A PROJECT ON MERCHANT ACQUISITION & QR PAYMENTS IN IPPB

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ABSTRACT

This study focuses on the evaluation of merchant acquisition & QR Payments Adoption of India post payments bank (IPPB). IPPB plays a significant role in expanding digital financial services by utilizing the vast India post network to reach merchants across rural and semi urban areas. The primary objective of this study is to analyse the extent of QR payment adoption among IPPB merchants and asses the effectiveness of IPPBS'S merchant acquisition strategy.

This study examines the role of India post staff and postal network in on boarding merchants and promoting QR- based digital payments. Doorstep banking services, awareness programs, and continuous support provided by postal employees are analysed to understand their impact on merchant participation. The research also evaluates the level of usage, convenience, and benefits experienced by merchants after adopting IPPB QR payments, including ease of transactions, reduced cash dependency, improved transparency, and customer satisfaction.

Further, the study identifies various challenges faced by merchants while using IPPB QR payments. These challenges include limited digital literacy, lack of technical knowledge, network connectivity issues, concerns regarding security, and resistance to adopting digital modes of payments. Understanding these issues helps in assessing the gaps in the existing merchant acquisition and digital payments frame work.

The study is based on both primary and secondary data. Primary data is collected through structured questionnaires and direct interactions with IPPB merchants, while secondary data is gathered from journals, reports, official IPPB publications, and digital payment studies. The findings reveal that while IPPB has successfully expanded QR payment adoption among merchants, continuous training, awareness initiatives, and technological improvements are necessary for sustained to improve merchant acquisition and enhance the effectiveness of QR payment usage in IPPB, contributing to financial inclusion and a cashless economy nationwide.

Key words: cashless economy, Indian postal payments bank, merchant acquisition, QR payments, digital literacy, digital payments, rural banking.

INTRODUCTION

India is witnessing a silent financial revolution. The way money moves has changed drastically in the last few years. From standing in long queues at banks to making instant payments with a simple scan, digital transactions have transformed everyday life. At the heart of this transformation lies merchant acquisition and QR-based payment systems.

Merchant acquisition refers to the process of identifying, onboarding, and enabling merchants to accept digital payments. It is not just about installing a QR code at a shop; it is about empowering small and medium businesses to become part of the digital economy. When a merchant adopts QR payments, they shift from cash dependency to a transparent, secure, and faster transaction ecosystem.

QR (Quick Response) payments have emerged as one of the most convenient and accessible forms of digital transactions. With just a smartphone and internet connectivity, customers can scan and pay within seconds. This system reduces the need for physical cash handling, lowers operational risks, and improves transaction efficiency. For merchants, it simplifies accounting, increases customer trust, and enhances business credibility.

The importance of merchant acquisition has grown rapidly due to the increasing adoption of digital payment platforms. As customers prefer cashless transactions, businesses that fail to adapt risk losing competitive advantage. By onboarding merchants into QR payment systems, financial institutions bridge the gap between technology and grassroots commerce.

Digital payment acceptance also supports financial inclusion. Small vendors, local shopkeepers, and micro-entrepreneurs who were once outside the formal financial system can now track transactions, access credit opportunities, and build a financial identity. Merchant acquisition therefore plays a critical role in strengthening the digital infrastructure of the country.

However, the process is not without challenges. Lack of digital literacy, resistance to change, security concerns, and network limitations can affect adoption rates. Understanding these challenges and addressing them effectively is essential for sustainable growth in the digital payments ecosystem.

This project focuses on understanding the mechanisms, strategies, challenges, and impact of merchant acquisition in the context of QR-based payment systems. It aims to analyse how digital payment solutions influence business operations, customer behaviour, and overall transaction efficiency. The study also evaluates the role of awareness, trust, and technological support in successful merchant onboarding.

Review of literature:

1.Arjita Mishra, Gautam Kumar Jha & Nidhi Gupta (2024)

Explored how QR codes significantly influence the adoption of digital payments among merchants and consumers in Eastern Uttar Pradesh. Found that convenience, ease of use, and cost-effectiveness drive adoption, while security and awareness remain challenges.

