

RuPay: The Emergence of an Indian Card Giant (A Marketing Perspective)

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Abstract- There have been turbulent changes in the banking sector of the world which lead to capitalisation of various untapped opportunities. One such opportunity was interbank transfers using ATM cards. VISA and MasterCard were the ones that decided to capitalise on this opportunity and became the biggest payment networks of the world.

RuPay is India's very own card scheme to promote debit and credit card transactions, which was launched in 2012, by National Payment Corporation of India (NPCI). The cost of the transaction in India was high in spite of the fact that in India 90% of the credit transactions and almost all debit transactions are domestic. This was accepted by all the countries across the globe. They process payments with the partner banks and merchants for the purchase that was made by the card and charge a fee for it. This article makes an attempt to understand the reason behind the marketing success of RuPay and analyses it using different tools.

Index Terms- 7PS of Marketing, STP, NPCI, PoS, Kisan Cards

I. INTRODUCTION

There have been many reforms in the Indian banking sector as well which has to lead to dynamic changes and robust economy. One of the changes was the introduction of RuPay cards as a substitute for Visa and MasterCard. Thus it was a long term desire of Reserve Bank of India (RBI) to have a domestic system of payment in India that was open looped and support multilateral payments within India. It led to the introduction of RuPay cards in various segments like – RuPay Kisan card, RuPay Classic, RuPay Platinum, RuPay Mudra card, etc.

II. OBJECTIVE

The objective of this study to highlight the emergence of RuPay as a market leader through a marketing perspective by using tools such as 7Ps of Marketing, Competitor Analysis and STP analysis. This paper makes an attempt to throw light on the key aspects of RuPay and how it differs from its competitors in the Indian market.

III. RUPAY AND COMPETITORS' ANALYSIS

This idea was backed by the Government of India and cards were issued under Pradhan Mantri Jan Dhan Yojana. Also, NPCI has made ties with Discover Financials to help this card scheme

gain an international scheme. As of July 2018, these cards were issued to savings and current bank account holders across 1100 banks including cooperative banks and Regional Rural banks. It has 65% of the Indian market share and is accepted at all the ATMs, e-commerce portals and Pos terminals.

It has various advantages leading to its mass acceptability.

- The occurrence and settlement of transactions happen domestically, the cost is lower and thus is affordable.
- As it is domestic in nature, it is aiming at customized offers and services.
- Unlike in the case of Visa and MasterCard, information related to each transaction is not leaked.
- Also, its affordability nature and support by the government is making it easy for banks to reach rural areas and provide their services.
- RuPay cards offer complete operational compatibility among various platforms like ATMs and e-portals.
- RuPay card holder's accidental death and permanent disability insurance cover. RuPay cards are PIN-based rather than signature-based that is why these are more secure.

Thus these cards have shown remarkable growth during the past year resulting in the market loss for Visa and MasterCard. And that is why MasterCard lodged U.S. protests over Modi's promotion of Indian card network. This has been a PR disaster for MasterCard as it has led to giving up these cards and adoption of RuPay cards by the Indians.

Also, RuPay offers various additional services and benefits over Visa and MasterCard:

- The transaction, as well as processing cost, is very less as the settlement of transactions occurs domestically.
- It provides various benefits in forms of cash backs and discounts to train travelers when the payment is done through RuPay cards on Indian Railway Catering and Tourism Corporation (IRCTC)
- It also provides various utility benefits when the payment of electricity, water, gas, etc. is done through RuPay cards. Like HDFC RuPay Premium cardholders get Rs 5 cash backs on every Rs 100 spent on payment for utility services.
- RuPay cardholders have free access to airport lounges of major cities. Like Punjab National Bank offers access to 2 lounges per quarter in 25 cities of the country.
- Unlike Visa and MasterCard RuPay offers insurance cover to its cardholders.

- These cards also offer surcharge waiver of 1% every calendar month on fuel purchases made in petrol stations in India.

All these features and benefits have to lead to tough competition for other payment networks. RuPay cards have recognised wider usage in a short period of time and are proving beneficial from the nation's point of view.

IV. 7 PS OF MARKETING FOR RUPAY

Product

RuPay is India's very own card scheme to promote debit and credit card transactions, which was launched in 2012, by National Payment Corporation of India (NPCI). Even though 90% of debit card transactions are domestic in nature, the cost of transactions is high due to the use of foreign counterparts like Visa and MasterCard.

As a product extension, RuPay also has a Kisan Credit Card, PunGrain card (a Punjab government initiative), Mudra card, PMJDY card etc to cater to the different needs of the Indian

demographic. If the transaction is done in India using RuPay, does not go out of the country either.

