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FinTech Playbook | P2M Payments

The financial services universe is at the epicentre of all-round disruption risk even as the intersection between incumbents and FinTech challengers simultaneously throws up challenges and opportunities. The FinTech Playbook is our attempt at finding credible answers to some of the most pressing questions that investors are faced with. We launch the FinTech Playbook series with our curtain-raiser on P2M Payments

INSTITUTIONAL RESEARCH

FinTech Playbook

P2M Payments | Surging pool, dwindling yields

P2M payments, the "commercially relevant pool" for payment entities, are poised for a ~29% CAGR to US$1.1trn by 2025 on the back of improving merchant penetration (offline and e-commerce) and increasing propensity for cashless payments. Mobile P2M payments, with low MDR, are rapidly emerging as the preferred mode of payments in this growing segment (UPI P2M spends now higher than debit/credit card spends). The mature FinTechs are approaching a critical mass, allowing them to top up their "cash cow" payments offering with other solutions (credit, MF, insurance etc.). With the rising share of mobile P2M payments, banks, with a dominant share (~80%) of the legacy "card-based" MDR pool and a high dependence on cards and payments fees (~25% of total fees), are likely to face significant compression in fee yields. Our analysis suggests that the aggregate payment fee pool is likely to grow at a slower pace (~14% CAGR) to ~INR 0.4trn, with the share of incumbent banks drifting to ~65%.

- **P2M payments getting "DIGIFIED", to grow to US$1.1trn by 2025:** Retail payments to merchants (P2M), the "commercially relevant pool" for payment entities, are expected to witness a ~29% CAGR to US$1.1trn by 2025 on the back of improving offline merchant penetration (~20%) and e-commerce penetration and rising propensity for cashless payments.
- **Mobile spends to emerge as dominant form for P2M payments:** Catalysed by innovation in low-cost payment methods, improving Internet and smartphone penetration, policy push and massive investments by FinTechs/BigTechs, mobile payments (non-cards) are emerging as the dominant force in P2M payments. Already, on an incremental basis (Dec'20), UPI P2M spends (29% of digital P2M payments) exceeded credit/debit card swipes individually and are expected to account for >50% of digital P2M payments by 2025, resulting in a significant compression in fee yields.
- **Payment fee yields to halve by 2025; more at stake for banks:** The banking system currently derives ~25% of its fee income from cards and payments-related businesses, benefiting from the lion's share (~80%) of the card-based MDR pool accruing to banks. With the rising share of low-yielding UPI (29%) and debit card spends (28%) in P2M payments, we expect fee yields for banks (2019: ~94bps) to halve by 2025. Beyond this fee contribution, payments also offer banks profit pools from super-normal NIMs (~17%) in the credit cards portfolio and merchant business (float and lending).
- **US$1.1trn payments mere tablestakes; FinTechs looking beyond**: Heavy investments by FinTechs and BigTechs in the payments ecosystem have enabled them to approach a critical mass, reflecting in improving unit economics (30-50% reduction in breakeven time). This offers FinTechs a "right-to-win" and a valuable cash cow to top up their payments offering with other banking services such as checkout financing solutions (BNPL), WC loans, distribution of MFs and insurance policies and VAS to merchants (inventory and payroll management etc.).
- **Identifying a best-in-class payments franchise:** We construct an industry-first, proprietary HSIE-P2M Dashboard anchored on the four pillars of scale, tech reliability, transaction frequency and cross-sell intensity. We compare banks with a meaningful share in the payments landscape on a cross-section of parameters across these four dimensions. Pages 24-25 capture a detailed analysis of our findings from this exercise.

DID YOU KNOW?

- *UPI P2M spends (INR682bn) exceeded credit card swipes (INR635bn) and debit card spends (INR647bn) in Dec'20*
- *Over 1/4th of fee income for banks comes from cards & payments-related business*
- *A mid-sized private bank derives over 2/3rd of its fee income just from credit cards*
- *A few FinTechs have begun to become profitable just from Payments business, despite all the "cash-burn"*
- *Total UPI QR code-based merchants stands at whopping ~75mn (Dec'20)*
- *RuPay now has ~16% market share in value spends in cards ecosystem*
- *Larger banks fare better than smaller banks in our proprietary HSIE-P2M framework*

Krishnan ASV
venkata.krishnan@hdfcsec.com
+91-22-6171-7328

Deepak Shinde
deepak.shinde@hdfcsec.com
+91-22-6171-7323

Aakash Dattani
aakash.dattani@hdfcsec.com
+91-22-6171-7337

Punit Bahlani
punit.bahlani@hdfcsec.com
+91-22-6171-7354

Sahej Mittal
sahej.mittal@hdfcsec.com
+91-22-6171-7325

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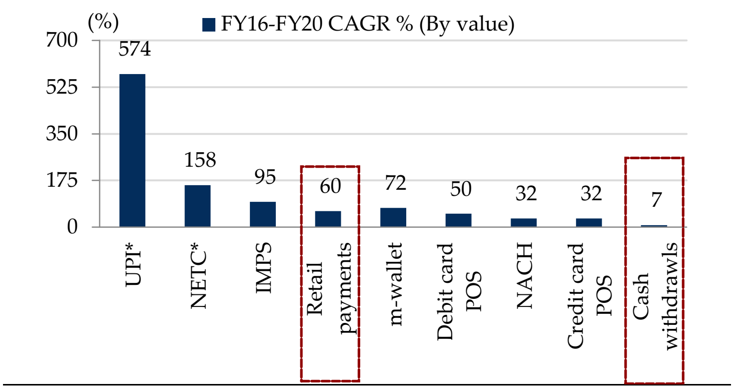
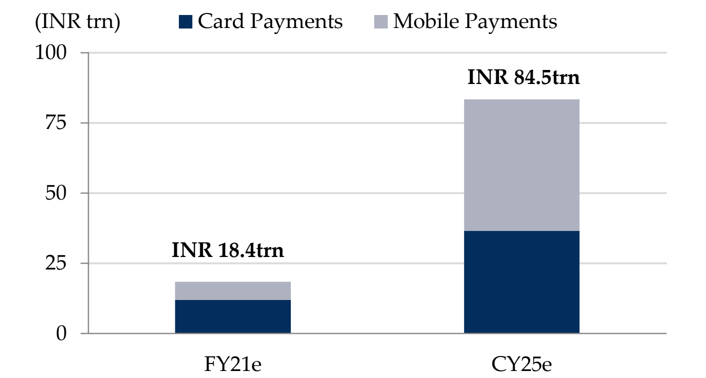
Exhibit 1: Digital payments have exploded during FY16-FY20…



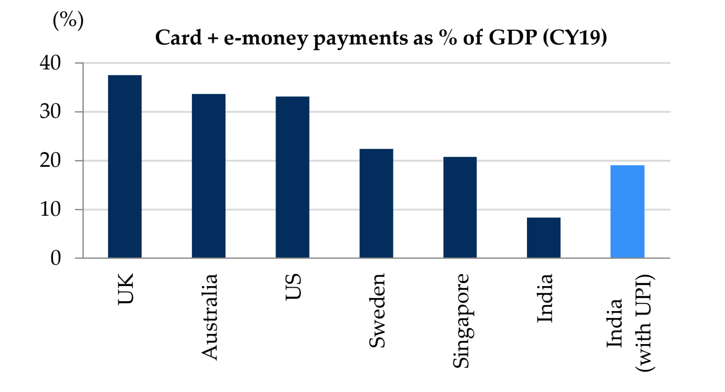
Source: RBI, NPCI, HSIE Research | *Note*: UPI and NETC data available from FY17 onwards*

Exhibit 2: ..and poised to become 4x by 2025…



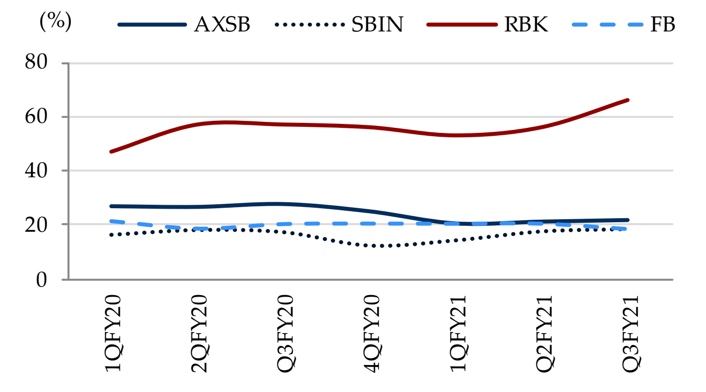
Note: RBI, NPCI, DAI-Deloitte, HSIE Research

Exhibit 3: …as the digital penetration is low compared to global peers



Source: RBI, BIS, HSIE Research

Exhibit 4: Banks derive ~20-60% of their fee income from cards and payments business



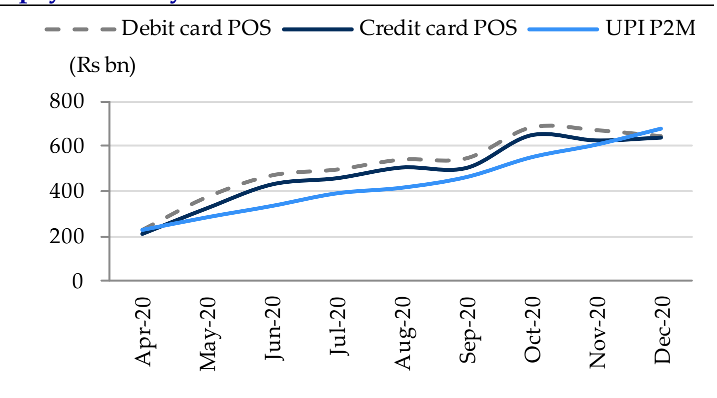
Source: Company, HSIE Research | *Retail card fee income for AXSB; SBICards fee income only considered for SBIN; Only credit card fees for RBK*

Exhibit 5: Spends-based payment fee yields to witness compression going forward…

Spends-based Fee pool (INR bn)	2019	2025e	CAGR
P2M Spends			
Credit cards	7,130	17,663	16%
Debit cards	6,805	19,438	19%
Net banking	1,670	4,226	17%
m-wallets	927	85	-33%
UPI	1,840	43,101	69%
Total	**18,372**	**84,512**	**29%**
Fee Pool			
Credit cards	123	261	13%
Debit cards	23	38	9%
Net banking	17	42	17%
m-wallets	9	1	-33%
UPI	0	43	NA
Total	**172**	**386**	**14%**
Average Spends-based fee yield (bps)	**94**	**46**	

Source: RBI, NPCI, HSIE Research

Exhibit 6: …as low-cost mobile payments overtake card payments (by value)



Source: RBI, NPCI, HSIE Research

Exhibit 7: HSIE-P2M Dashboard

	CY20	Units	AXSB	ICICIBC	IIB	KMB	RBK	YES	SBIN*	PayTM	Industry
Scale	CC spend market share	%	8.8	13.8	3.8	2.7	4.7	0.9	19.4	0.0	
	DC spend market share	%	7.0	9.4	0.8	2.5	0.1	0.6	29.4	0.4	
	UPI Volume market share - remitter bank	%	6.9	5.0	0.5	2.2	0.0	0.8	21.2	5.4	
	# (POS + BharatQR terminals) per 100 cards	x	2.3	1.8	2.3	0.3	0.0	6.7	0.4	0.3	0.9
Technology reliability**	UPI TD - Remitter bank	%	0.5	0.2	0.7	1.0	NA	0.4	2.8	0.1	
	UPI Debit Reversal success - Remitter bank	%	66.4	86.3	76.1	80.5	NA	83.7	81.3	92.6	
	UPI TD - Beneficiary bank	%	0.1	0.2	0.3	0.3	NA	0.1	2.1	0.0	
Digital transaction frequency	Credit card - Monthly spends per card	INR'000	6.6	7.6	14.0	5.9	9.0	5.6	9.2	NA	8.8
	Debit card - Monthly spends per card	INR'000	1.6	1.1	0.8	0.9	0.7	1.0	0.5	0.4	0.6
	# transactions per credit card (annual)	x	22.3	30.5	26.1	22.6	30.6	22.0	32.5	NA	31.1
	# transactions per debit card (annual)	x	10.5	7.4	5.1	6.9	5.9	7.6	4.4	0.5	5.0
	# UPI transactions per account (annual)***	x	12.7	6.5	7.2	9.2	NA	15.4	7.0	29.4	7.7
Cross-sell intensity	# Credit cards / # Debit cards	x	0.30	0.22	0.24	0.14	2.40	0.27	0.04	NA	0.07
	Loans per CC	INR'000	23.1	17.4	34.7	19.4	43.2	NA	22.4	NA	22.5
	Self-funding ratio	%	35	42	32	54	25	13	15	NA	