2.Arif Hasan, Priyanka Sikarwar et al. (2024)

Studied behavioural intentions among Indian youngsters toward digital payments; identified perceived usefulness, security, cost, and social influence as major determinants.

3.Prof. Yudhvir Singh & Babita Rani Tyagi (2023)

Investigated digital payment adoption in Western Uttar Pradesh, noting that government initiatives, mobile internet, and UPI apps facilitated transition from cash.

4.Aloysius B. P. Irianto & Pisit Chanvarasuth (2025)

Examined drivers and barriers of mobile payment adoption among MSMEs in Indonesia; perceived usefulness, risk, and experience had strong influences.

5.Mohammad Ali Yamin & Omima A. Abdalatif (2024)

Investigated consumer behaviour towards QR code mobile payments; convenience and perceived usefulness significantly affected adoption intentions.

6.Wishnu Badrawani (2025)

Analysed the impact of central bank policies on QRIS adoption during COVID-19, confirming policy influence and perceived risk significantly shaped intention to use QR payments. �arXiv

7.Kratika Gupta & Moon Moon Lahiri (2025)

Comprehensive analysis of Indian digital transactions documented how QR payments are a key component in expanding cashless economies. �Journal of Marketing & Social Research

8.Manju Bala (2025)

Studied growth of digital payments in Indian retail; revealed intense growth in UPI and QR-triggered merchant payments influencing consumer spending patterns. �managejournal.com

9.P. Nandru (2024)

Investigated intention to adopt mobile QR payments and found that ease of use and interoperability with UPI increased merchant usefulness. �Emerald

10.Research on marginalized women street vendors (2025)

Found that facilitating conditions, social influence, personal innovativeness, and trust drive sustained engagement with QR code payment systems among street merchants. �Springer

11.S. Bhutani (2025) – Systematic Review

Compiled global and Indian research on UPI and merchant adoption, highlighting barriers (literacy, infrastructure) and facilitators (network effects, policy support). �Advances in Consumer Research

12.India's UPI growth studies (2025)

Research documented massive growth in UPI and QR acceptance among retailers, confirming widespread merchant integration and ecosystem expansion. �Wikipedia

13.IPA & LUMS study (2024)

Evaluated QR code transactions with merchants in Pakistan, noting the gap between high perceived value and actual usage, pointing to customer and merchant barriers in digital adoption. �poverty - action.org

14.Avnish Kumar (2024)

Analyzed UPI adoption in Bhagalpur, Bihar, highlighting widespread acceptance of digital payments and their use in various financial activities. �rrjournals.com

15.Anna Isabella Lau, Hepy Hefri Ariyanto & Hanini Ilyana Che Hashim (2024)

Focused on QRIS acceptance among merchants in Indonesia. Showed factors like perceived usefulness and ease of use significantly influence merchant adoption. �kwpublications.com

Need of the Study:

The rapid growth of digital payment systems has transformed the way financial transactions are conducted in India. Among various digital modes, QR-based payments have gained significant momentum due to their simplicity, affordability, and accessibility. However, the success of QR payments largely depends on effective merchant acquisition and onboarding.

Despite the increasing penetration of digital payment platforms, several merchants—especially small and medium retailers—still face challenges in adopting QR payment systems. Factors such as digital literacy, trust issues, awareness levels, transaction security concerns, and infrastructure constraints influence adoption behaviour.

Therefore, this study is needed to Understand the process of merchant acquisition in QR-based payment systems., Analyse the factors influencing merchants to adopt digital QR payments .Identify challenges faced during merchant onboarding and usage. Examine the impact of QR payment acceptance on business performance.

This research will help in understanding practical ground-level realities of merchant adoption and provide insights for improving digital payment penetration.

OBJECTIVES OF THE STUDY:

1.To study the extent of QR payment adoption among IPPB merchants.