RuPay fulfils the RBI and the government's vision for a 'less-cash' economy, as an after-effect of demonetization. RuPay credit cards and debit cards have various categories under them, like RuPay Select, RuPay Platinum and RuPay Classic. RuPay Contactless is another initiative which offers a unique proposition of One Card for all payments. This card can be used for transit payments are buses, metros etc, toll, parking and day to day retail payments as well. To reach out to various segments, RuPay also offers prepaid gift cards, student cards, payroll cards etc. Hence, RuPay has an offering for each and every individual, no matter what they need to be.

Another benefit of RuPay is that since the transactions are done at a national level, the speed is higher than the ones done using international cards. In only a matter of 6 years, RuPay has given strong competition to the dominance of MasterCard and Visa. One of the drivers of its growth was demonetization and the other was that in all of the accounts opened under the PM Jan Dhan Yojana, RuPay cards were provided to the account-holders.

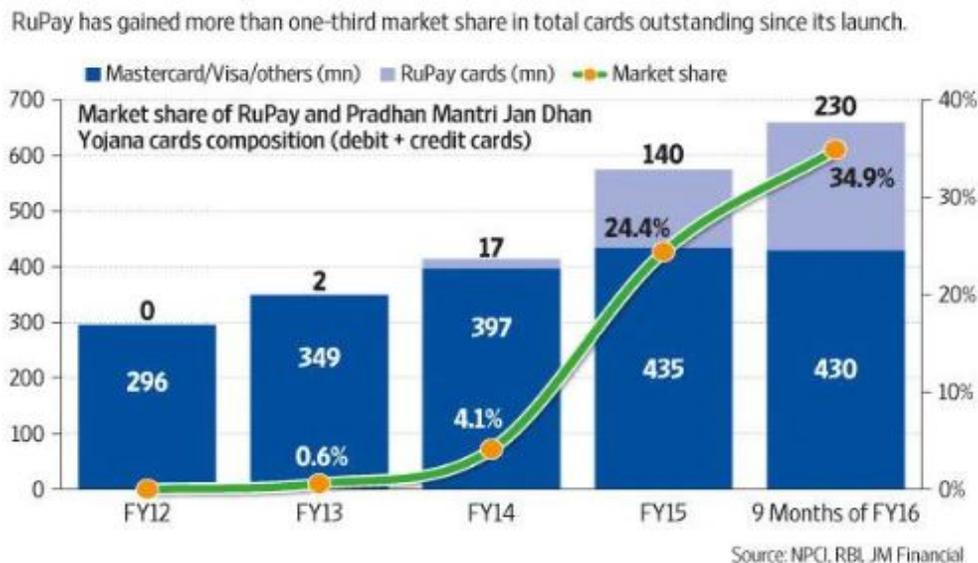


Figure 1: Market Share of RuPay (Source: Livemint)

The following chart shows the increase in the use of Rupaya- From just 0.6% market share in 2013 to almost 35% in FY 16 and now RuPay currently has more than 50% share in the India's debit card market by volume, surpassing the age-old leaders, MasterCard and Visa. Riding on the back of the nationalist movement and to the increasing preference of using indigenous platforms, Rupaya has been a success due to its features, innovations and inclusive options.

Price

One of the biggest reasons why RuPay captured a big chunk of the market was its flat fee. For every RuPay-based transaction, NPCI charges 60 paise for acquiring and 30 paise for issuing. So is a person using a RuPay card by Bank X pays through Bank Y's PoS terminal, as the acquirer Bank Y will pay 60 paise to the NPCI and Bank X, the issuer, will pay 30 paise. This, when compared to

Visa and MasterCard's merchant-discount rate, is minuscule, as it is calculated as a percentage of the actual transaction amount. Hence the benefits extend to both customers and banks, in the form of low transaction fee and no network entry fee respectively.

Place

Over 1100 banks in India issue RuPay cards to its account-holders. It is issued by Private and public sector banks of India, cooperative banks and regional rural banks. Under RuPay, there are more than 26 lacs PoS terminals. RuPay cards have also established its market on major online gateways. RuPay has also partnered with more than 35 banks so as to accept their cards at different merchant locations at PoS. The adoption of RuPay is increasing significantly, with PayTM Payments Banks issuing only RuPay cards.

To increase its international reach, RuPay has partnered with Discover Financial Services, Diners Club International, and

UnionPay International etc. Other than India, RuPay has services in Singapore and Bhutan as well.

