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2024 COMPANY OF THE YEAR

IN THE INDIAN PAYMENT TECHNOLOGY INDUSTRY

NPST
Innovation in every *byte*

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2024 BEST PRACTICES AWARD

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company NPST excels in many of the criteria in the payment technology space.



Market Overview of Payment Technology in India

India's digital payments market is one of the fastest growing in the world, driven by a combination of government initiatives and private sector reforms. A significant factor in this growth is the Unified Payments Interface (UPI), a real-time payment system developed by the National Payments Corporation of India (NPCI), which has transformed the digital payments landscape. Other digital payment methods, such as mobile wallets, net banking, and card payments, also contribute to the market's expansion, with UPI surpassing 10 billion transactions in a single month in 2023, underscoring its widespread adoption.

> *"The company has achieved several notable milestones, including being the first in India to launch merchant dispute resolution and pioneering Aadhaar-based onboarding for UPI, allowing individuals without debit cards to engage with the UPI ecosystem. NPST has expanded its platform capabilities beyond payment collections to include payout processing, third-party verification, and solutions for non-banking financial companies."*
>
> ***- Rahul Agarwal***
> ***Growth Advisory, Associate Director***

Government initiatives like Digital India, Jan Dhan Yojana, and demonetization are crucial in promoting digital transactions and advancing financial inclusion. The introduction of the Goods and Services Tax further stimulates economic growth and supports the vision of a 'Digital India.' Additionally, technological advancements, including the widespread availability of smartphones and affordable internet access, make digital payments accessible to a broader population. Innovations like

Quick Response (QR) codes enhance user experience, making digital payments more efficient and user-friendly.

Consumer awareness and trust in digital payment systems have been pivotal in driving adoption rates. Educational campaigns and incentives from digital payment platforms encourage more consumers to explore these options. The convenience, speed, and security offered by digital payments, along with features like instant transactions, tracking, and discounts, make them appealing to users. While cash remains the dominant payment method, the evolving digital payments landscape, supported by ongoing technological advancements, indicates steady growth in adoption.

Despite these advancements, connectivity issues persist in certain regions, hindering the widespread adoption of digital payments. Limited access to smartphones in these areas compounds the challenge further. Addressing these issues is essential for making digital payment solutions accessible to all segments of the population. Additionally, the regulatory and policy framework governing digital payments must balance security and innovation, while enhancing interoperability between various systems is crucial for creating a unified infrastructure that streamlines transactions and improves the user experience.

As India's digital payments market continues to evolve, it is essential to address challenges such as cybersecurity, digital literacy, infrastructural limitations, and regulatory complexities to sustain momentum. While the market has made significant progress, overcoming these hurdles is crucial for ensuring that all segments of the population benefit from digital payment solutions. By effectively tackling these issues, India can solidify its position as a global leader in digital payments, fostering economic growth and enhancing financial inclusion across the country.

Network People Services Technologies Limited (NPST), listed on the National Stock Exchange (NSE) – Small, Medium Enterprise (SME) exchange, is instrumental in enhancing India’s digital payments ecosystem. Established in 2013, with 500 locations, NPST initially bridged central financial entities like the Central Bank and NPCI with the broader banking and fintech sectors. The company’s core mission is to provide cutting-edge digital technology throughout the financial value chain, ensuring robust support at every stage of the payment process.

NPST’s Solution Capabilities and Strategic Innovations

NPST offers a diverse range of products and services tailored to the financial sector, with a strong emphasis on payment technology. Its comprehensive Payment Platform as a Service streamlines process from digital onboarding to payment reconciliation and dispute resolution. This platform integrates the needs of both traditional banks and the financial technology (fintech) sector, facilitating seamless interactions across the payment ecosystem.

The company has achieved several notable milestones, including being the first in India to launch merchant dispute resolution and pioneering Aadhaar-based onboarding for UPI, allowing individuals without debit cards to engage with the UPI ecosystem. NPST has expanded its platform capabilities beyond payment collections to include payout processing, third-party verification, and solutions for non-banking financial companies. Additionally, the company is developing embedded payment technologies that enable payments through vehicles for fuel and tolls, with plans to extend these solutions to devices like smartwatches and smart meters.

To enhance its fraud detection and transaction monitoring capabilities, NPST is making significant investments in artificial intelligence (AI). The company's cutting-edge AI-driven operations engine is supported by a comprehensive data lake that consolidates transaction data. This advanced system allows for the real-time identification of high-risk transactions and merchants. Although the AI technology is not yet commercially available, NPST plans to offer it to users in the near future.

Among NPST's innovative offerings is its Risk Intelligence Decisioning Platform, which utilizes AI and machine learning (ML) to analyze transaction patterns and forecast potential risks. This platform includes tools such as the merchant trust score, customer transaction score, and chargeback fraud prevention, all designed to enhance compliance and mitigate fraud. Additionally, the company's EVOK 3.0 Payments Platform as a Service provides a comprehensive solution for aggregators, gateway providers, and merchants. Covering the entire payment lifecycle—from transaction processing to risk management—EVOK 3.0 integrates AI and ML to offer advanced capabilities like multi-bank intelligent routing and predictive fraud intelligence, ensuring efficient management of high transaction volumes.

> *"NPST consistently prioritizes customer experience, fostering long-term relationships that demonstrate its commitment to client satisfaction and growth. The company's focus on exceptional service is reflected in the loyalty of some of its clients, who have been with NPST for nearly a decade."*
>
> ***- Norazah Bachok***
> ***Best Practices, Research Analyst***

NPST also features several key payment technology innovations:

PayJoy: An embedded instant credit line solution that uses AI to assess credit eligibility based on transaction data, allowing seamless access to credit without traditional credit checks.