2. To conduct comparative analysis of IPPB QR merchant business vs peer companies.

3. To identify the challenges faced by merchants in using IPPB QR payments.

4. To examine the merchant acquisition strategy of India Post Payments Bank.

5. To suggest measures for improving merchant acquisition and QR payment usage in IPPB.

Key Performance Indicators (KPIs):

a) To study the extent of QR payment adoption among IPPB merchants

- ➢ Percentage of merchants using IPPB QR
- ➢ Number of active QR transactions per merchant per month
- ➢ QR activation rate among onboarded merchants
- ➢ Growth rate of QR merchant base
- ➢ Share of digital vs cash transactions

b)To identify the challenges faced by merchants in using IPPB QR payments

- ➢ Percentage of merchants reporting technical issues
- ➢ Average settlement delay complaints
- ➢ Frequency of transaction failures
- ➢ Customer support resolution time
- ➢ Merchant grievance incidence rate

c)To examine the merchant acquisition strategy of India Post Payments Bank

- ➢ Merchant onboarding growth rate
- ➢ Cost per merchant acquisition (indicative)
- ➢ Conversion rate (approached vs onboarded merchants)
- ➢ Activation rate after onboarding
- ➢ Merchant retention rate

d)To conduct comparative analysis of IPPB QR merchant business vs peer companies

- ➢ Market share comparison
- ➢ Merchant preference ranking
- ➢ Transaction success rate comparison
- ➢ Settlement time comparison
- ➢ Feature satisfaction comparison
- ➢ Competitive positioning index

e)To suggest measures for improving merchant acquisition and QR usage in IPPB

- ➢ Identified improvement areas count
- ➢ Merchant willingness to increase usage (%)
- ➢ Training effectiveness score
- ➢ Awareness campaign reach
- ➢ Expected adoption uplift (projected)

SCOPE OF THE STUDY:

The present study focuses on evaluating the merchant acquisition process and QR payment adoption under India Post Payments Bank (IPPB). It examines the level of awareness, usage behaviour, satisfaction, and operational challenges experienced by merchants using IPPB QR services. The study also undertakes a comparative assessment of IPPB's QR merchant business performance with selected peer digital payment service providers to understand its competitive position in the market.

The research is based on primary data collected from 2,750 merchants and secondary data obtained from credible sources such as IPPB official publications, RBI reports, NPCI reports, research articles, and financial documents. The findings of the study are intended to provide practical insights for improving merchant onboarding effectiveness, enhancing QR usage, and strengthening IPPB's digital payment ecosystem.

In Scope (Covered in Study)	Out of Scope (Not Covered)
Analysis of IPPB QR adoption among	End-customer payment behaviour

In Scope (Covered in Study)	Out of Scope (Not Covered)
merchants	
Merchant awareness and perception	Detailed financial performance of IPPB
QR usage frequency and transaction pattern	Technical architecture of QR/UPI systems
Merchant satisfaction with IPPB QR	International payment comparisons
Challenges faced by merchants	Non-QR payment modes (cards, NEFT, RTGS)
Evaluation of IPPB merchant acquisition	Government policy formulation
Comparative study: IPPB vs peer companies	Real-time internal IPPB transaction data
Primary survey of 2,750 merchants	Merchants outside selected study area
Secondary data from RBI, NPCI, IPPB reports	Longitudinal/time-series analysis

LIMITATIONS OF THE STUDY:

Every research study has certain limitations. The limitations of this study include:

- The study is limited to a specific geographical area.
- The sample size may not represent the entire merchant population.
- Responses are based on merchant perception, which may include personal bias.
- Time constraints limited extensive field research.
- Rapid changes in digital payment technology may alter findings over time.

RESEARCH METHODOLOGY:

Research methodology is the overall plan and logic behind how a study is designed and carried out. It explains why certain methods are chosen and how they help answer the research question in a systematic, reliable way.

The present study adopts a descriptive research design, as it aims to systematically describe the current status of QR payment adoption among merchants associated with India Post Payments Bank and to analyse their experiences, satisfaction levels, and challenges.