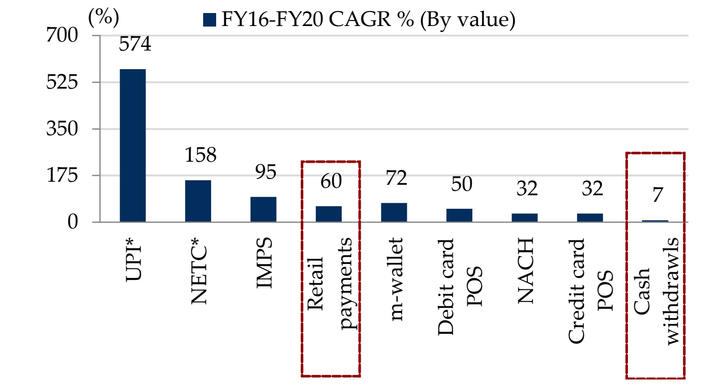
Source: RBI, NPCI, Company, HSIE Research |Note: * SBI Cards for the credit card portfolio; ** Simple average for Jan'20 to Dec'20; *** Number of debit cards used as proxy for number of savings accounts, Please refer to Page 24-25 for our detailed insights into this proprietory dashboard

Digital payments | Changing dynamics

- **Digital India - strong beginning:** Digital payments in India have taken off in a stupendous manner (~60% CAGR during FY16-FY20), driven largely by technological innovation, improving Internet, smartphone and banking penetration, and policy push for low-cost payments (RuPay, UPI etc). The surge has also been enabled by two outlier events - demonetisation (2016) and COVID (2020) - nudging people onto the digital platform. Retail P2P and P2M payments have witnessed a significant surge in volumes and value with improving acceptance from customers as well as merchants.

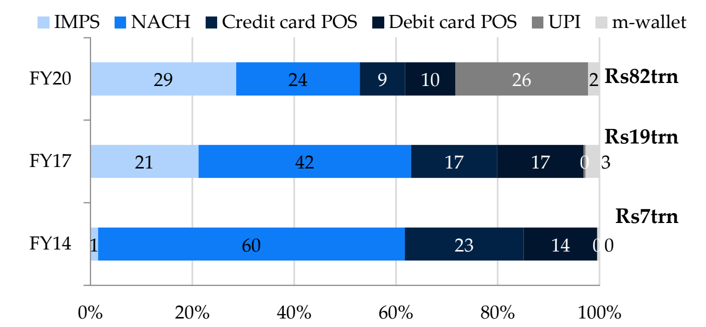
  While almost all forms of payments have exhibited strong growth during FY16-FY20, UPI has been a major outlier in becoming the most preferred mode of payment (both P2P and P2M), largely on account of customer and merchant convenience and extremely low TAT in deploying the issuance and acceptance infrastructure.

Exhibit 8: Surge in digital payments



Source: RBI, NPCI, HSIE Research | *Note: UPI and NETC data available from FY17 onwards*

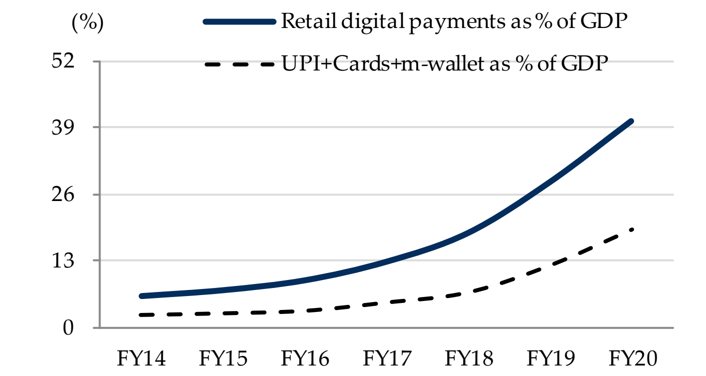
Exhibit 9: Shifting value market share trends



Source: RBI, NPCI, HSIE Research

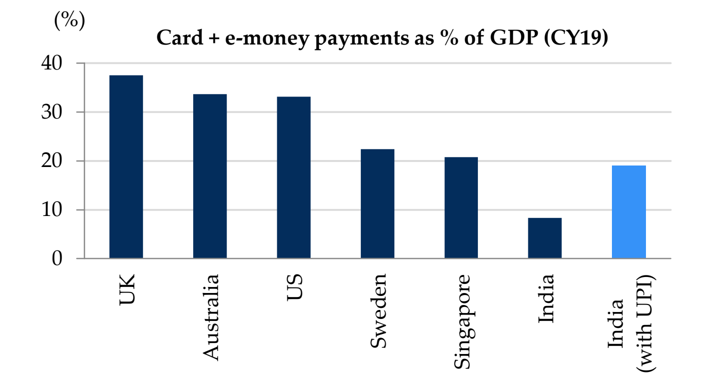
- **Digital penetration improving; still a long way to go:** While India's digital penetration in terms of spends as a percentage (%) of GDP has significantly improved, compared to global peers, it has a long way to go. Retail payments (Cards + UPI + m-wallets) as % of GDP have improved from ~2% in FY14 to ~19% in FY20 (and the trend continues). However, retail digital payments (cards+e-money) as % of GDP are well below global peers such as the US, UK, Singapore etc. Interestingly, introduction of UPI as a form of retail P2P and P2M payments has evened the field on digital penetration (Exhibit 11).

Exhibit 10: Digital payments share improving



Source: RBI, NPCI, HSIE Research | *Retail digital payments include credit and debit cards, IMPS, NACH, UPI, m-wallets and NETC*

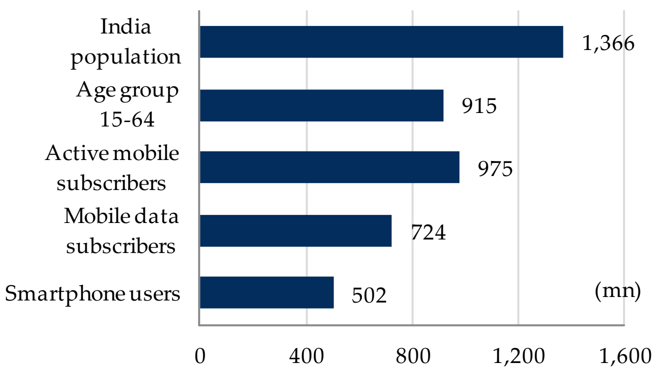
Exhibit 11: Digital payments as % of GDP (CY19)



Source: NPCI, BIS RedBook 2019, HSIE Research | *Digital payments include cards (Credit, debit, prepaid) and e-money*

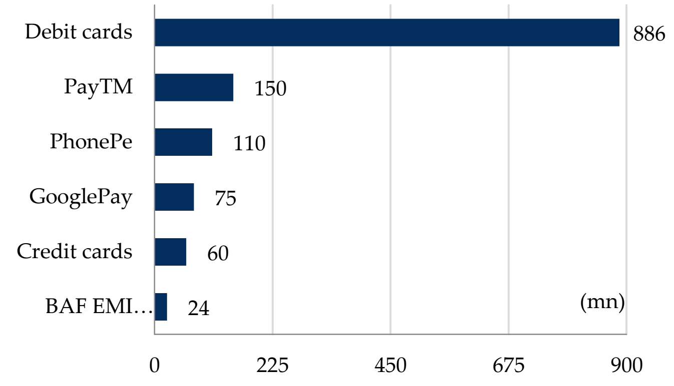
- **Enablers on both sides of payments providing necessary thrust:** Technological innovation, government push for low-cost payments, and the evolving role of banks and FinTechs have led to a sharp improvement in payments infrastructure on the issuance as well as acceptance side. Rising smartphone and Internet penetration, along with Jan Dhan Yojana, has improved the issuance penetration (~886mn debit cards, ~724 mobile data subscribers and ~502mn smartphones). Low-cost POS terminals and QR code-based UPI payments have aided in improving the acceptance infrastructure (Exhibit 14). While it took over a decade to increase the number of POS terminals from 0.5mn to 5mn, there are already 3.2mn BharatQR and over 75mn UPI QR code terminals in the country (as on Dec'2020) within a short span of four years (albeit with redundant and inactive terminals).

Exhibit 12: Enablers for issuance side penetration



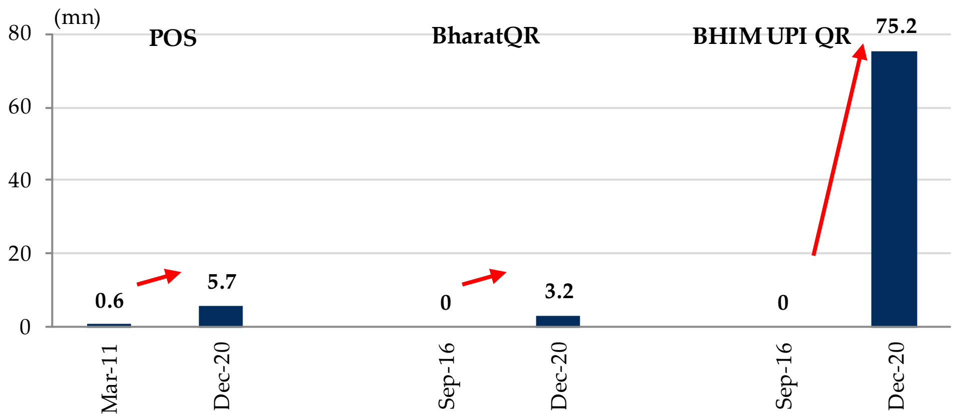
Source: World Bank 2019, TRAI, techARC, HSIE Research | *Population Data as on Dec'2019; Mobile data subscribers data as on Dec'2020; Smartphones data as on Dec'2019*

Exhibit 13: Debit card penetration highest; credit cards least



Source: RBI, Company, Industry, HSIE Research | *Data as on Dec'2020; PhonePe and PayTM data as on Jan'2021; GooglePay as on May'2020; Active users data for FinTechs*

Exhibit 14: Proliferation in acceptance infrastructure

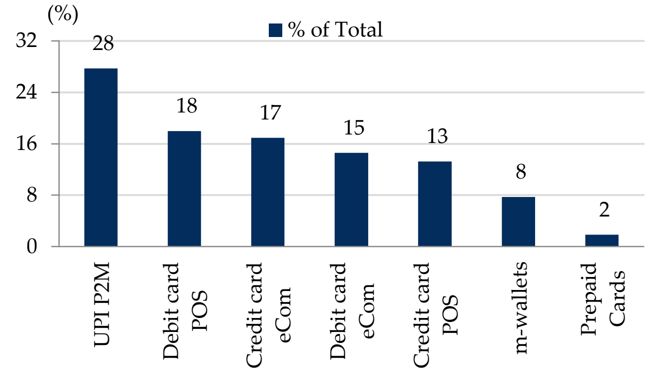


Source: RBI, HSIE Research

- **UPI P2M now bigger than credit card and debit card spends:** The rapid pace of adoption of mobile-based UPI payments infrastructure (on issuance as well as acceptance front) has made it a credible alternative and formidable threat to the cards-based payment ecosystem. UPI is now the leading form of retail merchant payments (P2M) by value as well as volume, surpassing both credit cards and debit cards. One also needs to be cognizant of the fact that a lot of UPI P2M payments are disguised as P2P payments (payments to small vendors and doctors). UPI P2M has gradually picked up from a low single-digit proportion of total UPI payments to ~16% of total UPI payments by value.

