



VS



A Comparison of Two Fintech Giants

30th May 2025



Unified Payments Interface (UPI) is a real-time digital payment system developed by the National Payments Corporation of India (NPCI) that enables instant money transfers between bank accounts via mobile apps. UPI has revolutionized digital payments in India by offering a fast, secure, and convenient alternative to cash transactions, thereby promoting financial inclusion and reducing dependency on cash.

Top 3 UPI Apps in India as per National Payments Corporation of India. (April 25')

Application Name	Market share (Value)	Value (Cr)	Volume (Cr)
PhonePe	47.25%	12,05,047	836.20
Google Pay	36.04%	8,42,628	648.80
Paytm	6.67%	1,31,153	121.00

Financial and Operational Overview

Metrics March 25'	Unit		
Revenue	INR Cr	5,064 (2024)	6,900 (2025)
Enterprise value	INR Cr	80,169 (2023)	43,884 (2025)
Ev/Revenue	x	15.83	6.36
Registered Merchants	Cr	4+	4.4
Monthly Active users	Cr	20	7.2
Annualized transaction value	INR Lac Cr	150	20.4
Daily Transaction	Cr	33	15
Payment Devices installed	Cr	0.5+	1.24

The difference between private market valuations and public market valuations can be clearly seen. Prior to its IPO, Paytm was valued nearly 50 times its revenue.

While PhonePe clearly has the lead in the overall number of users and annualized transaction value, Paytm has been able to better tap merchants and hence the higher number of registered merchants and payment devices installed.

Revenue Breakup

₹ PhonePe

Paytm

Metric	Units	2024	2024	2025
Payment services & Allied services	INR Cr	4,789	6,128	3,879
Financial & Other services	INR Cr	202	2,004	1703
Marketing services	INR Cr	-	1,738	1,158
Other operating services	INR Cr	72	108	160
Total	INR Cr	5,063	9,978	6,900

While PhonePe has greater market share in UPI transactions, **Paytm is leading in revenue**, primarily due to **Financial service** revenue (~9x of PhonePe) and **Marketing Services** revenue. **Clearly implying that so far Paytm has been able to better monetize its user base.**

Paytm is ahead of Phonepe in lending business, because of its Merchant lending focus and its highlighted products like **collateral free loan** to help small and medium sized businesses and Stronger merchant penetration in which **Paytm's sandbox devices** and **Paytm's Kirana base** model plays a vital role.

Expense Breakup

₹ PhonePe

Paytm

Major Metrics (INR Cr)	2024	2024	2025
Employee Benefit Expense (before ESOP)	1,410	3,124	2,473
Payment processing charges	1,166	3,280	2125
Marketing & Promotional Expense	693	922	659
IT Infrastructure	383	643	639
Other Expense	759	1,450	1,695
Total Expense	4,411	9,419	7,591
Total as % revenue	115%	95%	153%
EBITDA Before ESOP	678	522	-689
As % of revenue	13%	5%	-10%

While Paytm had higher revenue, it also has higher expense especially, Paytm has higher Employee cost (excluding ESOP) and higher IT Infrastructure Costs. The payment processing charges are also higher for Paytm as a % of its GMV.

Better revenue position didn't help Paytm in its EBITDA race, as PhonePe is managing its expense well, and keeping the EBITDA before ESOP higher.

Key Differences

Aspects		
Business Model	Fintech super-app; offers payments, insurance, investments, lending.	Diversified fintech and financial services platform, including lending, wealth, and commerce.
Revenue Generation	Monetizes through insurance, lending, advertising, and merchant services.	Revenue from multiple channels: payments, subscriptions, devices, and loans.
Merchant Integration	Aggressive onboarding; deep penetration in tier 2/3 cities; offers devices and credit.	Longstanding SME relationships; used for invoicing, billing, and credit.
Lending Capabilities	Offers merchant and personal loans, with growing monthly disbursements.	Major player in consumer and merchant lending (BNPL, personal loans).

SWOT Analysis

Category		
Strength	<ul style="list-style-type: none"> • Market leader in UPI by volume and value. • Strong merchant network with devices (PoS, SmartSpeakers). • Backed by Walmart; IPO-ready. • Comprehensive super-app offerings (insurance, travel, wealth). 	<ul style="list-style-type: none"> • Diversified fintech ecosystem: lending, PoS, commerce, wealth. • Longstanding merchant relationships. • Effective monetization across services. • Publicly listed Indian company.
Weakness	<ul style="list-style-type: none"> • Still refining monetization strategy. • High operating and customer acquisition costs. 	<ul style="list-style-type: none"> • Complex business structure. • Investor skepticism due to past financials.

SWOT Analysis

Category		
Opportunity	<ul style="list-style-type: none"> • Expand credit, insurance, and investment services. • Tap Tier 2/3 cities and rural markets. • Leverage data for credit scoring and personalization. 	<ul style="list-style-type: none"> • Rebuild regulatory trust and operational focus. • Scale profitable verticals (loans, devices, subscriptions). • Enhance digital commerce and PoS-led credit.
Threats	<ul style="list-style-type: none"> • NPCI's UPI share cap policy. • Rising competition from FinTech's and ONDC. • Regulatory risks in lending/insurance. 	<ul style="list-style-type: none"> • Regulatory scrutiny may limit services. • Declining trust post-RBI restrictions. • High competition and pressure to be profitable.