Descriptive research is appropriate because the study does not attempt to manipulate variables but rather observes and analyses existing conditions in the merchant payment ecosystem. The design facilitates the collection of quantitative data from a large number of merchants and enables meaningful comparison between IPPB and its peer companies.

a.Key Features of the Research Design

- Nature of Study: Descriptive and analytical
- Approach: Quantitative with supportive qualitative insights
- Method: Survey method using structured questionnaire
- Unit of Analysis: Registered and active merchants using QR payments
- Time Horizon: Cross-sectional study (data collected at one point in time)

b. Justification for Descriptive Design:

1. Suitable for measuring merchant awareness and adoption levels
2. Helps in identifying patterns of QR usage
3. Enables comparison between IPPB and competitors
4. Supports statistical interpretation of merchant responses
5. Appropriate for large sample size (2750 merchants)

c. Sources of Data:

Primary Data:

Primary data was collected directly from merchants through:

- Structured questionnaires
- Personal interactions
- Field visits
- Telephonic discussions (where applicable)

The primary data helped in understanding:

- Merchant adoption behaviour
- Satisfaction with IPPB QR
- Usage frequency
- Problems faced
- Preference vs competitors

Secondary Data:

Secondary data was collected from reliable published sources such as:

- IPPB official website and reports
- Reserve Bank of India (RBI) publications
- National Payments Corporation of India (NPCI) reports
- Research journals and articles (last 5 year's literature)
- Financial reports and industry publications
- Government digital payment reports

Secondary data supported trend analysis, industry comparison, and validation of primary findings.

d. Tools for Analysis

The collected data is analysed using:

1. Percentage analysis
2. Pie charts and bar diagrams
3. Simple statistical interpretation

These tools help in understanding merchant responses clearly and effectively.

e. Sample Size: 2,750 merchants

Sampling Method: descriptive & analytical

Target Respondents: Small retailers, shopkeepers, and service providers accepting QR payments

DATA ANALYSIS AND INTERPRETATION:

This chapter presents the analysis and interpretation of primary data collected from 2,750 merchants regarding the adoption and usage of QR payment services provided by India Post Payments Bank (IPPB). The analysis aims to evaluate merchant awareness, adoption behaviour, satisfaction level, operational challenges, and the comparative performance of IPPB vs peer payment service providers.

The data was collected through structured questionnaires and personal interactions with merchants across different business categories. The responses were coded, tabulated, and analysed using descriptive statistical tools to draw meaningful conclusions aligned with the study objectives.

Profile of Respondents (Merchant Demographics)

The first stage of analysis focuses on understanding the background of the merchants surveyed. Variables such as type of business, years of operation, and digital payment readiness were examined.

Interpretation:

The demographic profiling helps in assessing whether IPPB QR penetration is stronger among certain merchant categories (e.g., retail shops, small vendors, service providers). It also provides context for adoption patterns and identifies segments where further merchant acquisition efforts may be required.

Survey Instrument: A structured questionnaire was administered to 2,750 merchants to evaluate QR payment adoption, awareness, challenges, acquisition effectiveness, and competitive position of IPPB.

**Questionnaire** (Closed-ended)

1. Do you use IPPB QR for receiving payments?
2. What is your awareness level about IPPB QR services?
3. How satisfied are you with IPPB QR payments?
4. What major issue do you face while using IPPB QR?
5. How did you get onboarded to IPPB QR?
6. Which QR provider do you prefer the most?