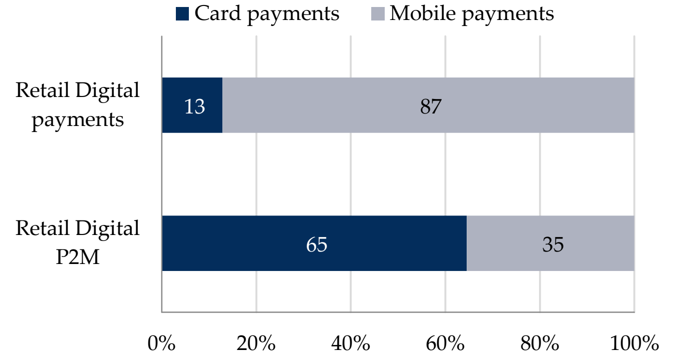
  Mobile P2M payments refer to payments made to merchants through UPI (offline/online), m-wallets or net banking, which bypass card networks such as VISA/MasterCard, American Express, etc. Retail Mobile payments refer to P2P payment modes such as IMPS, NACH, NETC, along with Mobile P2M payments and card payments (debit card/credit card/prepaid card).

Exhibit 15: Digital P2M payments in India (9MFY21)



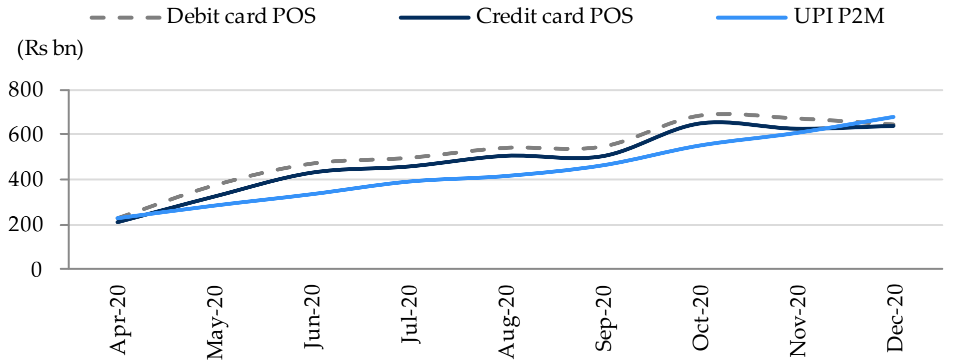
Source: RBI, NPCI, HSIE Research | *Note: Data Excludes Netbanking*

Exhibit 16: Mobile payments market share (9MFY21)



Source: RBI, NPCI, HSIE Research | *Note: Data Excludes Netbanking*

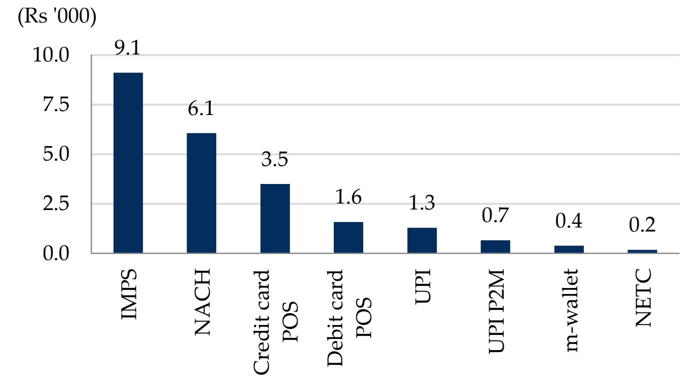
Exhibit 17: UPI P2M payments exceed debit card and credit card spends (by value)



Source: RBI, NPCI, HSIE Research

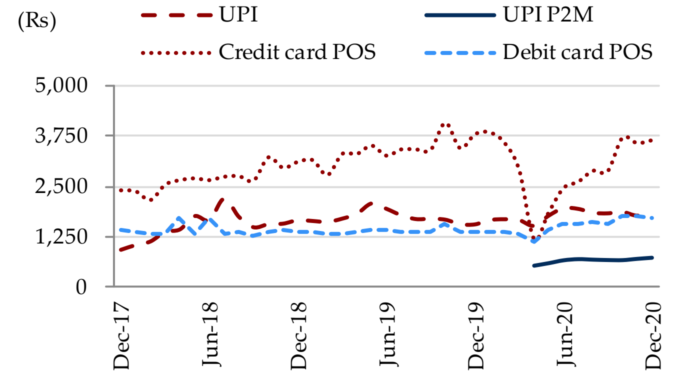
- **Distinct use cases for UPI and Card swipes**: The average ticket size for credit card swipes is almost twice that of UPI payments and ~4x that of UPI P2M payments. This suggests that UPI is preferred for small-ticket P2M payments such as mobile recharges, utility bills, etc., whereas credit cards continue to be favoured for large-ticket purchases.

Exhibit 18: Average ticket size (9MFY21)



Source: RBI, NPCI, HSIE Research

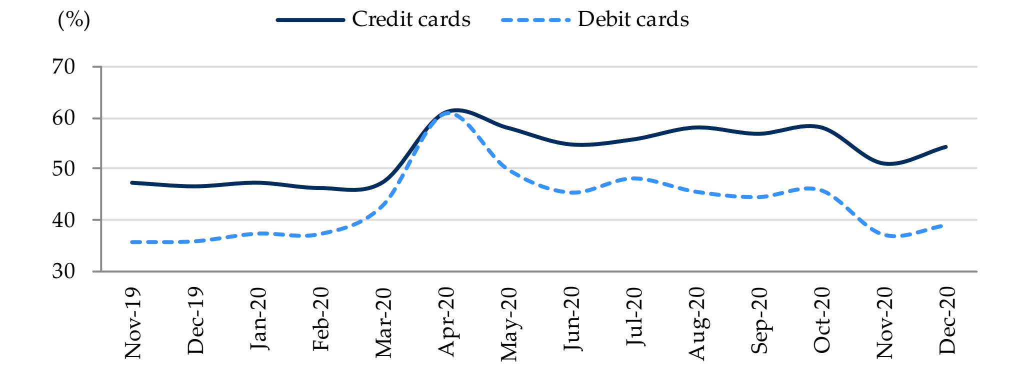
Exhibit 19: UPI vs card payments – significant differential in average ticket size



Source: RBI, NPCI, HSIE Research

- **Card spends well distributed over online and offline channels**: Debit and credit cards usage is well distributed over offline (POS terminals) and online (Payment gateway) channels. However, credit card spends are higher on online channels, compared to debit cards.

Exhibit 20: e-Com spends as % of total spends (POS + e-Com)



Source: RBI, HSIE Research

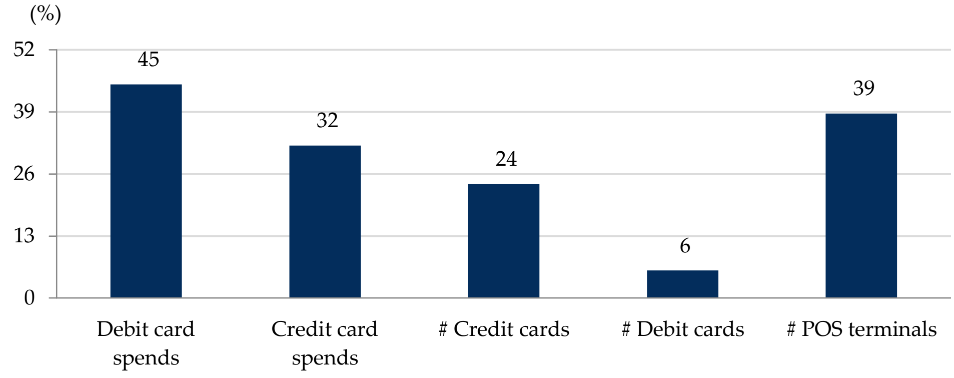
- **Credit cards - highly profitable business tapped, mostly by large banks**: Credit cards, as a payment and lending product, have been a highly profitable business for domestic banks with sufficient scale. The segment has been dominated by the top 5 players with >80% market share in terms of spends, CIF (cards-in-force) and outstanding receivables.

Exhibit 21: Cards-based ecosystem in India

(Dec'20)	Market Share (%)				Monthly Spends/card (Rs.)		Loans per Credit card (Rs.)	Loans/ Monthly Spends (x)
	# Credit cards	# Debit cards	# POS terminals	# Bharat QR	Credit cards	Debit cards		
HDFCB	25.3	4.0	15.5	11.5	10,736	2,068	41,370	3.9
SBIN	19.0	33.2	12.5	13.0	9,208	550	22,410	2.4
ICICIBC	16.4	5.1	9.6	13.6	7,639	1,099	17,417	2.3
AXSB	11.4	2.6	9.4	5.1	6,573	1,560	23,130	3.5
KMB	3.9	1.9	0.6	0.4	5,926	875	19,449	3.3
IIB	2.5	0.7	2.2	1.8	13,998	760	34,727	2.5
YES	1.4	0.4	1.0	6.6	5,629	1,049	NA	NA
BOB	0.9	7.1	0.9	0.2	4,808	385	NA	NA
RBK	4.7	0.1	0.0	0.0	8,997	700	43,232	4.8
Industry	**100.0**	**100.0**	**100.0**	**100.0**	**8,825**	**626**	**22,534**	**2.6**

Source: RBI, Company, HSIE Research | *Note: Monthly spends/card for CY20 | *SBI Cards and Payment Services loan book in case of SBIN*

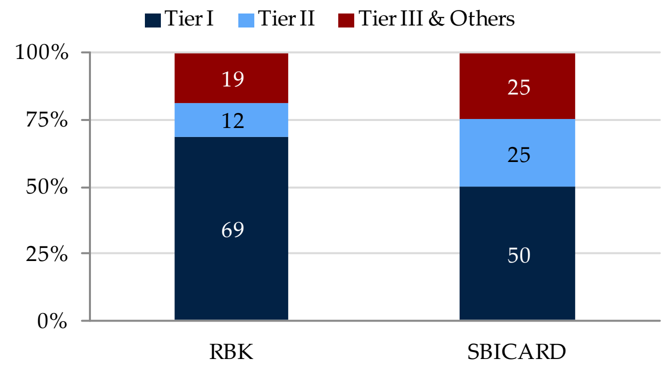
Exhibit 22: Growth trends in the card ecosystem (FY16-FY20 CAGR)



Source: RBI, HSIE Research

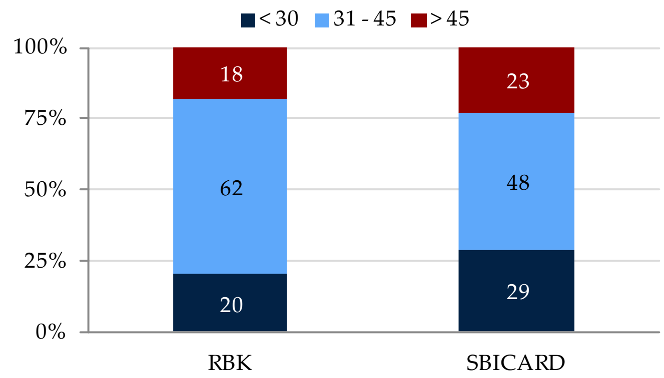
- **Digital payments no longer a metro phenomenon**: Retail digital P2M payments have traversed beyond the metro cities to Tier II and Tier III cities as well. As per Payment gateway RazorPay (a leading Payment gateway in India that processed online payments of over US$30bn in 2020), over 50% of its traffic was from Tier II and Tier III cities. While debit card ownership has been largely ubiquitous, credit card ownership has also penetrated into Tier II and Tier III cities. For instance, ~50% of credit card users for SBI Cards were from non-Tier I cities (~30% for RBL Bank).

