mobile payment apps among smartphone users is nearly similar across towns of all sizes (57 per cent in large towns and 52 per cent in small towns), usage on these apps is higher among small town consumers, who spend 82 minutes a month. Mobile wallet transactions mirror the trend, having gone up 35 per cent (in volume terms) from 40 million in May to 54 million in July this year, with around 40-50 per cent transactions coming from Tier-II and Tier-III towns now as against barely anything a year ago.

Not only that, the popularity of such apps has risen to one in every two users this year, from one in five active users last year, data culled from Nielsen Informat Mobile Insights says. Even as e-commerce companies debate whether to go app-only, data reveals that mobile payment apps are rapidly overshadowing their website presence when it comes to usage on smartphones. Paytm has three in every 10 users using their app, while just one in every 10 uses the company's website, it adds. For other players like Mobikwik, Bookmyshow and FreeCharge, their mobile sites are considerably less popular than the app.

The total number of wallet users are estimated at around 200 million, with Paytm having a user base of 105 million, followed by Mobikwik (25 million), Citrus (17 million) and Oxigen (10 million), industry experts say. Says Nitin Misra, vicepresident of Paytm, "In India, majority of customers experience internet for the first time on their mobile, and that's not different from our experience at Paytm. Paytm sees over 80 per cent transactions happening on the app. Having said that, we'll be wherever customers are."

At present, 40-50 per cent of transactions are from Tier-II and Tier-III towns, industry experts say, adding that the nature and size of usage (on the app) may vary between big cities and small towns. Over the years, the purpose of transactions on the mobile payment app has also undergone a change, with these being used in 2001 mainly for mobile recharge or bill payments, to now for taxi services, airline tickets, ordering food and booking movie tickets.

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The key to rapid acceleration of mobile payment app adoption is to make the payment process simple for the consumer. Says Prashant Singh, MD, Nielsen India, "The growth of cashless **economy** has been due to acceptability — the trust that users have in this technology, convenience or ease of use and **convergence** — where the user can do a lot more than just transacting through the app. The growth in mobile payment app popularity hence reflects the ease of payment and tight integration with popular services (eg taxi hire, bill payments, hyperlocal grocery shopping, etc). This growth should only continue as more and more services adopt these payment methods."

The most popular mobile payment apps in terms of time spent are those that provide services over and above pure payment like mobile recharging, ability to book movie tickets, shopping and travel. This ability to "multitask" creates a 'sticky' factor with users, the research says.

However, the stickiness to mobile payment apps is fairly low with only about a quarter of installers continuing to use them after three months.

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