✓ **OBJECTIVE 1**

To study the extent of QR payment adoption among IPPB merchants

Table 4.1: Usage of IPPB QR

Response	No. of Merchants	Percentage
Yes	1980	72%
No	770	28%
Total	2,750	100%
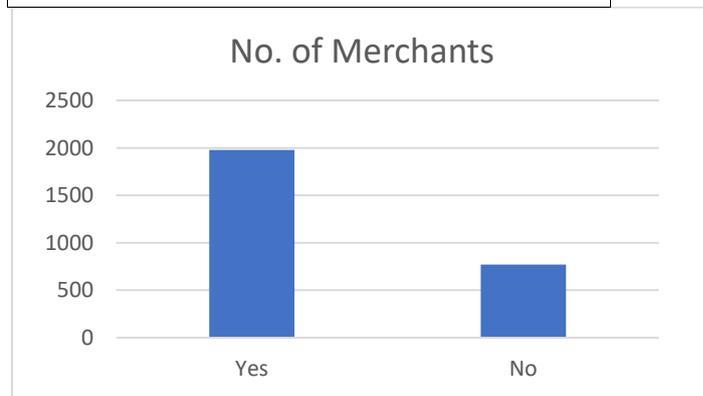
Interpretation:

The table shows that 72% of merchants are using IPPB QR, indicating strong penetration of QR services. However, 28% non-users suggest further scope for merchant acquisition and awareness initiatives.

✓ **OBJECTIVE 2**

To conduct comparative analysis of IPPB QR merchant business vs peer companies

1. Business Model & Strategic Positioning

➢ **IPPB (Public Sector Payments Bank)**

- **Government-backed payments bank** with access to India's postal network and deep rural reach via post offices and Gramin Dak Sevaks (GDS).
- QR merchant services form part of a broader financial inclusion and banking platform rather than a dedicated merchant acquiring business.
- Focuses on onboarding **small & unorganized merchants** and enabling basic digital acceptance (QR, AEPS, biometric Aadhaar pay).
- Offers **BHIM-Aadhaar-IPPB** acceptance – biometric + QR integration – useful where smartphone penetration is low.

Strengths

* Government trust and regulatory support
* Very low/no merchant cost for QR setup
* Doorstep onboarding via postal network
* Instant credit settlement into IPPB accounts

Limitations

* More banking/financial inclusion *focus than* commercial merchant solutions
* Lower ecosystem integration vs private fintech QR providers
* Limited advanced merchant value-adds (e.g., lending, analytics, loyalty)

  ➢ **Fintech Peers (PhonePe, Paytm, BharatPe)**
  ❖ PhonePe & Paytm (Large Digital Wallet/Fintech Platforms)
- Not pure banks but payment platforms with massive merchant QR deployment across India.
- Offer **dynamic QR codes** integrated in apps, voice-enabled soundboxes, machine learning QR scanning, analytics, and flexible settlement.
- Deep merchant ecosystem relationships via large sales teams.

Strengths

* Highest merchant penetration & brand visibility
* Enhanced tech features (dynamic QR, analytics, loyalty)
* Strong integration with P2P, wallets, bills and more

Weaknesses

* In some cases merchant discount rate (MDR) or fees apply
* Regulatory & banking partner dependencies (Paytm faced bank licensing shifts recently).

  ❖ BharatPe (QR-first Merchant Acquirer)
- Pure **merchant acquisition play**, offering one unified UPI QR accepted by multiple UPI wallets & apps.
- Additional products: **merchant lending**, POS machines, swipe devices.

Strengths

* Strong focus on offline merchants and credit solutions
* Zero or minimal transaction fees (to merchant) common
* Single QR code accepted universally (interoperability within UPI ecosystem)

Weaknesses

* Smaller brand recognition than Paytm/PhonePe
* Reliant on UPI ecosystem (no global card acceptance without Bharat QR)

  ➢ State Banks & PSU QR Initiatives
- Public sector banks are increasingly entering merchant QR payments to compete with fintechs, expanding enterprise reach and banking relationships.

2. Merchant Value Proposition

Feature / Capability	IPPB	PhonePe	Paytm	BharatPe
Merchant Onboarding Ease	High (doorstep,	Medium/High	High	High

Feature / Capability	IPPB	PhonePe	Paytm	BharatPe
	low docs)			
Cost to Merchant	Very Low / Free	Low (some fees)	Medium	Low/Free
Universal UPI Acceptance	Yes	Yes	Yes	Yes
Advanced Merchant Tools (Analytics, Loyalty)	Limited	Yes	Yes	Moderate
Merchant Lending / Credit	Limited	Credit via partners	Fintech lending ecosystem	Yes (core product)
Brand Recognition / Market Penetration	Moderate (public sector)	Very High	Very High	High in small retail

