

Demonetisation: get ready for e-wallet ad blitz

Fintech players seeing huge uptake, going all out to woo customers

ANALYSIS

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The demonetisation of ₹500 and ₹1,000 notes has definitely impacted India's consumption story with several consumer companies cutting down on their ad and promotional spends. However, fintech players are seeing huge uptake and are going all out to woo customers by spending thousand of crores on campaigns and advertisements to educate people on the usage of e-wallets and digital transactions.

According to two advertisement research firms, all major mobile wallet players together would spend up to ₹1,400 crore in the next six months on ads across television, digital, print and radio, along with huge promotional offers, including cash-backs.

Vikas Katoch, founder and CEO of media agency Adomantra said: "Demonetisa-

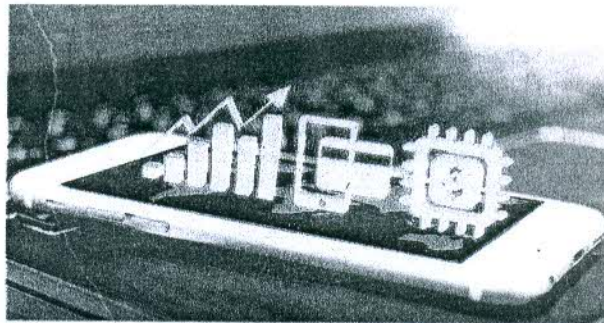
tion has proved to be a boon for digital wallet companies, and there has been a higher adoption and increase in awareness of digital wallets, as a substitute for cash. Consequently, digital wallets are spending a huge chunk of their budget on advertising, to stay ahead of the competition.

"From implementing 360-degree ad campaigns to launching new online video advertisements, digital wallets are creating a buzz and gaining consumer confidence through multiple components of advertising."

This advertising is also likely to impact their revenues in positive, he said.

360-degree campaigns

Leading and well-funded players such as Paytm, FreeCharge, Oxigen, ItzCash and MobiKwik have already started giving out huge ads in print media, and are expected to soon roll out television ads for better reach. While many



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players did not wish to comment on their marketing spend, MobiKwik said it plans to spend around ₹30 crore in the next three months, and would increase it further. Alibaba-backed Paytm plans to spend around ₹50-60 crore in the next few months, according to sources.

Meanwhile, new entrants such as Ola Money and Flipkart's PhonePe are also aggressively pushing their products in the market. Cab aggregator Ola, which launched its wallet early this year for paying cab drivers, has now extended the wallet

for other purposes – from food ordering and recharges to bill payments. It is expected to soon roll out a full service. Telecom major Airtel's Money and ICICI Bank's Pockets are also stepping up their marketing spends.

Baskar Subramanian, co-founder of digital and media agency Amagi said he expects B2C digital-wallet and fintech companies to double their ad spends on a weekly basis.

Going 'phygital'

Bhavik Vasa, Chief Growth Officer, ItzCash, said: "At ItzCash, we work around an

omni-channel approach; hence our campaigns and programmes endorse 'phygital' as the new and most promising platform to suit India's diverse needs."

At present, there are about 69 digital-wallet players in the country, according to start-up research firm Tracxn. Of this, only 10-12 major players have been able to tap the growing e-wallet market.

According to a report by ASSOCHAM and market research firm RNCOS, the number of mobile payment transactions in India is likely to witness a CAGR (compound annual growth rate) of over 90 per cent to reach 153 billion by FY2022 as against a meagre 3 billion in FY 2016.

"Mobile payment transaction value in India is also likely to register over 150 per cent CAGR and cross ₹2,000 trillion by FY 2022, from just over ₹8 trillion as of FY 2016," the study said, adding that flagship government initiatives such as Digital India, together with the demonetisation move, will act as key catalysts and enablers of this transformation.

Armed with big deposits, NPA-hit banks will still struggle to lend

NEW DELHI: Banks will find it difficult to sell loans despite huge deposits due to ban-cum-exchange policy on Rs 500 and Rs 1000 notes amid high bad loans, says a study.

"A very high level of non-performing assets and reducing appetite for more loans from the over-leveraged industry would come in the way of increased bank lending despite bond yields falling even below the policy interest rates," said a joint study by Assocham and CARE Ratings.

As per the study - Indian Bond Market - banks are reluctant to lend to infrastructure projects, the very sector that needs to be revived first for a positive ripple elsewhere.

The inability of banks to lend to infrastructure and over-leveraged metals, textiles and engineering sectors has led to growth stagnation, the study said.

It suggested popularising corporate bond market as cheaper source of funding infrastructure and other critical projects.

