RESEARCH ARTICLE

ADHYAYAN Volume 14, Issue 1, 2024 Print ISSN: 2249-1066 Online ISSN: 2455-8656

Strategic Failure of Paytm: A Study on Paytm's Journey in India's Fintech Era

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Abstract

Paytm major fintech company in India's fintech economy began to streamline online money transfers for people and businesses. However, the firm has aggressively expanded its offerings. It will later help with loans, DTH, online banking, eCommerce, and e-recharge. This user-friendly and convenient platform has won over Indians.

Later, Paytm added stockbroking, the National Pension System (NPS), Paytm First Games, Insurance, Credit and Debit Cards, and a mini app store. This expansion aimed to help Indian app developers and enterprises a lot and also shows Paytm's dedication to provide a wide range of easy-to-use financial services.

But due to its inability to maintain openness and challenge its ethical practices, the corporation has suffered. Brand value and customer trust have plummeted. Informal decision-making based on founders' intuition or short-term aims lead to inconsistency and strategic loss. The fintech giant's emphasis on quick expansion at the business and services of adhering to regulations resulted in significant legal and reputational issues, leading to substantial losses in both reputation and business, as well as legal obstacles.

Keywords: Strategic failure, Paytm, Fintech, Governance, Indian regulations.

Adhyayan: A Journal of Management Sciences (2024); DOI: 10.21567/adhyayan.v14i1.07

Introduction

The phrase "FinTech" is nothing more than a combination of the terms "financial" and "technology," even though it is mostly concealed by exaggeration and a great deal of hype associated with it. When referring to the process of supplying clients with financial services and commodities, this word indicates to the utilization of technology including finance model. It is possible that this pertains to the domains of banking, insurance, or investing; in other words, almost anything that is associated with concerns pertaining to finances. Some of the traditional financial services that are being disrupted by digital technology include mobile payments, money transfers, lending, fundraising, and asset management. The General Secretary of the International Association of Insurance Supervisors, which is a member organization of the Financial Stability Board, Yoshi Kawai, offered a description of "FinTech" that is considered to be a workable definition as "FinTech represents a type of technologically enabled financial innovation."(Jalal et al., 2024)

It is possible that these new tech changes will have a vital impact on the financial markets and firms, as well as the delivery of financial services.

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How to cite this article: Verma, S.K. (2024). Strategic Failure of Paytm: A Study on Paytm's Journey in India's Fintech Era. Adhyayan: A Journal of Management Sciences, 14(1):36-44.

Source of support: Nil

Conflict of interest: None

Key Players

When people think about financial technology, they often concentrate on start-up companies that are entering markets that have traditionally been controlled by banks and other traditional financial institutions. However, the ecosystem of organizations that are involved in financial technology is far more extensive and includes the following (Pwc-Fsi-What-Is-Fintech. Pdf, n.d.) traditional and well-established financial institutions like as HSBC, Barclays, Bank of America, HDFC Bank State Bank of India etc, who are either buying FinTech start-ups or collaborating with some of these firms in order to build their own innovative product solutions;

The following are examples of large technical companies that are active in the financial services industry but do not mainly focus on this fintech sector: Apple, Google, Facebook, and Twitter (now called as X).

Various utilities that serve the financial market, as well as exchanges such as the NASDAQ and the NYSE, BSE, NSE are examples of businesses that provide technology infrastructure that makes it simpler to perform transactions involving financial services. Examples of such businesses include MasterCard, Fiserv, and VISA.

Fintech startup companies that are fast increasing and are often involving new businesses are referred to be disruptors. Some of these businesses are concentrating their efforts on developing a new technology or methods. As an example, Paytm, which specializes in mobile payments, automated investing, e-commerce, small digital banking has all been described as disruptors.