Table 4.2: Preferred QR Provider

| Provider	No. of Merchants	Percentage
IPPB	798	29%
PhonePe	908	33%
Google Pay	660	24%
Paytm	384	14%
Total	2,750	100%
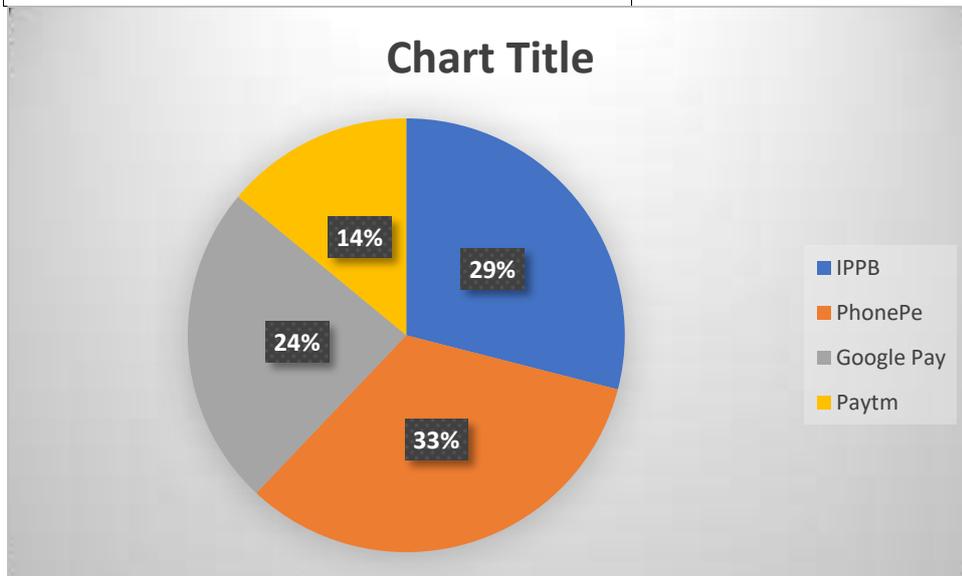
Interpretation:

PhonePe leads with 33% preference, while IPPB holds 29%, indicating competitive presence but scope for improvement in merchant preference through better service and incentives.

✓ **OBJECTIVE 3**

To identify the challenges faced by merchants in using IPPB QR payments

Table 4.3: Problems Faced by Merchants

Issue	No. of Merchants	Percentage
Lack of customer awareness	853	31%
Need for merchant training	743	27%
Network issues	605	22%
No major issue (settlement good)	549	20%
Total	**2,750**	**100%**
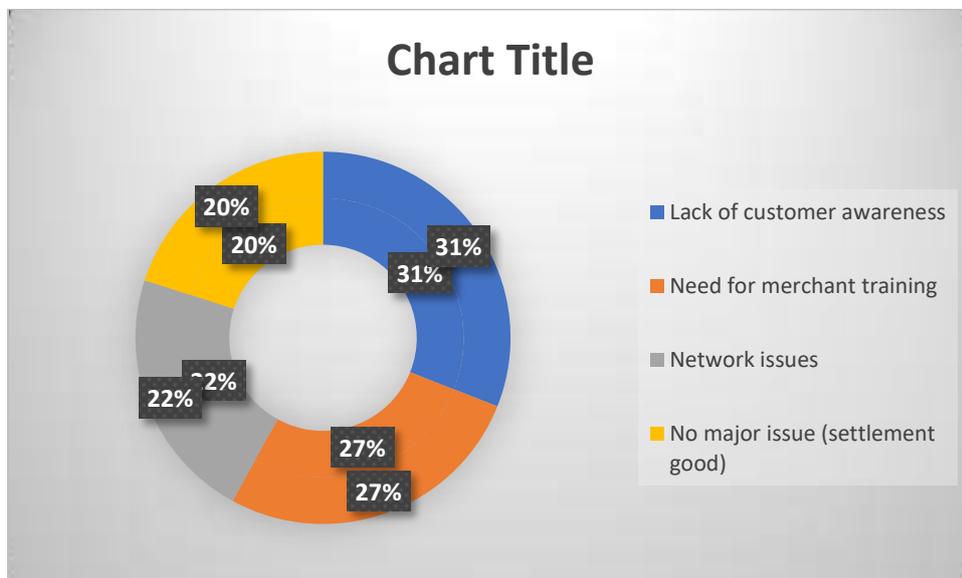
Interpretation: The table shows that the major challenges are lack of customer awareness (31%) and need for merchant training (27%). Network issues account for 22% of responses. Importantly, 20% of merchants reported no major issues and expressed satisfaction with settlement speed, indicating that IPPB's payment processing system is largely efficient. The findings suggest that improving awareness campaigns and providing structured merchant training can significantly enhance QR usage.