Exhibit 23: ~30-50% of credit cards from Tier II/III cities



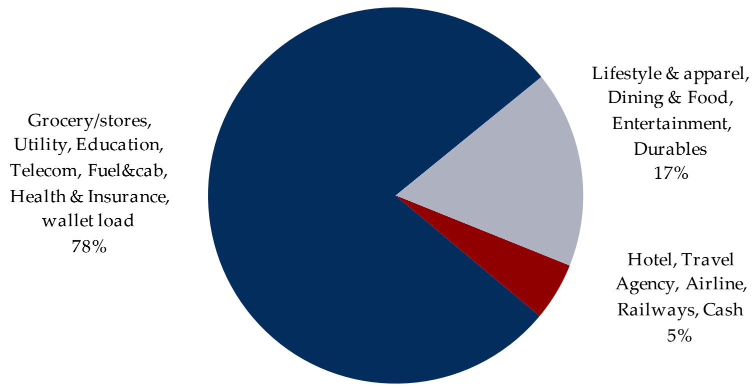
Source: Company, HSIE Research | *Note: Data as on Dec'2020*

Exhibit 24: ~20-30% of credit card userbase < 30 years



Source: Company, HSIE Research | *Note: Data as on Dec'2020*

Exhibit 25: Spends categories - RBL Bank's credit card portfolio by value -Dec'2020



Source: Company, HSIE Research

- **FinTech innovation bringing India at par with global peers:** Low-cost payments growth (RuPay/UPI/BharatQR etc.) has aided in closing the gap with global peers in terms of payments infrastructure and digital payments. While India still lags based on traditional credit cards/debit cards (issuance) and POS terminal (acceptance) penetration, low-cost alternatives such as RuPay Cards, UPI and BHIM/Bharat QR codes have improved the customer as well as merchant penetration.

Exhibit 26: Payments infrastructure lagging from cards perspective..

(CY19)	GDP per capita	Cards per capita	POS Terminals per capita	Terminals per 100 cards	Spends as % of GDP
Units	USD	x	x	x	%
Brazil	8,756	NA	0.05	1.9	25.1
France	41,860	1.5	0.03	2.1	25.1
India	2,154	1.4	0.00	0.3	8.4
Indonesia	4,176	2.6	0.00	0.2	5.1
Korea	31,821	6.1	NA	NA	47.6
Russia	11,586	3.7	0.02	0.5	59.2
Singapore	65,220	12.3	0.05	0.4	20.8
South Africa	6,125	0.9	0.01	1.0	25.7
UK	42,284	2.6	0.05	1.7	37.5
USA	66,064	4.3	0.21	4.8	33.2

Source: BIS, HSIE Research

Exhibit 27:..however at par with global peers with UPI-based payments proliferation

(CY19)	GDP per capita	Cards per capita	Acceptance terminals per capita	Acceptance Terminals per 100 cards	Spends as % of GDP
Units	USD	x	x	x	%
Brazil	8,756	NA	0.05	1.9	25.1
France	41,860	1.5	0.03	2.1	25.1
India	2,154	1.4	0.05	4.0	19.1
Indonesia	4,176	2.6	0.00	0.2	5.1
Korea	31,821	6.1	NA	NA	47.6
Russia	11,586	3.7	0.02	0.5	59.2
Singapore	65,220	12.3	0.05	0.4	20.8
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UK	42,284	2.6	0.05	1.7	37.5
USA	66,064	4.3	0.21	4.8	33.2

Source: BIS, RBI, NPCI, HSIE Research | *Note: Acceptance terminals include POS terminals as well as UPI QR-code terminals; Spends include credit cards, debit card, prepaid cards, e-money and UPI spends*

Banks | Moats around traditional fee pool diminishing?

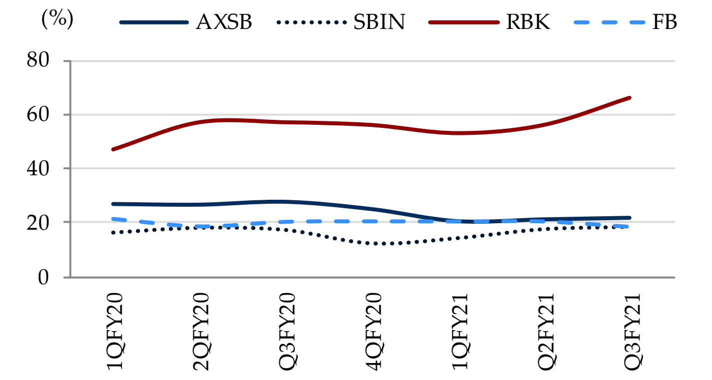
- **Payments - a substantial fee pool for banks:** Our segment-wise analysis suggests that banks currently derive ~25% of the total fee income from cards and payment-related businesses. The number ranges from RBL Bank at ~66% and HDFC Bank at ~37% to banks with no credit card portfolio at sub-20%. The high contribution from this segment is driven by the fact that banks benefit from a lion's share (~80%) of the card-based MDR pool, either as issuers or acquirers, while the fees from non-card-based payments such as UPI is negligible.

Exhibit 28: ~25% of fee income from payments business for Banking system

	(FY20)	Metric	Value	Fee Income (INR bn)	Fee driver
Spends-based	Credit card POS/ecom	Spends (INR bn)	7,322	124	1.7% of spends (Issuer+Acquirer)
	Debit card POS/ecom (ex RuPay)	Spends (INR bn)	5,231	24	0.45% of spends (Issuer+Acquirer)
	Net banking	Spends (INR bn)	1,915	19	Assuming 10% of P2M as netbanking; 1% fees
	IMPS	Volume (bn)	3	9	Assuming 70% paid transactions; INR 5 per transaction
	NEFT/RTGS	Volume (bn)	2.9	18	Assuming 25% offline; INR 25 per transaction
Non-spends based	Credit card subscription fee	No of cards (mn)	58	20	Assuming 50% are paid cards; INR 750 per card
	Debit card maintenance fee	No of cards (mn)	829	26	Assuming 20% are paid cards; INR 150 per card
	Others (Late fees, replacement charges, EMI loan processing etc)			36	Assuming 15% of other fees
	Total payments-related Fee income			276	
	Fee income for Banks (Standalone)			1,049	
	Fee income for Banks (Standalone) + SBICards			1,093	
	% of Total Fee income			**25**	

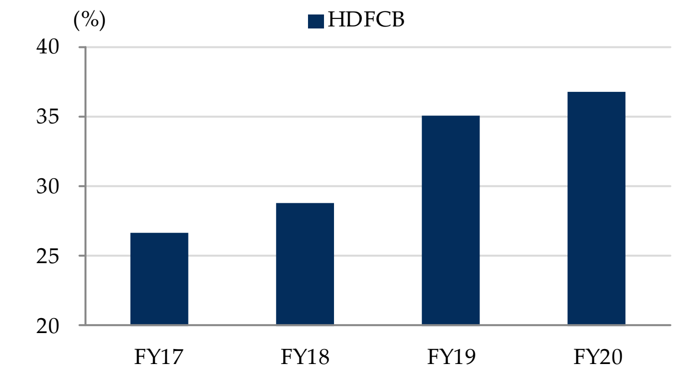
Source: RBI, NPCI, HSIE Research | *Includes P2P and P2M payments and non-spends-based fees*

Exhibit 29: Cards-related fee income for banks



Source: Company, HSIE Research | *Note: Only Retail cards income for AXSB; Only SBI Cards fee income considered for SBIN; Only credit cards income for RBK*

Exhibit 30: HDFCB: >35% of fee from cards/payments



Source: Company, HSIE Research

- **Credit cards remain the largest driver and most profitable business:** Credit card remains the largest profit pool for banks in the payments business. On the back of investments in issuance (credit / debit cards) and acceptance (POS terminals) infrastructure, banks capture a lion's share (~80%) of the MDR pool. As per our analysis based on industry practices, MDR fee constitutes ~68% and ~53% of total payments-related fee income for HDFC Bank and Axis Bank respectively. Other sources such as P2P payments (IMPS etc.) and non-spend-based fees such as subscription fees, instance-based (late fees, cash withdrawals from CC, processing fee for EMI loans etc.) constitute the rest.

The credit card business is a highly profitable business for banks with sufficient economies of scale. SBI Cards, a pure-play listed credit card issuer (the second-largest issuer), generates ~5-6% ROA, despite heavy investments in the growth phase. With largely similar economics among the card players (except higher leverage per card for banks), our analysis suggests similar profitability dynamics for banks with sizeable credit card portfolio.

Exhibit 31: HDFC Bank's payment fee income: ~2/3rd from interchange fees

Cards and payment business	Metric	Value			Fee Income (INR bn)			% of Total (FY20)
		FY18	FY19	FY20	FY18	FY19	FY20	
Credit card POS	Spends (INR bn)	1,313	1,699	2,109	22.3	28.9	35.9	61
Debit card POS	Spends (INR bn)	585	779	925	2.6	3.5	4.2	7
Credit cards subscription fee	Cards-in-force (mn)	11	12	14	4.6	6.3	8.1	14
Debit card maintenance fee	Cards-in-force (mn)	24	27	32	2.4	3.4	4.8	8
Others (subscription-based, late fee etc.)					2.6	5.0	6.0	10
Total (INR bn)					**34.6**	**47.0**	**58.9**	**100**

Source: RBI, Company, HSIE Research | *Note: We have assumed 1.7% of spends as issuer+acquirer fee; 0.45% of spends for Debit cards; 60% of credit cards pay subscription fee with average of INR 800, 900 and 1,000 in FY18, FY19 and FY20 respectively; 50% of debit card holders pay annual maintenance fee of INR 200, 250 amd 300 in FY18, FY19 and FY20 respectively*

Exhibit 32: Axis Bank's retail card fee income: ~1/2 from interchange fees

Retail cards business	Metric	Value			Fee Income (INR bn)			% of Total (FY20)
		Q3FY20	Q4FY20	Q3FY21	Q3FY20	Q4FY20	Q3FY21	
Credit card POS	Spends (INR bn)	205	182	158	3.5	3.1	2.7	43
Debit card POS	Spends (INR bn)	141	119	139	0.6	0.5	0.6	10
Credit cards subscription fee	Volume (mn)	6.9	7.0	6.9	0.5	0.5	0.6	9
Debit card maintenance fee	Volume (mn)	24.2	24.5	23.1	0.5	0.6	0.7	11
Others (subscription-based, late fee etc.)					2.5	2.5	1.8	28
Total (INR bn)					**7.6**	**7.3**	**6.3**	**100**

Source: RBI, Company, HSIE Research | *Note: We have assumed 1.7% of spends as issuer+acquirer fee; 0.45% of spends for Debit cards; 60% of credit cards pay subscription fee with average of INR 700, 750 and 800 in Q3FY20, Q4FY20 and Q3FY21 respectively; 50% of debit card holders pay annual maintenance fee of INR 225, 260 amd 300 in Q3FY20, Q4FY20 and Q3FY21 respectively*

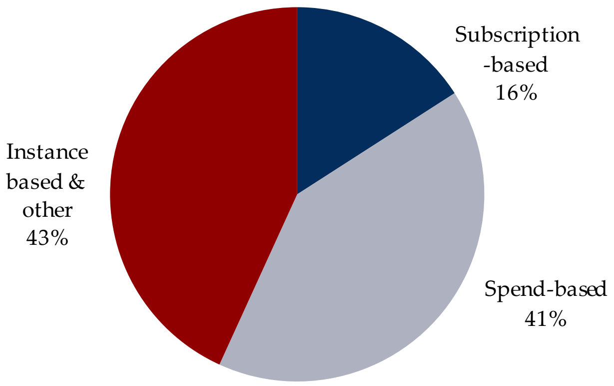
Among large banks with a meaningful presence in the payments business, only HDFC Bank and Axis Bank disclose their fee income from the payments business as a separate line item in their regulatory or statutory filings. Hence, the exercise above is restricted only to these two banks.