Fintech History

Fintech 1.0 (1886–1967)

The construction of the infrastructure that will make it possible to provide financial services on a global scale is taking place at this stage. The first transatlantic cable, which was completed in 1866, and Fedwire, which was established in the United States in 1918, made it possible for the first electronic money transfer system to be implemented. This system made use of technologies such as telegraph and Morse code. The capability to carry out financial transactions across a longer distance was a revolutionary invention during a time when infrastructure and transportation were still in the process of being developed. Even if it considered very basic by the standards of today, but it was innovative when it was first introduced.

Fintech 2.0 (1967–2008)

The installation of the very first automated teller machine (ATM) by Barclays in 1967 is a significant event that marks the beginning of this period. In addition, this period is defined by the shift from analog to digital methods of conducting financial operations. Both the National Association of Securities Dealers (NASDAQ), which was the nation's first computerized stock exchange, and the Society for Worldwide Interbank Financial Telecommunications (SWIFT), which was a communication protocol between financial institutions that facilitated the high number of international payments, were established during the decade of the 1970s. Both organizations were part of the United States National Stock Exchange.

Bank mainframe computers came into existence in the 1980s, which was a factor that led to the continuance of this period. A "Gordon Gecko" sense of style was also becoming prevalent on Wall Street during this period. In addition, the increased availability of internet banking in the 1980s brought to a shift in the manner in which individuals do business. People's interactions with financial institutions underwent a transformation as a result of the revolution that was brought about by the internet.

During the 1990s, the initial steps toward digital banking were taken, and clients who were linked to the internet began to handle their finances in a variety of various ways. The year 1998 saw the beginning of PayPal, which was a precursor to the new payment methods that would emerge as the world became more and more dependent on the internet.

Everything in the economy seemed to be fine, and it even caused Gordon Brown, who was serving as the Chancellor of the United Kingdom at the time, to announce the "end of boom and bust." However, it was this specific collapse – the global financial crisis of 2008, that pulled down the curtain on this period of fintech 2.0 and drove the innovation that would be witnessed throughout the next era.

Fintech 3.0 (2008-Present)

Following the occurrence of the financial crisis, alterations in regulatory policies and a loss of confidence in institutions have combined to create opportunities for new entrants to the market. Following the inception of Bitcoin in 2009, a multitude of cryptocurrencies utilizing blockchain technology emerged.

The proliferation of smartphones has led to mobile devices serving as the primary means by which individuals access diverse financial services and navigate the internet.

The emergence of a voracious for innovation among investors and consumers has sparked a proliferation of novel products and services, transforming the era of start-ups into the era of innovation. There is an increasing prevalence of established institutions adopting the conduct and promotional strategies of start-ups. It is opposite to the established banks that were prevalent during Fintech 2.0, Fintech 3.0 is distinguished by this departure.

In order to streamline process, emerging technologies simplifying the development of digital banking products via Open Banking that uses of APIs and secure integration which grants non-affiliated organizations access to financial data of the financial institution.

Fintech 3.5 (Upcoming)

Fintech in developing nations is in a different age. In Africa and Asia, fintech is not only a response to a global crisis but also a tool for economic growth.

Thus, fintech developed later but quicker in certain locations. Thanks to knowledge gained over time and different national policies, emerging markets can now gather more investments to create solutions that meet the needs of both the internal market (like the unbanked) and a global economy and a community of investors looking for modern financial framework-compliant opportunities.

A trend away from the western-dominated financial sector is indicated by Fintech 3.5, which also recognizes the progress that is being achieved in digital banking all over the globe.(FinTech in India - A Breakthrough | Deloitte, n.d.)

Growth of Fintech in India

With an estimated 111.14 billion in 2024 (Fintech Industry in India - Size, Share, Growth & Industry Overview, n.d.), the Indian financial technology sector ranked among the top five markets in terms of capital funding and investments in the industry. The objective of this document is to provide guidance in establishing a trajectory for a scalable and sustainable financial technology sector in India.