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✓ **OBJECTIVE 4**

To examine the merchant acquisition strategy of India Post Payments Bank

Table 4.4: Source of Merchant Onboarding

Source	No. of Merchants	Percentage
IPPB field staff	1,238	45%
Bank/post office visit	688	25%

Source	No. of Merchants	Percentage
Referral	495	18%
Online/self registration	329	12%
Total	2,750	100%

Chart Title

Category	Value
IPPB FIELD STAFF	1,238
BANK/POST OFFICE VISIT	688
REFERRAL	495
ONLINE/SELF REGISTRATION	329
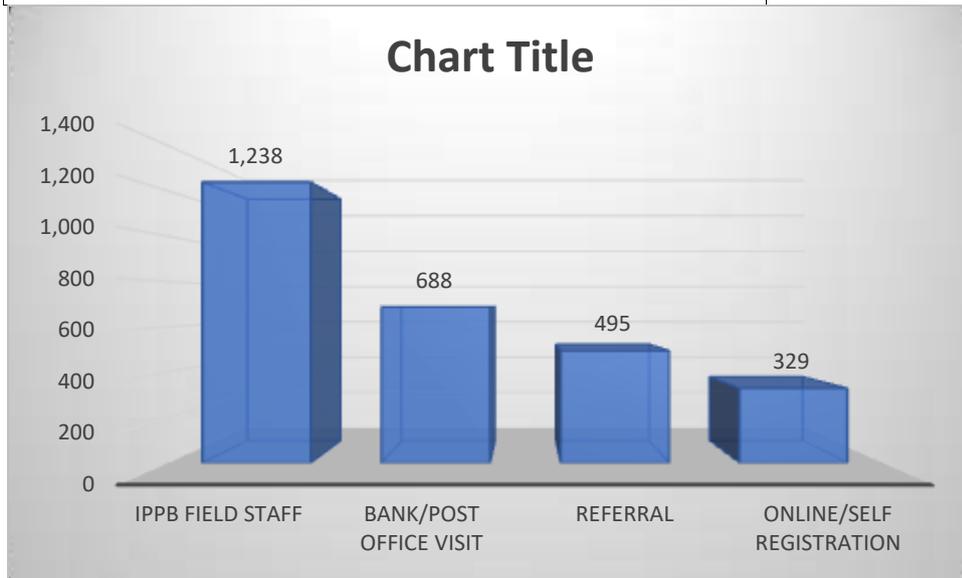
Interpretation:

Field staff contribute 45% of acquisitions, showing IPPB's strong ground-level approach. However, low online onboarding (12%) indicates an opportunity to strengthen digital self-onboarding channels.

✓ **OBJECTIVE 5**

To suggest measures for improving merchant acquisition and QR usage

Table 4.5: Merchant Satisfaction Level

Satisfaction Level	No. of Merchants	Percentage
Highly satisfied	935	34%
Satisfied	1,155	42%
Neutral	413	15%
Dissatisfied	247	9%
Total	2,750	100%

Chart Title

935 — HIGHLY SATISFIED
1,155 — SATISFIED
413 — NEUTRAL
247 — DISSATISFIED

Interpretation:

A combined 76% satisfaction (highly satisfied + satisfied) indicates positive merchant experience. However, the presence of dissatisfied merchants highlights the need for service improvements, especially in settlement speed and technical reliability.