Exhibit 33: SBI Cards generating >5% ROA

(% of Avg Assets)	FY17	FY18	FY19	FY20
Interest income	18.9	20.9	20.0	21.3
Interest expense	5.6	5.4	5.7	5.7
Net Interest income	**13.3**	**15.5**	**14.4**	**15.6**
Other income	17.1	19.8	20.8	21.6
Total Income	30.4	35.3	35.1	37.2
Total Operating expenses	20.3	22.3	21.9	21.0
Pre-provisioning profit	10.1	13.0	13.2	16.1
Provisions	3.7	6.1	5.7	8.5
PBT	6.4	7.0	7.5	7.6
Provision for Tax	2.2	2.4	2.6	2.1
ROA	**4.2**	**4.6**	**4.8**	**5.5**

Source: Company, HSIE Research

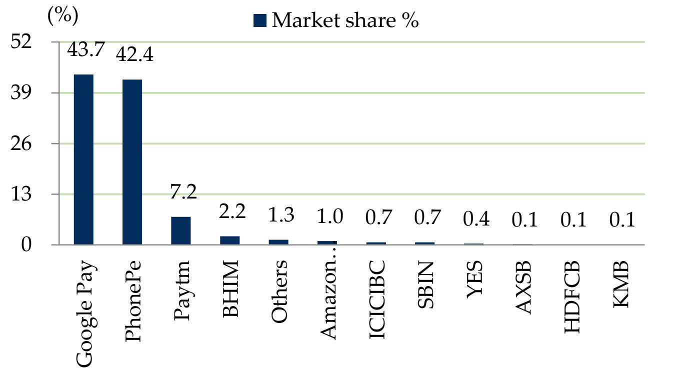
Exhibit 34: SBI Cards fee income split



Source: Company, HSIE Research

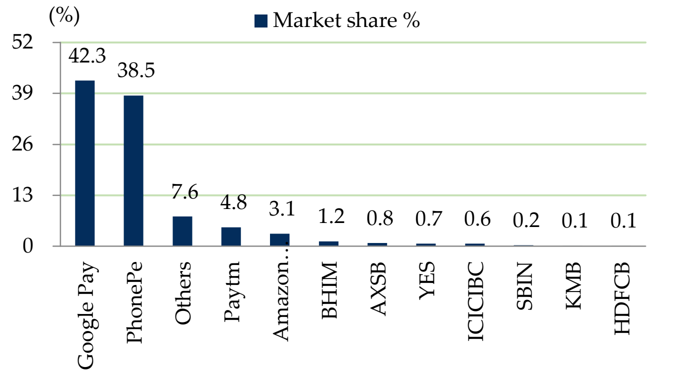
- **Banks lag in mobile P2M payments:** Rising disintermediation in payments has led to stiff competition for banks in the UPI ecosystem. While the payment source and destination (and associated fees) stays with the bank, the customer and merchant acquisition and the user interface are dominated by FinTechs (~98% value market share in UPI payments). Aggressive customer and merchant acquisition by the FinTechs as well as limited visibility of direct revenue streams (significantly low fees compared to credit card MDR) are the likely drivers for the low market share of banks (~2%) in UPI payments.

Exhibit 35: Value market share on UPI apps (CY20)



Source: NPCI, HSIE Research

Exhibit 36: Volume market share on UPI apps (CY20)

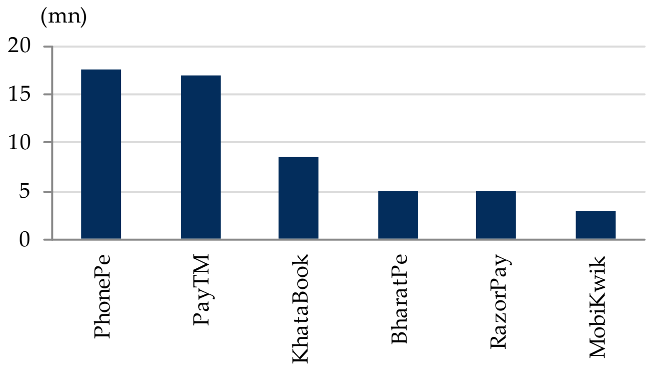


Source: NPCI, HSIE Research

- **Merchant acquisition turbocharged:** The introduction of mobile payments (UPI, m-wallets) based on QR code changed the cost economics for merchants as well as acquirers. QR code terminals involve significantly lower acquisition and maintenance costs and lower TAT compared to POS terminals, allowing easier and faster scalability.

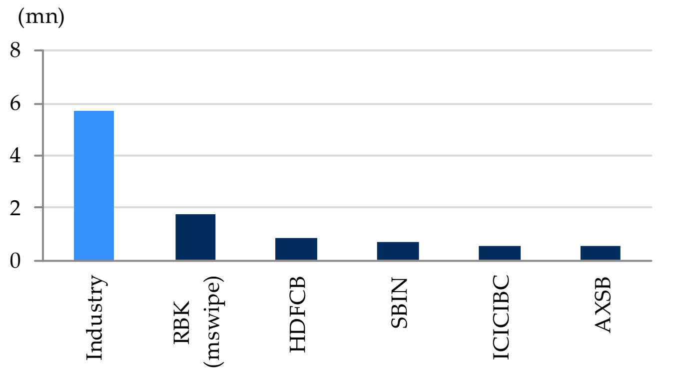
  This scalability is reflected in how PhonePe and Paytm have on-boarded >15mn merchants compared to ~6mn POS terminals with the entire banking industry. However, one needs to be cognizant of the fact that there is a lot of duplication in QR-code terminals in the offline mode. Moreover, the number of active QR-code terminals could be significantly lower than the total number of terminals, reflecting high redundancies.

Exhibit 37: Number of merchants acquired by FinTechs



Source: Industry, HSIE Research | *Data as on Jan'21*

Exhibit 38: POS-based terminals acquired by banks



Source: RBI, HSIE Research | *Data as on Dec'20*

Exhibit 39: POS terminal economics – becoming favourable

(INR unless specified)	FY18	FY19	FY20
Cost of a terminal	10,000	10,000	10,000
Total Operating Costs	**4,130**	**4,170**	**4,298**
Revenue			
Annual spends	2,929,661	3,226,811	3,935,812
Acquiring fee (Paisa)	0.10	0.10	0.10
Total Fee income	**2,930**	**3,227**	**3,936**
Cost to be recovered from Merchant	**1,200**	**943**	**363**

Source: RBI, Industry, HSIE Research

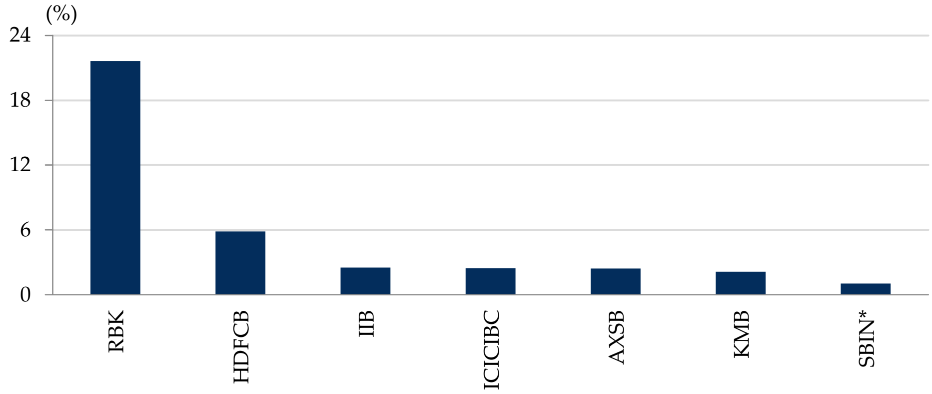
Exhibit 40: POS terminal vs QR code based terminals

	POS terminal	QR-code
Infrastructure required	POS terminal, cards	Smartphone
Setup costs	High	Very low
Maintenance costs	High	Very low
Transaction costs (MDR)	0.4% - ~2%	0%
Settlement period	T+2	Real time

Source: Industry, HSIE Research

- **Payments - more at stake for banks than just a fee pool:** The payments business is critical to incumbents (banks) beyond the lucrative fee pool they generate. On the consumer side, credit card receivables generate super-normal NIMs (average at ~17%) and contribute >5% ROA to the bottom line for banks with sufficient scale. On the merchant side, payments contribute to customer stickiness with a host of cross-sell opportunities such as deposits, credit, insurance etc.

Exhibit 41: Credit cards portfolio as % of overall loan book (Dec'2020)

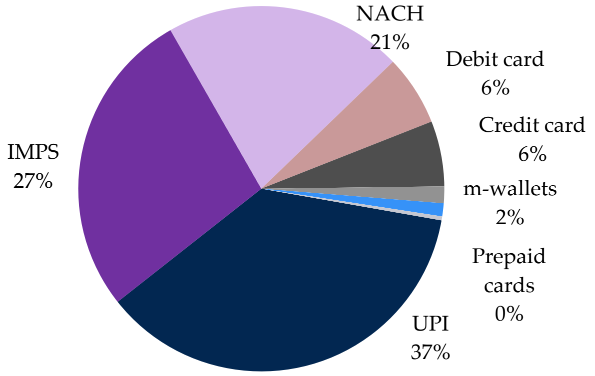


Source: Company, HSIE Research | *Note: SBI Cards and Payment Services taken as proxy for SBIN*

P2M payments | Commerce to chase consumption trends

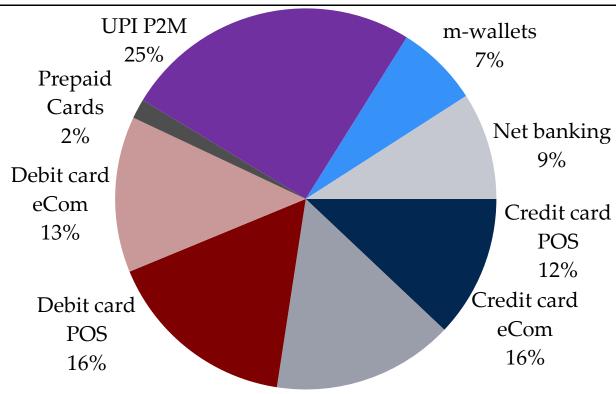
- **P2M payments - the only "commercially relevant" pool:** The Indian payments landscape is increasingly characterised by the IIF model - instant, invisible and free. While it is heartening to see the spectacular off take in all-round digital payments (INR82trn in FY20), further catalysed by the COVID pandemic, we argue that P2M payments (annualized for FY21 at ~INR21trn; ~30% of overall digital payments) are the only commercially relevant piece within the payments pie, especially given the potential lending solution top-ups.

Exhibit 42: Overall digital payments pie – INR74trn (9MFY21)



Source: RBI, NPCI, HSIE Research | *Note: Data excludes netbanking*

Exhibit 43: P2M digital payments pie: ~INR21 trn (FY21e)

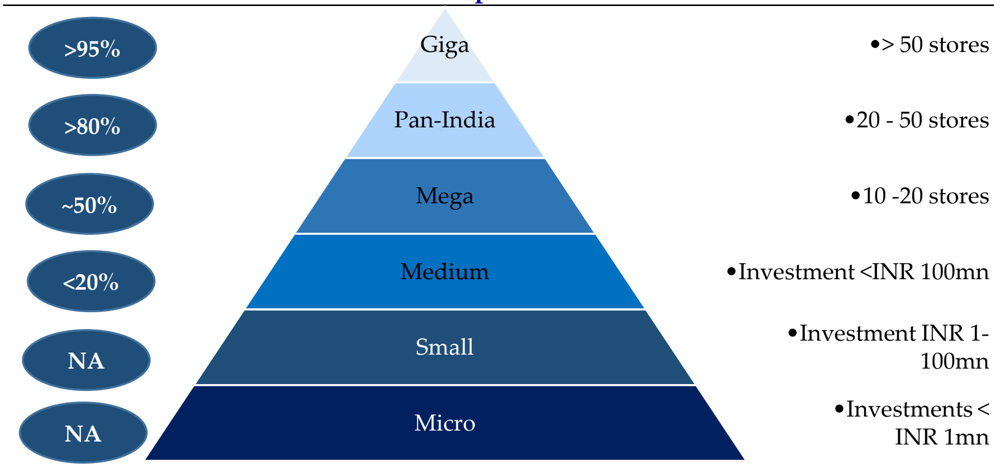


Source: RBI, NPCI, HSIE Research | *Note: Assuming Netbanking at ~10% of total value of other transactions*

There are two sides to a P2M payment transaction - the customer side and the merchant side. Although much of the attention is currently centred on customer acquisition and P2P payments, we believe that the latter will gradually tend to "free" payments. The P2M market is equally polarised with the top-end (mega merchants) being crowded and characterised by hyper competitive intensity and low margins while there co-exists a large, significantly under-penetrated long tail of micro-merchants.

- **Merchant payment acceptance - journey from 12mn to 30mn:** Although consumer adoption of digital payments has witnessed a steady growth over the years, the overall digital payments journey was historically constrained by frictional factors at the merchant-end, especially in the case of the ~60mn "micro-merchants", who account for >90% of the retail transaction market (Exhibit 40).