FinTech enterprises operating in India possess the capacity to address several significant structural obstacles that afflict the financial services sector in India. These concerns encompass broadening the scope of engagement, improving the satisfaction of customers, reducing obstacles to operations, and promoting the adoption and utilization of digital platforms. Digital FinTech firms will have an advantage over incumbent banks and financial service providers due to their utilization of operation cost models that are higher and involve legacy-prone procedures. This is because conventional institutions will have to play catch-up with these innovative and agile start-ups. FinTech may capitalize on opportunities presented by the expansion of the market, the modification of client behaviour, and the implementation of long-term reforms in the financial sector.

Research Objective

The paper aims to examine the Indian fintech industry, namely Paytm, by analysing its historical development and evaluating its importance in the sector. The primary objective of this paper is to examine the trajectory of Paytm, tracing its origins and analysing its present position as a key participant within India's digital payment landscape. Moreover, this study aims to examine the many reasons that have contributed to the ascent and subsequent difficulties faced by Paytm. Specifically, it focuses on the decline of the company, which may be ascribed to inadequacies in governance, a lack of adherence to external rules, and inadequate compliance measures. The study aims to clarify these dynamics to give insights into the wider implications for governance frameworks and regulatory compliance in the Indian fintech sector. This will provide significant lessons for industry stakeholders and policymakers.

Indian Fin Tech Startups landscape

Financial technology firms have the potential to lower costs while also improving the quality of financial services. It is possible to pass on to consumers the advantages of leaner operating models since these models do not need the weight of legacy operations, information technology systems, and costly physical networks.

The financial technology sector will develop innovative risk assessment methodologies. Big data, machine learning, and alternative data will enhance financial services penetration in India by underwriting loans and building credit ratings for people with short credit histories.

The financial services environment will become more varied, safe, and stable because of the use of FinTech. Companies in the financial technology sector are less homogeneous than traditional banks, and therefore provide excellent learning templates that can be used to develop both skills and culture.(FinTech in India - A Breakthrough | Deloitte, n.d.)

Fintech Business Model Types in India

Alternative credit scoring

Many self-employed people with stable income cannot qualify for regular bank loans due to strict and outdated credit scoring rules. A credit grade Financial technology companies like Sri Ram Finance are using social signals and percentile scoring to compare borrower groupings using AI and Machine Learning (Artificial Intelligence Applications Uses In Financial Services, n.d.) . All these qualitative characteristics combined with a smart, self-learning algorithm may enhance loan decisions over time. If social presence can be used to identify unfavorable profiles before loan distribution, a lender may prevent from Non-Performing Assets (NPA).

Alternative underwriting for insurance

Today, two people who are the same height and weight, who do not smoke, and who do not consume any alcohol will be charged the same premium for their life insurance policy. One individual, on the other hand, may be a lazy person who is more likely to pass with diabetes and other issues, whereas the other might be an exercise enthusiast. These inaccurate premium estimates are the result of averaging out, which is referred to as normalizing in actuarial terms. This is because risk premiums do not presently consider elements that cannot be quantified with precision.

Processing of the transaction

Data has become the new oil, and if it is managed more properly, it has the potential to deliver significant insights into the requirements and preferences of the customer. FinTech startups that are operating in the transaction delivery space are developing free products such as expense management apps in order to collect customer data and then cross-pollinate that data with the rest of the group in order to map the potential of the customer to pay premiums, invest in real estate, buy mutual funds, and engage in other activities that are comparable. One example of this type of business model that is utilized by these types of FinTech businesses is a commission-based model, which involves the resale of financial products that have been established by third parties.

Peer-to-peer lending

This type of lending is referred to as peer-to-peer lending, or P2P lending, and it occurs when one person borrows money from another individual. From a similar perspective, the term "peer-to-business lending," which is sometimes referred to as "P2B lending" in some circles, describes the process by which a firm borrows money from one or more individuals. These lending models are making it easier for investors to obtain returns that are greater to those granted in debt markets. This is accomplished by enabling investors to send their money to borrowers who have been pre-approved and interviewed. Platforms that allow the pairing of borrowers and lenders are provided by FinTech companies such as Funding Circle through their services. Many of these platforms impose a fee, which is then subtracted from the amount that the borrower is responsible for repaying.

