



PaisaBazaar accelerates growth while cutting costs with Razorpay Subscriptions



PaisaBazaar
Fintech

The Mutual Fund (MF) industry in India added 32 lakh new investors in the year 2017; proving that MFs have finally made it to the average Indians list of 'things to invest in'. In recent years, the Association of Mutual Funds India (AMFI) and SEBI have run concentrated campaigns to promote MFs. The result of which has been a 38% growth in AUM (Asset Under Management) beyond the top 15 cities, in the last year. This, while the demand for gold - the traditional investment option - fell by 14% over the same period.

Fintech startups like PaisaBazaar have a huge role to play in this behavior change. PaisaBazaar has a portfolio of 25 mutual funds and allows customers to choose from a range of diverse investment plans that suit their needs. In just 2 years since launch of their MF platform, the site has seen a huge rise in customers. For a 24*7 platform like this, money collection and disbursement can throw up several challenges, and such was the case with PaisaBazaar, too.

The Challenge

The process of investing in a Mutual Fund online usually requires the customer to sign a mandate and authorize automatic debits. PaisaBazaar used to collect these mandates through a physical NACH process which had a high turnaround time. It usually took 30 days on average for a physical mandate to get approved; if a mismatch in signatures or any other issue did not cause rejection.

The entire logistics, registration and presentment process was arduous and only 56 out of 100 mandate collections could be done. Even after collection, only 93% of them could be registered effectively giving them a 50% customer mandate registration rate.

Such delays would often result in customers moving away from PaisaBazaar to other MF platforms. Up until PaisaBazaar moved to Razorpay for automated mandate collections and disbursements.

The Solution

Having tried the physical NACH process and obtained underwhelming results, PaisaBazaar decided to try Razorpay's e-Mandate service and automate their mandate collection. Razorpay's service allows PaisaBazaar's customers to register for a mandate through Net Banking authentication.

With this, PaisaBazaar has already seen a direct business impact:

- Moving to Razorpay has helped PaisaBazaar increase the number of supported banks from 48 to 70.
- The cost of registration has come down by 70% per customer with eMandate
- The number of customers being registered is significantly higher than before (22.24% month-on-month growth with Razorpay as compared to 8-10% month-on-month growth before with physical mandates)
- Not only this, with Razorpay the customer satisfaction rate has increased and the AUM per ticket size has gone up by 5%.
- With unique UTRs for every transaction, reconciliation has also become much easier for PaisaBazaar

Apart from eMandate, PaisaBazaar has been using Razorpay Route for timely payouts and disbursements to AMC (Asset Management Company) accounts. The UTR (Unique Transaction Reference) numbers for each settlement is available on PaisaBazaar's dashboard (on their Razorpay account); thus making it easier for the brand to communicate the same to the customer and assign NAVs (Net Asset Value).

The Benefits

Razorpay's tailor-made payment services offer huge benefits to fintech companies dealing in Mutual Funds. The integration process is inherently simple and highly customizable. PaisaBazaar was able to integrate and onboard with Razorpay in just 9 days; whereas it took over 3 months for them to integrate with their previous payment gateway provider.

The e-Mandate service provided by Razorpay is an end-to-end solution which negates the need to sign-up separately with eSign Vendors/Sponsor Banks. This is facilitated by Mandate Registration in case of Net Banking Authentication happening in real-time.

With Razorpay, Mutual Fund services get API-driven bank account validation which helps them enforce validation on payment method, bank name, and bank account. It sounds like a simple process but it is imperative in reducing payment failure rates significantly, which in turn slows churn rate, and boosts overall business growth.

The Result

In just nine months since integrating with Razorpay, PaisaBazaar has seen a marked improvement in their mandate registration process and a concurrent drop in customer loss due to registration issues. The switch to Razorpay has also made way for a substantial increase in success rates. Customer experience and satisfaction rates have grown significantly, while customer retention is higher than before.

Most importantly, shifting to Razorpay's payment solutions has helped PaisaBazaar reduce manpower and heighten operational efficiency for their Mutual Fund platform.

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