Exhibit 44: Offline merchants landscape in India



Source: HSIE Research | (oval) denotes the share of nonr-cash transactions as % of total transactions (by value)

As in the case of Internet and commerce, India is a 'mobile-first' country when it comes to payments - hence, we believe that mobile as a form factor will play a significant role in payments, going forward, both on the issuance side and acceptance. The QR code is one such classic application of the 'mobile-first' behaviour on the acceptance side. A lower transaction cost (low MDR) (Exhibit 45) and a pandemic-induced push towards contactless payments have turbocharged merchant adoption of digital modes of payment across categories, thus catalysing digital transaction volumes.

Exhibit 45: RBI proposed MDR rationalisation

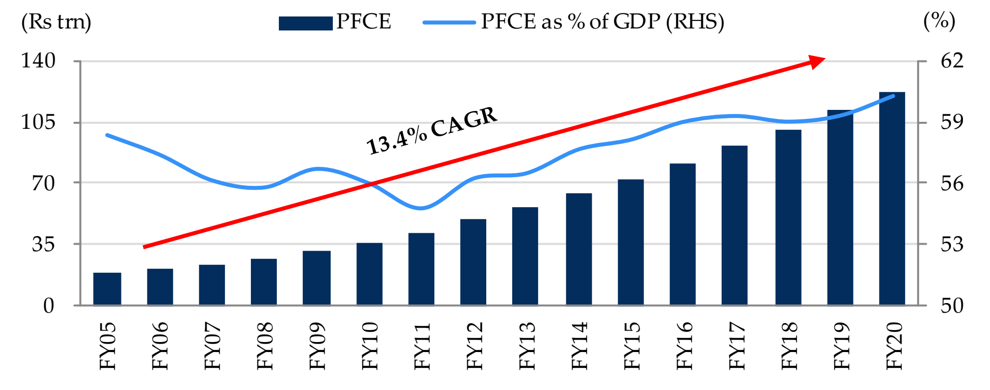
Merchant category	Physical PoS	Digital PoS
Small merchants	0.40%	0.30%
Special category merchants	0.40%	0.30%
All other merchants	0.95%	0.85%
Government transactions	INR5 for transaction value between INR1-1,000 INR10 for transaction value between INR1,001-2,000 MDR not exceeding 0.50% for transactions above INR2,000 with an upper limit of INR250	

Source: RBI, HSIE Research

More importantly, interoperable QR-codes have emerged as a low-cost acceptance option and especially found favour with small and medium-sized merchants in large cities, thus driving a sharp acceleration in merchant adoption. UPI QR installations currently stand at ~75mn, clocking ~1,000mn transactions on a monthly basis (through offline as well as online mode). However, our discussions with leading UPI merchant acquirers suggest two key messages: a) <30% of the merchant universe has so far been adequately digitised; and b) high levels of dormancy and redundancies in the QR-code infrastructure.

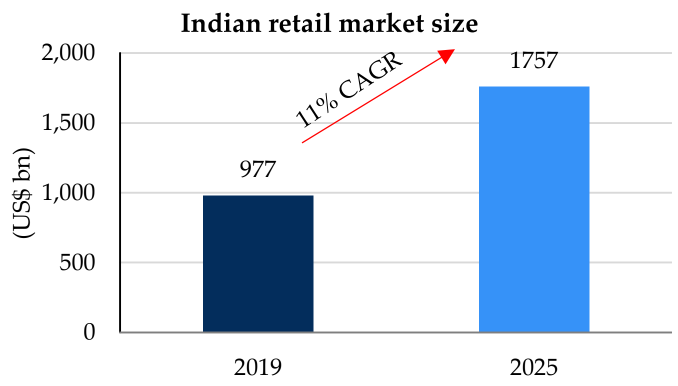
- **Payment patterns in sync with consumption trends:** We draw investor attention to the strong behavioural correlation between consumption and payments. For starters, at sub-USD1trn, India is already the fifth-largest retail market globally, albeit with low organised retail penetration (sub-20%). However, an RAI-Deloitte report suggests that the massive Indian retail opportunity will get far more organised (>30%) and increasingly more online, translating into a US$200bn retail market opportunity (Exhibit 47).

Exhibit 46: Consumption in India – trending upwards



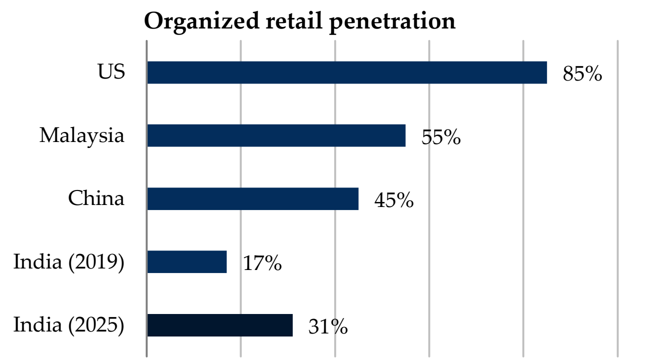
Source: RBI, HSIE Research

Exhibit 47: Indian retail market poised to grow at ~11% CAGR



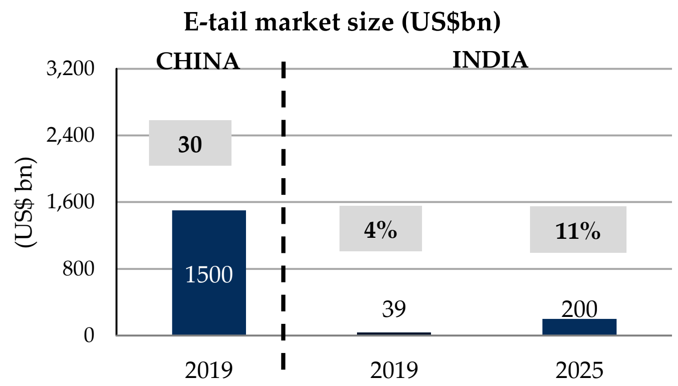
Source: RAI-Deloitte, HSIE Research

Exhibit 48: Organized retail – under-penetrated



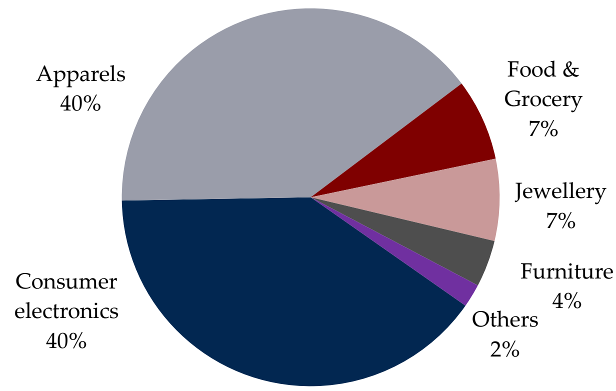
Source: RAI-Deloitte, HSIE Research

Exhibit 49: E-tail penetration – scratching the surface



Source: RAI-Deloitte, HSIE Research

Exhibit 50: e-Commerce spends: Consumer electronics and apparels are the largest categories

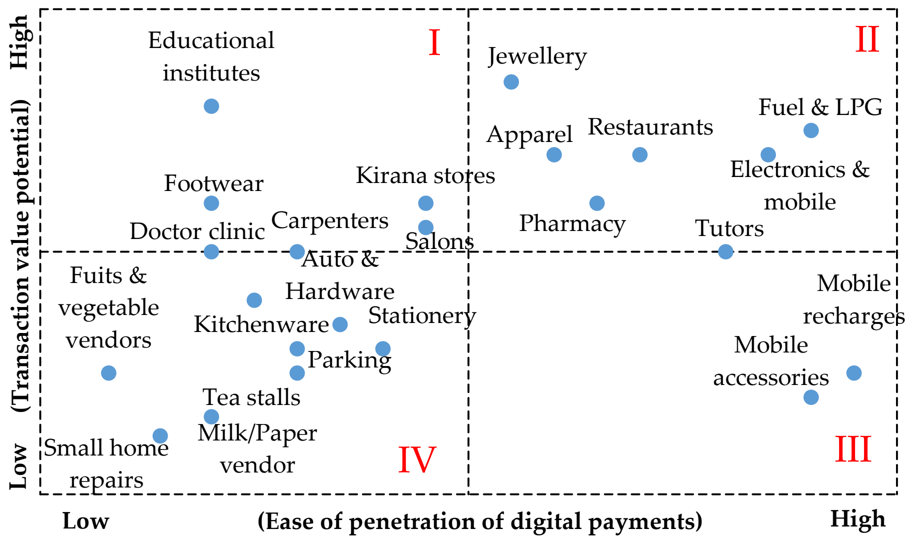


Source: IBEF 2020, HSIE Research

In a recently-published report, Bain India calls out that <20% of India's ~570mn Internet users actually shop online. With an average annual spend of <US$300 (against average per capita income of ~US$ 2,000 in 2019), Bain outlines a massive blue ocean for e-commerce. We believe this correlation is essential to appreciate and understand since e-commerce, as an end-use, dominates most digital payment modes. As the retail battleground shifts online, we believe that payment patterns will follow suit.

- **Massive runway for mobile payments:** With only ~20% of offline merchants adequately digitized, there exists a massive runway for improving digital penetration. The categories of merchants could be classified based on the value of each transaction and on the ease of penetration of digital payments in each category. Categories in Quadrant II are largely penetrated in top-tier cities, with some headroom for penetration in Tier II & below cities. These are typically high ticket transactions and ideally suited for physical POS terminals (high breakeven levels), with the target customer segment largely carded (credit/debit cards). Whereas, Quadrant IV constitutes low-ticket daily-frequency transactions, where on-boarding the merchant is not so straightforward. Low-cost payment modes such as UPI/QR code are suited for acquiring such merchants (very low breakeven levels).

Exhibit 51: Merchants payments landscape



Source: Bain & Co., HSIE Research

Newly-acquired micro-merchants are typically digitised using the free-to-deploy QR codes followed by a steady and gradual migration to fixed, hybrid and / or completely-variable pricing models. Our ground-level checks suggest that the new generation of FinTech merchant acquirers are gradually moving away from the MDR-pricing regime and adopting annuity models instead.

In fact, our assessment of the current merchant ecosystem suggests the following prevailing pricing models around the merchant digitisation journey. At least in the larger cities, we have observed that the QR-code is usually distributed free to roadside vendors to get such small shops used to digital payments.

Exhibit 52: Merchant digitisation - prevailing business models

Pricing models	MDR	Capital cost	Monthly rental
Giga merchants & Mega merchants	Medium	Free	Free
Medium-sized merchants	High	Medium	Free
Smaller merchants	Free	High	High
Roadside vendors	Free	Free	Free

Source: HSIE Research

P2M payments | US$1.1trn market up for grabs

- **P2M payments - burgeoning opportunity:** Total addressable market (TAM) for P2M payments is estimated to be INR85trn by 2025 (FY21e: INR21-23trn), based on a combination of industry and demographic assumptions. The Indian retail market is expected to grow at ~10%, in-line with the nominal GDP growth. With ~20% of offline merchants adequately "digitized", a mere ~4% e-commerce penetration, intense competition from FinTechs in on-boarding customers and merchants and increasing propensity for digital payments, digital penetration is bound to improve dramatically over the next half-decade.

Exhibit 53: TAM for P2M payments at US$ 1.1trn

	2019	2025	CAGR
Indian Retail market size (US$ bn)	977	1,757	10%
Organised retail penetration (%)	17%	31%	
E-tail penetration (%)	4%	11%	
E-tail market size (US$ bn)	39	193	31%
India nominal GDP (US$ bn)	2,869	4,700	9%
Consumption (% of GDP)	60%	55%	
India Consumption (US$ bn)	1,721	2,585	7%
India Consumption (INR bn)	125,662	191,290	7%
Retail market (% of India Consumption)	57%	68%	
P2M payments (% of Indian Retail market size)	26%	65%	
Indian Retail market size (INR bn)	71,321	130,018	11%
E-tail market size (INR bn)	2,853	14,302	31%
P2M payments (INR bn)	18,372	84,512	29%
P2M payments (US$ bn)	**252**	**1,142**	**29%**
P2M payments (% of India Consumption)	**15%**	**44%**	

Source: World Bank, RBI, NPCI, RAI-Deloitte, HSIE Research

- **P2M payments fee pool to become US$5bn; albeit with shrinking yields:** While we expect P2P payments to remain broadly free (negligible marginal contribution), we believe P2M payments are also heading towards a race to the bottom with blended fee yields likely to stay under pressure. We expect the P2M payments fee pool to grow to ~INR 0.4trn by 2025 (CY19e: ~INR170bn).