Small ticket loans

It is common practice for financial institutions and other lenders to avoid underwriting lower ticket loans due to the poor margins and significant expenses involved in the process of establishing and collecting these loans. FinTech businesses operating in this segment of the market, such as Incred Finance, are introducing impulse buy mechanisms, also known as buy now and pay later (BNPL), and one-click buy buttons on e-commerce websites. These mechanisms allow users to make purchases in a short amount of time without the need to input any kind of authentication or credit card data.

Payment gateways

An online payment gateway is a platform that enables customers to make a payment for a product or service that is located on the website of a merchant. The word "payment gateway" refers to this platform. Digital wallets, debit cards, credit cards, and cryptocurrencies are only some of the payment alternatives that are now accessible. There is an endless number of potential payment methods available at present moment. There are typically hefty fees that banks charge to handle transactions that come from all of these different sources. FinTech businesses, on the other hand, are incorporating all these different payment methods into their apps. Companies that sell their products or services to end consumers are the typical users of these payment apps. These applications are used by businesses that serve end customers.

Digital wallets

Digital wallets are like basic bank accounts and payment channels. This business concept enables consumers pre-load virtual money into their wallets. The user may then use this virtual money to make online or offline purchases at companies that accept digital wallets.

Asset wanagement

When you purchase stocks or mutual funds, have you ever heard of the possibility of not having to pay a commission fee? Many financial technology businesses, such as Robinhood, are making it possible for investors to engage in free trading in exchange for their data. The difference between the amount of money the investor saves on trading costs and the minor rise in price is still positive, even though the investor could pay a slightly higher price for their asset.

Digital banking

By using a comprehensive digital infrastructure, challenger banks such as Digi bank By DBS India are providing individuals and businesses with bank accounts that are devoid of any unnecessary features(Lee et al., 2021). The business strategy here is very comparable to that of a bank that has physical branches; the only difference is that clients can considerably benefit from decreased rates due to the enormous cost reductions in staff and real estate.

Digital insurance

Exactly in the same way that digital banks are transferring all the traditional services into the digital domain, FinTech companies who are active in the insurance sector are doing the same thing. Using more advanced underwriting procedures, FinTech companies are able to offer life and health insurance. In addition to this, they have the ability to set the prices of their premiums at variable rates that change depending on the customer. Because of this, they are able to offer coverage that is far more reasonable than what is provided by traditional insurance companies.

Paytm History

Paytm was first developed with the intention of simplifying the process of transferring money online for both individuals and companies. However, the company has rapidly extended its range of services. Later, it will provide aid with mobile phone and DTH recharging, as well as banking services and eCommerce capabilities. Indians have developed a fondness for this platform due to the fact that it is so user-friendly and handy(Mishra & Presthitha, 2024).

Paytm has extended its services over time to include stockbroking, the National Pension System (NPS), Paytm First Games, Paytm Insurance, Credit an Debit Cards and a micro app store. This expansion was made with the intention of supporting Indian app developers and entrepreneurs. This development reflects Paytm's commitment to provide its consumers with a broad variety of financial solutions that are simple to access without difficulty.

Founders Story

Born in Aligarh, Vijay Shekhar Sharma was born into a family that belonged to the middle class. The fact that his father was a teacher and had a strong commitment to education contributed to the fact that he was a highly intelligent student from a young age.

His education was finished at the age of 14, and he attended a school that was taught in Hindi. As a result, he had to put in a lot of effort to learn how to read and write in English. Soon after, he came to the realization that learning Basic English is necessary in order to get accepted into a reputable institution.

This was not something that he considered to be a weakness; rather, he saw it as a challenge and started studying English by reading old magazines and borrowing books from his friends. In the past, he would carry two books at once, one book containing sentences in English and another book containing translations of those phrases.

As soon as he was accepted into an engineering college in Delhi (Vijay Shekhar Sharma | LinkedIn, n.d.), this exceptionally intelligent guy began to deteriorate into an ordinary student, and his grades started to go down.(Purnima, n.d.)