Promotion

The promotion has a huge role to play in RUPAY's success in a short span of time. It is endorsed by the Government of India and PM Narendra Modi at platforms like Make in India Conference and the Delhi Economics Conference. RUPAY's promotion is based on discounts and offers with popular e-commerce sites and retail stores like Big Bazaar, BookMyShow, RedBus, Make My Trip, Big Basket, and many such portals. They have promotional offers both on online sites and offline retail outlets to reach out to all types of customers. This has led to strong adaption from the Indian masses that are going digital. RUPAY has also extended its promotional offers to dining, travel, spas etc. Another promotional method used is cash backs for transactions made using RUPAY. Social media is also used for promotion by RUPAY. It has an active presence on all social media platforms like Facebook, Twitter, Instagram etc, where it informs and reposts about all the latest offers and partnerships.

People

RUPAY cards are credit and debit cards that are used by most of the people in Rural India and also tap in Urban India. The main reason why it holds a major share in the Indian Market and gives a tough competition to the already established Visa and MasterCard is that being made in India by the government itself it caters to the needs of people in India. In fact, under Jan Dhan Yojna, RUPAY cards were issued to all of its account holders which gave it a major boost. Another way how it moulds with its consumers is by providing Kisan Cards or Kisan Credit Cards where farmers get paid and can rake some amount of credit for their farming purposes. The Kotak Mahindra Bank in partnership with RUPAY Cards provides the dairy farmers of Amul with their payment. Many cooperative societies and the people in it are directly connected to the RUPAY Card for their payments. It also serves as a prepaid card for IRCTC, the Indian Railway which is the major source of transportation for people. Thus it majorly runs because it furnishes the needs of the people it serves.

Physical Evidence

With more than 65% of market share, RUPAY is now cashless India's largest card network. It can be extensively used throughout the nation in almost all PoS terminals, ATMs and now e-commerce portals too as all of them have recognised the RUPAY cards. All major, rural and cooperative banks issue RUPAY cards, which is backed by 11 leading banks. 515 million cards were issued as of August 2018, which took over 50% of market share of the nation's debit card users, thrashing the old players and the well established players, Visa and MasterCard. Around 560 million transactions, more than half of the transaction in India is done using RUPAY. It has been launched Singapore linking to its 33-year-old network for electronic transfer. It has also been accepted in Bhutan. For its increase in Global presence, it has an agreement with international payment networks like Discover, Diner Club, JCB, UnionPay etc.

Process

Being a product of National Payment Corporation of India and also a not-for-profit company it tries to cut-off costs and provides people with low transaction cost. Government efforts through banks and special offers help for the expansion of the product. Its transactions are super fast as Indian Servers route the data for verification whereas other cards use servers abroad. They use Europay MasterCard Visa chips which reduces the fraud drastically. The transaction costs are relatively lesser because it is home-grown.

V. STP ANALYSIS

Segmentation

Segmentation is the practice of dividing the market into appropriate segments in order to help a company's marketers and operational managers better meet the market demands while simultaneously achieving its organisational goals. RUPAY has clearly segmented the market for users looking for credit, debit or payment solutions. As the recent Digital India campaign and Cashless Economy is on the hype, the market is ever expanding and growing.

Target Audience

The target audience of RUPAY is mostly the retail consumers or the consumers who prefer to go cashless under the ongoing movement of Cashless India, with a special emphasis to the rural areas as the cost of transactions is lower than the foreign competitors, i.e. Visa and MasterCard, who provide services at a higher cost due to international gateways. RUPAY has its own gateway to clear transactions which makes it a convenient and a cheaper mode of payment. Kisan Card by RUPAY has also provided the farmers the opportunity to conduct business transactions at ATMs and Point-of-Sale (PoS) terminals across the nation.

Positioning

With more than 65% of the market share in the debit and credit card market, RUPAY has positioned itself in almost every household which is going cashless and prefers on the go payments. It offers a varied product line ranging from debit cards, credit cards and Contactless technology in cards which caters to all the needs of its consumers with relatively lower bank charges, cost of transactions and higher availability.

VI. CONCLUSION

RUPAY has a competitive cost advantage over its competitors due to lower logistics and transactional costs. It also falls under multiple government schemes and policies, making the government, a major contributor to its success. Attractive offers at supermarkets, e-commerce websites, and word of mouth promotion adds to the boom and helped RUPAY to capture more than 65% of the card market in India. There is still a long way to go for RUPAY as it enters the international market with the global strategies. With the help of international tie-ups with Retail Giants and providing eye-catching discounts and offers, RUPAY can effectively tap the global market.

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