Exhibit 54: P2M payments fee pool likely to grow to ~INR 0.4trn

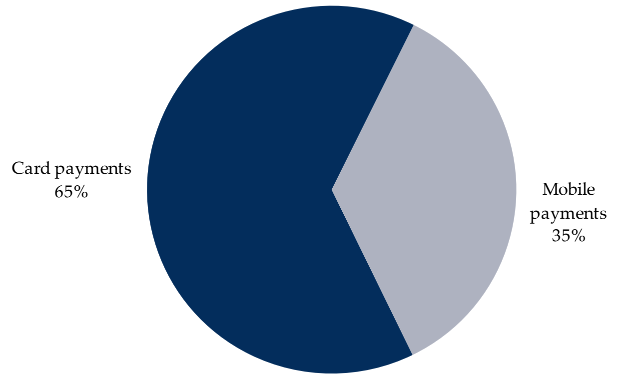
Spends-based Fee pool (INR bn)	2019	2025e	CAGR	Assumptions
P2M Spends				
Credit cards	7,130	17,663	16%	
Debit cards	6,805	19,438	19%	
Net banking	1,670	4,226	17%	Assuming 10% of netbanking is P2M
m-wallets	927	85	-33%	Assuming 50% are P2M
UPI	1,840	43,101	69%	Assuming 10% are P2M transactions by value for CY19
Total	**18,372**	**84,512**	**29%**	
Fee Pool				
Credit cards	123	261	13%	20bps compression in fee yield
Debit cards	23	38	9%	0.45% of spends; RuPay have zero MDR
Net banking	17	42	17%	
m-wallets	9	1	-33%	Usage declining rapidly
UPI	0	43	NA	Interchange fee assumed at 0.1% of spends by 2025
Total	**172**	**386**	**14%**	
Average Spends-based fee yield (bps)	**94**	**46**		

Source: RBI, NPCI, Industry, HSIE Research

We believe that blended fee yields (even in P2M payments) will trend lower on account of competitive payment products, especially the UPI, which is beginning to dominate these payments in recent months. As the acceptance infrastructure grows deeper into the merchant landscape, especially on the back of the low-cost QR codes, we expect the fee income dependency on traditional sources such as Merchant Discount Rate (MDR) to trend progressively lower.

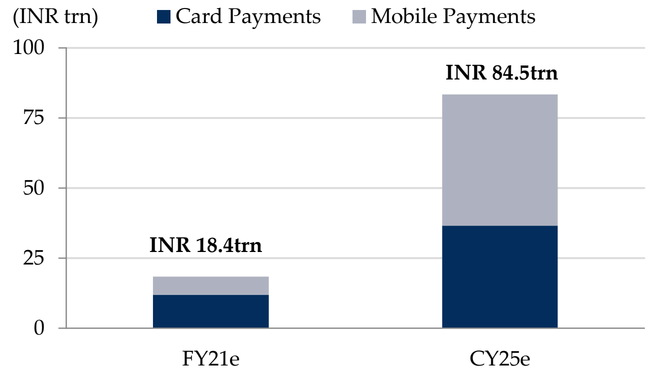
- **Mobile spends likely to dominate the US$1.1trn P2M payments market:** Mobile payments are likely to occupy the lion's share (>50%) in digital P2M payments in India. The ease of usage, improving penetration based on smartphone network, and low cost to merchants (and indirectly to consumers) would drive the share of mobile spends higher. While the overall P2M payments market is likely to grow near-4x to US$1.1trn by 2025, we expect the share of mobile payments to increase disproportionately from ~35% to ~56%.

Exhibit 55: Retail P2M payments - value market share (9MFY21)



Source: RBI, NPCI, HSIE Research | *Data excludes Netbanking*

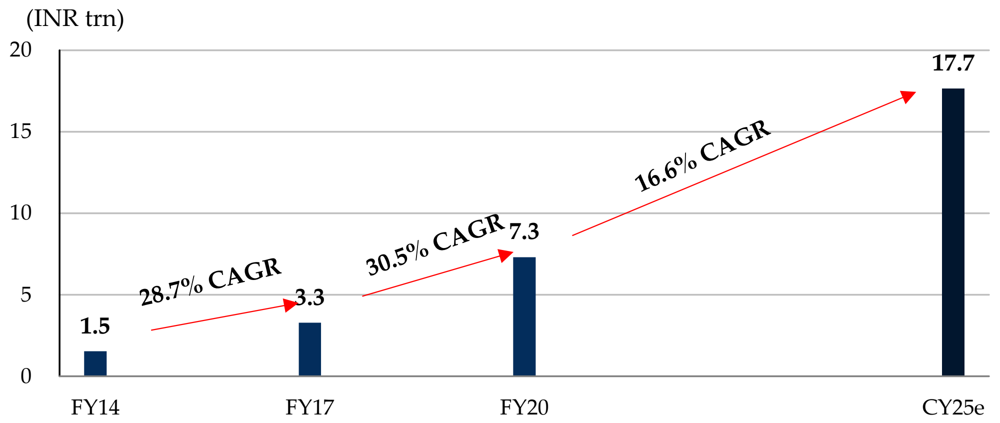
Exhibit 56: Retail P2M payments - value market share (CY25e)



Source: RBI, NPCI, RAI-Deloitte, HSIE Research

- **Credit cards still poised to grow, albeit at a slower pace:** While mobile payments are expected to continue to record exponential growth, credit cards are likely to witness healthy growth (albeit much lower than mobile payments) as well in the medium term. India still has a low credit card penetration (~57mn credit cards compared to ~886mn debit cards) with a huge working population. Credit cards are likely to remain an aspirational product in the >30 age group with the convenience of payments as well as interest-free credit period and lucrative rewards on large-ticket purchases.

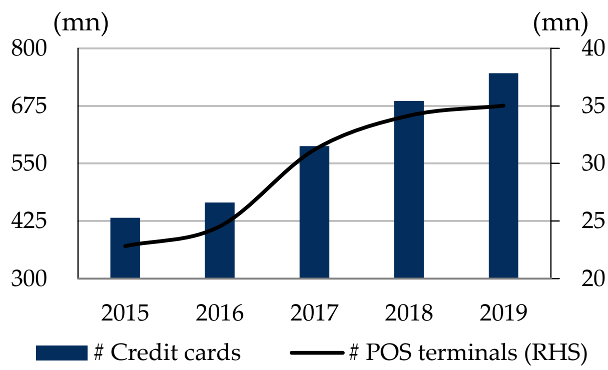
Exhibit 57: Credit card spends expected to grow to ~INR18trn by CY25



Source: RBI, HSIE Research

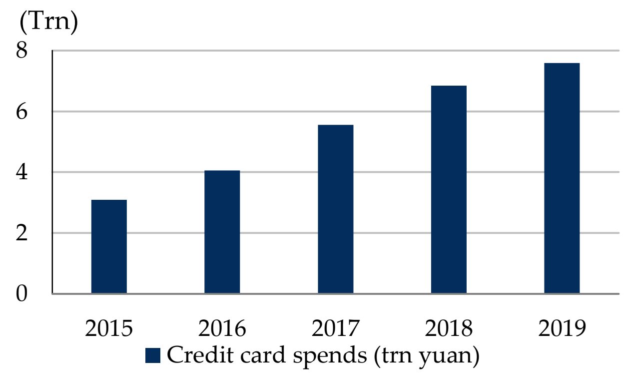
A case in point is the card payments growth in China. Despite pervasive growth of digital wallets and payments network in China, credit cards issuances and spends continue to report robust growth in that country.

Exhibit 58: Credit cards and POS growth in China



Source: BIS, HSIE Research

Exhibit 59: Credit card spends in China



Source: Statista, HSIE Research

Implications for banks

- **Lucrative fee yields - race to the bottom?** The rising share of low-cost payment modes such as UPI/RuPay debit cards etc. is exerting a downward pressure on banks' fee yields from the payments business. With the RBI's proposal for an NUE for payments (already in application stage), the innovation and competitive intensity for low-cost payments is only bound to improve, further reducing payments-related costs.

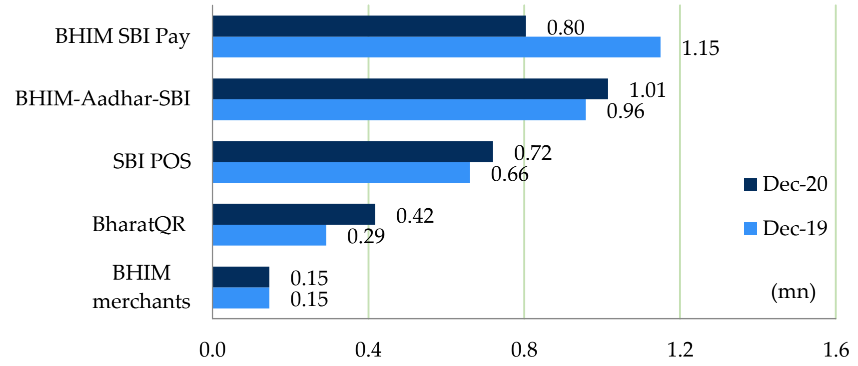
Exhibit 60: MDR rationalization of debit cards - from 1% to zero

	1-Jul-12	
Transaction value		**MDR**
<= INR 2,000		0.75%
> INR 2,000		1.00%
	1-Jan-17	
Transaction value		**MDR**
<= INR 1,000		0.25%
INR 1,000 - INR 2,000		0.50%
> INR 2,000		1.00%
	1-Jan-18	
Merchant category	**Physical POS (+ecom)**	**QR-code based**
Merchants with annual turnover <= INR 2mn	<=0.4% (cap of INR 200 per transaction)	<=0.3% (cap of INR 200 per transaction
Merchants with annual turnover > INR 2mn	<=0.9% (cap of INR 1,000 per transaction)	<=0.8% (cap of INR 1,000 per transaction
	30-Oct-19 (Only for Rupay Debit cards)	
Transaction value	**Physical POS (+ecom)**	**QR-code based**
> INR 2,000	0.6% (cap of INR 150 per tranasction)	0.5% (cap of INR 150 per transaction)
	1-Jan-20	
Type of debit card		**MDR**
RuPay debit cards		0.00%

Source: RBI, CBDT, HSIE Research

- **Bringing merchant acquisition engine to "Bharat"**: With the large-sized merchants in Tier I cities adequately digitally penetrated (through POS), banks need to shift focus towards merchant acquisition in Tier II & beyond cities, with a category-based approach (Exhibit 51). Low-cost Cards network-based BharatQR terminals have already doubled from 1.6mn in Nov'19 to 3.2mn in Dec'20. RBI's PIDF (Public Development Infrastructure Fund) with initial corpus of ~Rs.3.5bn provides support to that extent (Target of adding ~3mn terminals annually in Tier II & beyond cities). As highlighted earlier, merchant acquisition has a lot of Life Time Value beyond acquirer fee.

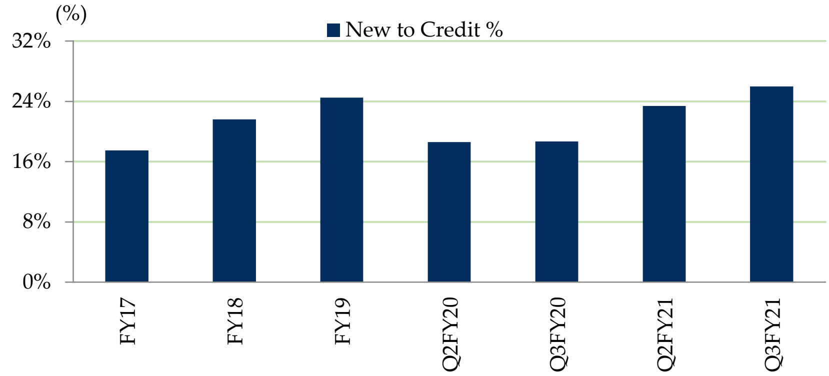
Exhibit 61: Acceptance infrastructure of SBI - beyond POS terminals (Dec'20)



Source: Company, HSIE Research

- **Carding - potentially expanding market for credit cards?** The improving digital penetration provides an expanded potential addressable market for credit cards, albeit with stiff competition from other modes of payments and credit-substitutes (such as BNPL). While credit card penetration has been low (~57mn Cards-in-force as on Dec'20), customer adoption on low-cost UPI/RuPay platform has been rapid (~over 100mn active users on two leading PSPs). The higher number of customers on digital platforms becomes a readily-addressable market compared to debit card customers.