After just a few months of attending college, he decided to withdraw from the institution entirely. Within a short period of time, he began to lose interest in engineering and instead acquired an interest in business ownership.

Paytm Business Model

Paytm payments services help recruit customers and merchants, and our two-sided ecosystem and deep platform analytics help cross-sell high-margin financial services and merchant services (commerce and cloud). UPI is one of our top low-CAC consumers and merchant acquisition methods(Prasad, 2022).

Consumer empowerment with the widest payments services: We offer third-party payment instruments like cards and net banking as well as Paytm Payment Instruments like Wallet, Paytm Postpaid (BNPL), UPI, FasTag (NETC FASTag: Pay Highway Toll Online Through RFID | NPCI, n.d.) for online mobile recharge, utility bill, rent, toll, education, wallet top-ups, and money transfers using the Paytm app. Online third-party app payments and in-store QR code and device payments are also possible.

Consumers utilize our platform for its range of payment use cases and payment instrument selection. Merchants join our platform and utilize our commerce products to build their company due to high customer adoption. This self-reinforcing cycle increases frequency, repeat rates, and customer stickiness and retention.

Through the delivery of ticket sales, advertising, and loyalty solutions such as offers and gift certificates, Paytm's assists merchants and partners in developing their businesses. Through the utilization of our software and cloud services, businesses, telecommunications companies, and digital and financial technology platforms are able to monitor and enhance their interactions with customers, develop payment systems, and obtain customer insights. Through our commerce offerings, you may purchase tickets for travel and entertainment, as well as gaming and other activities.

When customers have easy access to services like these within the Paytm app, customer engagement and retention are increased.

Paytm Business Units & Expansion

Paytm has established one of the biggest payment systems in India in terms of the quantity of transactions, users, merchants, and income. As of June 30, 2021, 33.7 million registered customers and over 2.1 million registered merchants may use banking, payment, and cloud services with Paytm.

Users Specific Services

Paytm's twin benefits for customers and retailers are exclusive and facilitate business. Through its financial organization partners, you may access financial services through technology, enhancing both consumer lifestyles and merchant businesses. A key component of Paytm's unit economics and business strategy is merchant and customer interaction.

Cash Unit: Peer-to-peer money transfers, bill payment, in-store payment, and internet payment are among the services offered. Paytm receives commissions from service providers, including DTH and mobile carriers. They also provide incentives for recharging in the form of cashbacks and other deals.

Trade Unit: Tickets for movies, trains, and planes are available here, along with Paytm Mall. With lower convenience fees, Paytm joined the event and movie ticketing sector, giving BookMyShow, another major player, fierce competition. In the area of booking flights and trains, it has competition from Yatra and MakeMyTrip.

Banking and Related Services Unit: Paytm offers financial services as well, such as credit cards, insurance, savings accounts, and so on. Because creating an account and verifying documents are among the most common digital-era tasks, Paytm can quickly get new users in this area.

Business Specific Units:

Paytm facilitates the management of large transactions and the receipt of payments from consumers for companies.

Customers Payment Unit: This makes it possible for different retailers to take consumer payments directly. There are two categories for this payment section: online and offline. The online payment area covers links, settlements, UPI payments, payment gateways, and subscription-based payments.

Software and Business Payments Unit: Payouts, nodal accounts, POS billing software, business Khata, and advertising are a few of these. By giving merchants the ability to sidestep technological complications through the software, these services guarantee simplicity of commerce.

Banking and Related Services: Paytm services to enterprises include mutual funds, Paytm Gold, pensions, and salary accounts fall under this category. In this category, Paytm also offers insurance and loans.

Developer-Friendly Services: These include Paytm AI and API services. Software language is known as API. Paytm also offers a fraud management tool called Paytm AI.

SWOT Analysis of Paytm

A PAYTM SWOT analysis Figure 1 identifies its strengths, weaknesses, opportunities, and threats. It's a proven management technique that enables Paytm evaluate its performance to rivals and the industry.