However, falling demand for credit and high non-performing assets are vital issues that banks are facing, it added.

Public sector banks have 14.5 per cent stressed loans of their total loan book while the private and foreign banks have



this figure at 4.5 per cent.

It has been observed that most of the stressed assets were concentrated in sectors like metals, mining, infrastructure, textiles and aviation that constrained the overall economic growth. Infrastructure contributed to 32.8 per cent of the total stressed loans in 2015-16, it added.

Indian corporate bond market of USD 287 billion (14 per cent of GDP in 2015-16) can grow well particularly on account of weakness in banking sector plagued by stressed assets.

"The Indian corporate bond market has a large untapped potential which has to be harnessed effectively," said CARE Ratings Managing Director and CEO Rajesh Mokashi. PTI

CURRENCY BAN: NHAI FORGOES ₹1,238 CR DUE TO FORCED TOLL SUSPENSION

NEW DELHI: The National Highway Authority of India would suffer an income loss of Rs 1,238 crore due to suspension of toll collection on highways till December 2 post demonetisation, Parliament was informed on Thursday. Post demonetisation of currency notes of Rs 500 and Rs 1000, government has suspended user fee collection on National Highways with effect from November 9, 2016, Minister of State for Road Transport and Highways P Radhakrishnan said in a written reply to Lok Sabha. PTI

India's low broadband penetration a concern: Trai Chairman

New Delhi

Telecom regulator Trai on Wednesday said demonetisation has accelerated digital transactions in the country, but expressed concern over India trailing nations like Singapore and Malaysia at the level of broadband connectivity, a key component of digital infrastructure, reports PTI. "There is one area where we need to do a lot of work and that area is broadband connectivity," Trai Chairman, RS Sharma said. He said at an event on eGovernance and Digital India organised by Assocham that as per a white-paper, "broadband penetration in India was 7 per cent based on certain parameters."

On the other hand, it had pegged Thailand's broadband reach at 36 per cent, Singapore's at 98 and that of Malaysia at around 35-36 per cent, he said. India was, in fact, ranked behind Sri Lanka and Vietnam in broadband penetration, he added. "This is really a matter of concern...We are not in a great shape as far as broadband penetration is concerned...Digital India will have to ride on this infrastructure and if we don't have robust and reliable in-



frastructure, we are not going to achieve the objective of digital India, of having a digitally empowered society and knowledge economy," Sharma said making a strong case for using cable TV for broadband delivery. Broadband through cable TV - beaming into millions of Indian homes - would only require tweaking of the policy and Trai has already given its recommendation to the government in this regard.

"Our ranking will zoom up. There are millions of cable TV homes and by 31 Decem-

ber all these will be digitised. That can be leveraged. In many of developed countries like US and in Europe nearly 50-60 per cent of robust broadband is coming from digital cable TV. We need to do that," he said.

Highlighting the role that Bharat Net project will play in strengthening the digital infrastructure, he said industry, government and the regulator will have to work together in taking India higher than its ranking of 131-132 among 155 nations in ICT penetration. On demonetisation being a catalyst for digitisation, Sharma said: "Certainly, in the last two weeks or so there has been an acceleration digital transactions." Cashless society or, in the short term less-cash society, is the aim of digital India, he said, adding that "this is accelerating already."

Both Trai and Telecom Department called for making the mobile short code or USSD facility - used to avail banking services on feature phones - more simple and user-friendly. "We need to work on push USSD, where the burden of pressing keys and pulling codes should move from the payer to merchant," Telecom Secretary JS Deepak said.

FDI in telecom sector registers 6-7 fold increase to cross \$10 bn in FY17: JS Deepak



The foreign direct investment (FDI) attracted by the telecom sector in India has jumped to more than \$10 billion (bn) in first eight months of 2016-17 registering a six-seven fold increase as against \$1.3 bn in 2014-15 and \$2.9 bn in 2015-16, Telecom Secretary, Mr J.S. Deepak said at an ASSOCHAM event held in New Delhi on Wednesday. "The telecom sector reforms heralded by the Department of Telecommunications (DoT) have got a resounding acknowledgement and we hope that this will not only represents a word of confidence on what is being done in the area of policy regulations and reforms but also the commitment and a roadmap of further expansion of the work in telecom sector," said Mr Deepak while addressing an 'ASSOCHAM National Summit on e-Governance & Digital India.' He said that considering about 97 per cent of population is covered by the 2G telecom network provided mostly by private telecom operators, there is a need to both popularise and simplify USSD (unstructured supplementary service data).