Exhibit 62: New-to-credit customers for SBI Cards at ~25%

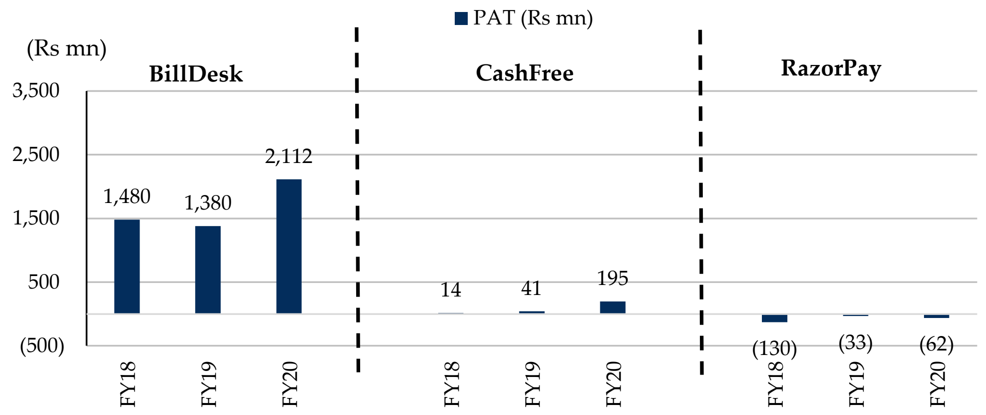


Source: Company, HSIE Research

Payments mere tablestakes; FinTechs looking beyond

- **FinTechs have a 'right-to-win':** With only ~20% of the ~60mn micro-merchants adequately covered (frequency of digital payments), most FinTechs and Big Techs continue to invest heavily in merchant acquisition. However, the unit economics are turning incrementally positive, offering FinTechs a valuable cash cow to top up their payments offering with add-ons such as neo-banking and lending solutions.

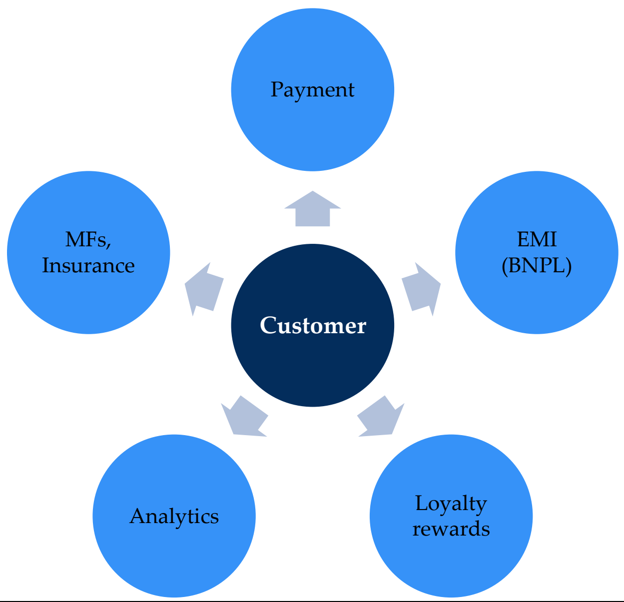
Exhibit 63: Payment gateways/aggregators turning profitable with scale



Source: Industry, HSIE Research

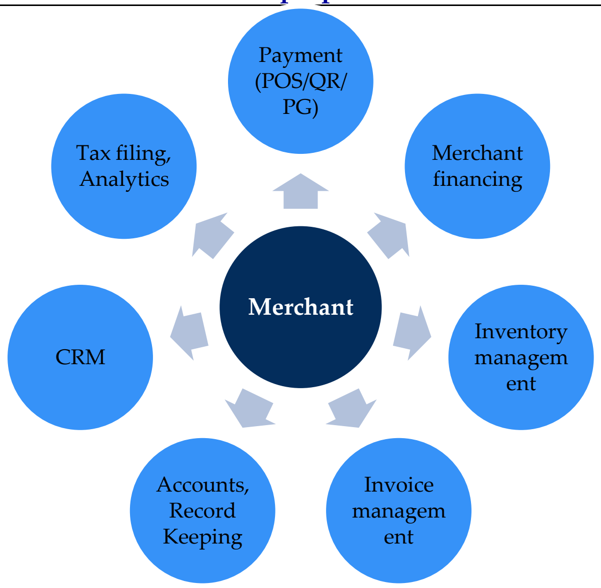
- **Building an ecosystem around customers/merchants:** The digitization of customer and merchants opens up new possibilities to provide other financial services as well as value-added non-financial services (see Exhibits below). In the case of credit, most FinTechs are offering credit to consumers and merchants via conventional lenders, in the absence of a favourable regulatory environment, although this could eventually change. We shall be addressing this aspect of "**FinTechs | Beyond Payments**" in the next edition of this series.

Exhibit 64: FinTechs value propositions for customers



Source: Industry, HSIE Research

Exhibit 65: FinTechs value propositions for merchants



Source: Industry, HSIE Research

What to look for in a best-in-class payments franchise?

- **Identifying the key ingredients:** Given the high activity levels and innovation in the world of payments, we believe it is important to weed out the noise and focus on core principles to help separate the wheat from the chaff. To this end, we construct an industry-first, proprietary HSIE - P2M Payments Dashboard (HSIE-P2M Dashboard) from within a finite set of publicly-available disclosures.

  As argued in the earlier sections of this publication, the success of a payments franchise is largely built around the following core principles:

  A. **Scale:** Scale is the most fundamental factor to drive network effects within a payments ecosystem. Given that every payments transaction has to have two parties (sender and beneficiary), a successful P2M payments franchise has to build scale on both fronts: the consumer side (issuing payments) as well as the merchant side (accepting payments). Given the limited nature of current disclosures, our choice of parameters to assess scale is dominated by market share metrics.

  B. **Tech reliability:** As can be judged from recent episodes of network outages across platforms, a reliable tech back-end is an absolute non-negotiable in the merchant payments journey. We evaluate tech reliability across banks on the basis of platform uptime and technical metrics that are currently reported by the NPCI - these metrics are currently restricted to UPI payments only.

  C. **Digital transaction frequency:** For a payments platform to get its tech back-end working at scale, it is important to add relevant use cases in order to build transaction frequency. This is related to both pillars discussed earlier as high-frequency transactions not only add scale but are also a testament to the reliability of the tech platform. We assess frequency of digital transactions in terms of volumes (number of transactions and swipes) and value (spends).

  D. **Cross-sell intensity:** Finally, consistent with our hypothesis, P2M payments are mere tablestakes and are hyper-valuable only when wrapped around profit centres on either side of the balance sheet - in conventional parlance, merchant business either needs to deliver zero-cost deposits (CA float) or consumer loans (volume and value). We use the self-funding ratio as a proxy for the merchant float business and credit card issuances and receivables as a proxy for the credit business.

- **Constructing the HSIE-P2M Dashboard:** The HSIE-P2M Dashboard compares banks with a sizeable share in the payments landscape on various pre-identified parameters across these dimensions. In order to benchmark banks' performance versus FinTechs on this canvas, we use Paytm as a proxy to the FinTech universe.

Exhibit 66: HSIE-P2M Dashboard

	CY20	Units	AXSB	ICICIBC	IIB	KMB	RBK	YES	SBIN*	PayTM	Industry
Scale	CC spend market share	%	8.8	13.8	3.8	2.7	4.7	0.9	19.4	0.0	
	DC spend market share	%	7.0	9.4	0.8	2.5	0.1	0.6	29.4	0.4	
	UPI Volume market share - remitter bank	%	6.9	5.0	0.5	2.2	0.0	0.8	21.2	5.4	
	# (POS + BharatQR terminals) per 100 cards	x	2.3	1.8	2.3	0.3	0.0	6.7	0.4	0.3	0.9
Technology reliability**	UPI TD - Remitter bank	%	0.5	0.2	0.7	1.0	NA	0.4	2.8	0.1	
	UPI Debit Reversal success - Remitter bank	%	66.4	86.3	76.1	80.5	NA	83.7	81.3	92.6	
	UPI TD - Beneficiary bank	%	0.1	0.2	0.3	0.3	NA	0.1	2.1	0.0	
Digital transaction frequency	Credit card - Monthly spends per card	INR'000	6.6	7.6	14.0	5.9	9.0	5.6	9.2	NA	8.8
	Debit card - Monthly spends per card	INR'000	1.6	1.1	0.8	0.9	0.7	1.0	0.5	0.4	0.6
	# transactions per credit card (annual)	x	22.3	30.5	26.1	22.6	30.6	22.0	32.5	NA	31.1
	# transactions per debit card (annual)	x	10.5	7.4	5.1	6.9	5.9	7.6	4.4	0.5	5.0
	# UPI transactions per account (annual)***	x	12.7	6.5	7.2	9.2	NA	15.4	7.0	29.4	7.7
Cross-sell intensity	# Credit cards / # Debit cards	x	0.30	0.22	0.24	0.14	2.40	0.27	0.04	NA	0.07
	Loans per CC	INR'000	23.1	17.4	34.7	19.4	43.2	NA	22.4	NA	22.5
	Self-funding ratio	%	35	42	32	54	25	13	15	NA	

Source: RBI, NPCI, Company, HSIE Research | Note: * SBI Cards for the credit card portfolio; ** Simple average for Jan'20 to Dec'20; *** Number of debit cards used as proxy for number of savings accounts

We use a 12-month average from Jan'20 to Dec'20 for each of the variables in our analysis. On each of the individual parameters, the green shade refers to a strong franchise while the red shade denotes a weak franchise. As a matter of prudence, we have excluded HDFC Bank from this exercise (parent entity).

- **Key conclusions:** Our key findings from the HSIE-P2M Dashboard include the following:

  A. Larger banks have relatively more shades of green (indicative of a stronger franchise) compared to the mid-sized banks

  B. ICICI Bank (ICICIBC) emerges with the least number of red shades

  C. As expected, State Bank of India (SBIN) emerges as the strongest franchise on scale-based parameters - we use SBI Cards interchangeably with SBIN for credit card metrics within this framework

  D. On the tech reliability vector, Paytm (as a Fintech proxy) stands head and shoulders above every other bank in our analysis

  E. Despite the impressive strides in its liability franchise benefiting from a high-decibel launch of its digital platform 811, Kotak Mahindra Bank (KMB) emerges with the most number of reds in our framework

- **Limitations of the framework:** The four key pillars that go into the HSIE-P2M Dashboard have all been individually and collectively vetted by experts from the payments ecosystem. However, the individual parameters that we have selected within each vector suffer from the limitation of publicly-available disclosures.

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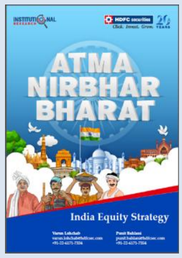
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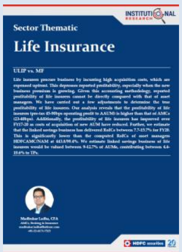
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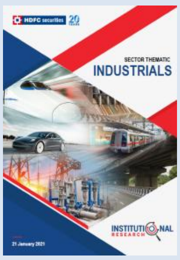
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Disclosure:
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HDFC securities
Institutional Equities
Unit No. 1602, 16th Floor, Tower A, Peninsula Business Park,
Senapati Bapat Marg, Lower Parel, Mumbai - 400 013
Board: +91-22-6171-7330 www.hdfcsec.com