It's great for identifying the company's strengths and weaknesses, finding solutions, and planning growth. The infographic Figure 1 explains Paytm's SWOT analysis: (Xaif, n.d.)

Regulatory Requirements for Financial Technology Firms Like Paytm

In the context of the financial technology business, the term "fintech regulatory compliance" refers to the observance of the many rules, regulations, and standards that are established by regulatory authorities within the sector. Because of the sensitive nature of financial transactions and the possible influence on consumer and investor interests, the environment in which fintech companies operate is heavily regulated. Compliance with regulations is very necessary to guarantee the stability, security, and ethical behaviours of these fintech activities. The following are some of the most important components of regulatory compliance for fintech which is equally applicable for Paytm:

Licensing and Registration: To lawfully do business, financial technology businesses are often needed to get certain licenses or registrations from the relevant regulatory authorities. It is possible that this includes licenses for the processing of payments, the transportation of money, or the provision of investing services.

Compliance with data protection and privacy legislation is essential for fintech companies since they handle sensitive financial information. This makes data security and privacy an important concern. This involves taking precautions to safeguard the information of customers and ensuring compliance with regulations

Figure 1: Paytm's SWOT analysis

such as the General Data Protection Regulation (GDPR) and India Digital Personal Data Protection Act 2023 (DPDPA).

Know Your Customer (KYC) and Anti-Money Laundering (AML): To avoid unlawful financial activity and authenticate the identity of its clients, fintech businesses are required to establish stringent AML and KYC protocols.

Protecting Customers: Regulations often regulate how financial technology companies must disclose information to customers, how they must address complaints, and how they must guarantee that their procedures are fair and transparent.

To protect payment card data, fintech companies that process and store credit card transactions must comply with the Payment Card Industry Data Security Standard (PCI DSS) as well as NPCI regulations.

Standards for Cybersecurity Fintech companies are required to establish cybersecurity measures to defend themselves against cyber-attacks and data breaches. These measures must conform with industry and regulatory standards.

Transparency and Financial Reporting: It is possible that organizations that deal in financial technology would be obliged to comply to certain requirements for financial reporting and to guarantee that their financial activities were transparent.

Compliance Across Borders: It is essential for financial technology companies that operate on a global scale to act in accordance with the legislation that are in place in various countries. This involves having a grasp of the regulatory environment in each market that they serve and doing their best to adhere to it.

The successful compliance with regulatory requirements is not only a legal obligation, but it also helps to develop confidence with consumers, investors, and regulatory agencies. Companies in the financial technology sector often make investments in compliance procedures, technologies, and staff to effectively traverse the complicated regulatory environment.

Previous Controversies with Paytm

As highlighting international issue, California, the state in question On November 18, 2016, PayPal filed a complaint with the Indian trademark authorities, stating that Paytm had used a logo that featured a colour combination that was close to PayPal's own sign. The complaint was submitted along with the allegations that Paytm had used the logo.

In May of 2018, the Indian investigative journalism outlet Cobrapost (Cobrapost Expose, n.d.) released a video that showed an undercover reporter meeting with Ajay Shekhar Sharma, the vice president of Paytm. The encounter took place in India. According to the allegations, he said at the meeting that the company had breached the rules and the privacy of its customers by giving the Government of India with the personal information of Paytm users in the state of Jammu and Kashmir state of India. Following the passage of some time, BuzzFeed made the assertion that founder had substantial ties to the Bharatiya Janata Party, which is the political party that is now in power in India. It was at this time that the company replied by tweeting that it had never shared the data of its users with any other parties, that it had rejected the contents of the video, and that it had never received any requests from law enforcement on Twitter. Furthermore, Paytm said that any person who argues otherwise "is not aware of the policy and is not authorized to speak on behalf of the company." This was stated in the company's statement.

It has been reported that on September 18, 2020, the official app of the corporation was taken from the Google Play market for a short period of time. According to allegations, this occurred because of violations of the Play Store's gambling policy. According to the business, Google did not provide any warning or give the company the opportunity to defend its views on the questionable 'cashback' offers. The company also said that Google did not provide any previous notice. Furthermore, the business said that equivalent 'cashback' offers were made via Google Pay, which is Google's own payments tool, and that the company did not incur any fines because of these offers.