FINDINGS OF THE STUDY:

1.**Strong QR Adoption Trend :**A significant proportion of merchants have adopted IPPB QR payments, indicating growing acceptance of digital payment systems among small and medium merchants.

2.**Increasing Shift from Cash to Digital :**Merchants reported a gradual shift from cash transactions to QR-based payments, especially in urban and semi-urban areas.

3.**Activation Gap Exists :**While onboarding numbers are satisfactory, not all onboarded merchants are actively using the QR, showing an activation gap.

4.**Settlement Performance is Satisfactory :**Most merchants expressed satisfaction with settlement speed and reliability, indicating operational strength of IPPB's payment infrastructure.

5.**Customer Awareness is a Major Constraint :**A large percentage of merchants reported that customers in their area are still not fully aware or comfortable with QR payments.

6.**Need for Merchant Training :**Many merchants indicated the need for better onboarding guidance and usage training, especially first-time digital users.

7.**Network Issues in Certain Locations :**Connectivity problems in rural and semi-urban areas affect smooth QR transaction processing.

8.**Competitive Pressure from Private Players :**Peer companies like PhonePe and Google Pay have higher recall and preference among merchants due to aggressive marketing and ecosystem presence.

9.Retention Depends on Transaction Volume :Merchants who receive regular digital payments are more likely to continue using IPPB QR.

10.Positive Overall Perception of IPPB :Despite some challenges, merchants generally trust IPPB due to its government backing and reliability.

SUGGESTIONS:

Based on the study, the following measures are recommended to improve merchant acquisition and QR usage in IPPB:

1.**Strengthen Customer Awareness Campaigns :**IPPB should conduct localized awareness drives, especially in rural and semi-urban markets, to educate customers about QR payment benefits.

2.**Structured Merchant Training Programs :**Provide simple demo sessions, video tutorials, and field support to merchants at the time of onboarding.

3.**Improve Merchant Activation Strategy :**Focus not only on onboarding numbers but also on ensuring first transaction activation within the first week.

4.**Enhance Network Support in Rural Areas :**Work with telecom partners and provide offline/low-network solutions where feasible.

5.**Introduce Merchant Incentive Programs :**Offer cashback, milestone rewards, or recognition programs to encourage higher QR usage.

6.**Leverage Post Office Network More Aggressively :**Utilize the vast postal network and Gramin Dak Sevaks (GDS) for deeper merchant penetration.

7.**Improve Branding and Visibility :**Provide better QR standees, stickers, and shop branding to improve merchant visibility.

8.**Strengthen Customer Support Response Time :**Faster grievance resolution will improve merchant confidence and retention.

9.**Data-Driven Merchant Targeting :**Focus acquisition efforts on high-potential merchant categories such as kirana stores, medical shops, and small retail outlets.

10.**Continuous Engagement with Merchants :**Regular follow-ups, WhatsApp support groups, and relationship management can improve long-term retention.

CONCLUSION

The study on merchant acquisition and QR payment adoption in India Post Payments Bank reveals that IPPB has made commendable progress in expanding its digital payment ecosystem. The bank's strong institutional backing, wide postal network, and reliable settlement system have contributed positively to merchant trust and onboarding growth.

However, the research also highlights that the next phase of growth depends not merely on merchant acquisition but on merchant activation, customer awareness, and ecosystem engagement. Key barriers such as low customer awareness, limited merchant training, and network challenges in certain regions need focused strategic intervention.

With targeted awareness initiatives, structured merchant support, and competitive positioning against private players, IPPB has significant potential to strengthen its presence in the QR payments landscape—particularly in rural and semi-urban India where its distribution advantage is strongest.

Overall, IPPB is well-positioned for future growth, provided it shifts from volume-driven acquisition to usage-driven merchant ecosystem development.

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