Paytm Payments Bank was found to have been leaking customer information to Chinese companies that indirectly had a stake in Paytm Payments Bank(RBI Punished Paytm Payments Bank for Data Leaks to Chinese Firms, 2022), according to an investigation that was carried out by the Reserve Bank of India in March 2022. Because of this revelation, the Reserve Bank of India prevented Paytm Payments Bank from acquiring new clients until further notice. This prohibition is in effect until further notice.

On the 31st of January 2024, the Reserve Bank of India, which is the regulating authority for the banking sector in India, issued an order ordering Paytm Payments Bank Ltd to halt the bulk of its activities commencing on the 29th of February 2024(Kumar, n.d.). Before beginning the process of onboarding consumers, RBI found out that the company did not do sufficient background checks on the origin of the money. This was revealed before the company began the procedure. The deadline for this has been further extended to the 15th of March in 2024, as stated in the frequently asked questions section of the website.

Paytm's Failure: Lack of strategic corporate governance

Since the very beginning of Paytm existence, corporate governance has been the subject of a considerable amount of attention and worth. Determining whether a company is a good one, the profitability of the business is not the only element that is considered. It is required, however, to build strong corporate governance rules, policies, and practices that are following the shareholders, board, management, workers, and suppliers to prevent the chance of loss or failure and also provide strategic management for regulatory compliance requirements. Within the field of corporate governance norms, the ideas of transparency, accountability, risk management, responsibility, and fairness are seen as being among the most important notions. But starting situation did not remain constant for Paytm, firm being accused of engaging in money laundering, and conducting hundreds of crores of questionable transactions. These allegations have created questions that cannot be addressed about the company's transparency, accountability, and fairness.

A directive was issued by the central bank on January 31st, instructing the PPBL to halt all new credit and deposit operations, as well as other banking activity like as top-ups and cash transfers, beginning on February 29th of the same year (Deva, 2024). In line with the instructions that were provided, this directive was created.

It has been confirmed that the action was taken because Paytm Payments Bank did not comply with the law even though the authorities had warned them several times. Among the problems that have been brought to light include falsified compliances, irregularities in Know Your Customer (KYC) rules, and transactions that involve parties that are related to one another. The Reserve Bank of India (RBI) has taken a tough stance against these issues by interfering with some banking operations of Paytm Payments Bank. This action was made in response to the concerns that have been raised.

The major root cause of the failure is Paytm prioritized quick user acquisition and market share over good governance to achieve the "hockey stick" growth curve. Speed often leads to quick team expansion and confused job and task identification, as well as skewed. Paytm was much focused on adding more and more in shop, without establishing a single product Paytm used to divert the focus on upcoming product and services.

Informal decision-making based on founders' intuition or short-term aims lead to inconsistency and strategic loss. Prioritizing rapid growth above regulatory compliance lead to legal and reputational concerns which has huge impact on the Paytm growth even RBI licence for Paytm major business model was cancelled, forced to transfer the users to different banking or fintech portals. As per Quarter 3 2023-2024 result preview the operations revenue are projected to decline by 21% YoY to Rs 1,830 crore, while the contribution profit, with a contribution margin of 60%, is predicted to drop by 15% YoY to Rs 1,090 crore. (Mudgill, 2024)

Conclusion

A setback has occurred for the company because of its incapacity to maintain transparency while simultaneously putting into question the ethical methods that it employs in the operation of the firm. The value of the brand has substantially dropped, and the faith of the customers has been utterly obliterated. Although there is a crisis going on, there is a lack of clarity on the activities that should be taken. Comparable to making purchases in a state of fear due to an unanticipated catastrophe taking place. There is a potential that customers of Paytm are looking for services from a separate secure party that may be provided via other means. Although I was fortunate enough to not be a Paytm user, I cannot help but feel awful for the folks who are utilizing the site.

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