UPI Circle: This feature expands digital payment access by enabling primary account holders to authorize secondary users for UPI payments, making it easier for individuals without bank accounts to participate in the UPI ecosystem.

Contextual Payments: Enhances the customer checkout experience by offering personalized discounts and special offers, increasing transaction values and fostering customer loyalty.

TimePay Cash: Allows customers to withdraw cash using QR codes at local stores, providing a convenient alternative to traditional automated teller machines, especially in areas with limited access.

UPI Lite Auto-Top Up: Automatically replenishes UPI Lite accounts to maintain active usage and reduce dormant accounts, ensuring users have sufficient funds for transactions.

These innovative features underscore the company's commitment to advancing payment functionalities and meeting diverse user needs in the digital payments arena. Frost & Sullivan commends NPST for its strategic adaptability, which establishes the company as a pivotal player in India's financial ecosystem. This adaptability drives economic growth and promotes financial inclusion across the country.

Strategic Growth and Future Directions

To support its growth and ensure the security and reliability of its payment solutions, NPST adheres to rigorous regulatory guidelines from the Reserve Bank of India, NPCI, and other regulatory bodies.

The company is certified under International Organization for Standardization (ISO) 27001 and ISO 9001 standards and is in the process of obtaining Payment Card Industry Data Security Standard certification, highlighting its dedication to the highest security standards. NPST prioritizes continuous training, data privacy, and transparent operations, implementing enterprise-level licenses, endpoint protections, and data leak prevention measures across its operations. This robust approach ensures the company's adherence to industry best practices and reinforces its capability to deliver innovative solutions reliably.

Building on this solid foundation, NPST has achieved significant milestones, including securing key partnerships with Kerala Gramin Bank and Karnataka Gramin Bank in mid-2024 for its Banking SuperApp. This advanced solution is transforming digital banking by providing modern, engaging experiences tailored for customers in rural and semi-urban areas. The SuperApp leverages the rapid growth of India's digital banking ecosystem, fueled by the Digital India initiative and widespread smartphone adoption to offer a comprehensive suite of services, including onboarding, everyday banking, payment transactions, and credit products, all accessible in regional languages. This approach not only enhances convenience for users in tier two and tier three cities but also strengthens the company's role in connecting banks with their customers more effectively.

Frost & Sullivan commends NPST for its leadership in digital payments, emphasizing its innovative technology, strategic growth initiatives, and commitment to security.

Commitment to Customer Experience and Social Responsibility

NPST consistently prioritizes customer experience, fostering long-term relationships that demonstrate its commitment to client satisfaction and growth. The company's focus on exceptional service is reflected in the loyalty of some of its clients, who have been with NPST for nearly a decade. For instance, Karnataka Gramin Bank and Kerala Gramin Bank recognize the company's expertise in managing complex integrations during their core banking service upgrades, highlighting NPST's dedication to excellence.

To maintain and enhance satisfaction, NPST employs a dual approach: "hunting" for new customers and "farming" existing accounts. Dedicated account and project managers oversee each client relationship closely, ensuring it meet client needs and maintain high satisfaction levels. The company uses tools such as Lead Squared for account management and is transitioning to Salesforce to automate and streamline interactions further. Additionally, NPST utilizes Open Project to manage customer feedback and address issues within specified Service Level Agreements.

NPST also engages with customers through on-site visits conducted by its human resource and people management teams. Feedback from these visits assess and improve account management effectiveness and enhances employee training through platforms like LinkedIn Learning.

NPST has launched digital literacy programs to broaden access to digital payments in rural and semi-urban areas. The company is also working to improve infrastructure, such as internet connectivity and access to affordable devices, while integrating AI and ML capabilities to enhance security, efficiency, and scalability. These investments support growing transaction volumes and help NPST maintain its competitive edge in facilitating wider adoption of digital payment.

NPST's commitment extends to social responsibility and sustainability. The company has made notable progress in Environmental, Social, and Governance practices and Corporate Social Responsibility (CSR), including significant investments in women's empowerment and initiatives supporting underprivileged talents. As profitability grows, NPST plans to increase its CSR contributions, reflecting its dedication to making a positive social impact.

Frost & Sullivan's analysis recognizes NPST's dedication to customer satisfaction and strategic use of technology. The company's emphasis on client relationships, digital literacy, and social responsibility underscores its role as a leader in payment technology and its commitment to broader economic and social contributions.

Outstanding Business Performance

NPST's strategic positioning has attracted over 100 payment aggregators and facilitates the processing of 30 million monthly transactions. The company's financial performance reflects strong growth, with revenues increasing from INR 41 crore in fiscal year (FY) 2023 to INR 130 crore in FY 2024, and EBITDA (i.e., earnings before interest, taxes, depreciation, and amortization) rising from INR 12 crore to INR 43 crore during the same period. NPST aims to capture 5% of India's total digital payment volume and increase its share of banking transactions from 7% to 15%. Currently processing around 1.3 billion banking transactions monthly and partnering with over 14 banks and 2 million bank merchants, NPST aims to expand its reach to more than 60 banks, underscoring its significant influence and ongoing growth in the payment technology sector.

In India, the company experienced growth in the banking segment last year by establishing new client relationships and doubling the number of banks it serves. Additionally, NPST is targeting international expansion into Africa and Asia while exploring subscription-based business models and digitizing payment vouchers for subsidies. These successes align with the company's aspiration to become a globally respected payment technology firm within the next five years.

As NPST prepares to transition from the SME Exchange to the main board of the NSE, it embraces enhanced transparency and governance practices. The company's board is strengthened with industry experts, reinforcing its commitment to becoming a global leader in payment technology. To support this growth, NPST currently employs around 350 individuals across four locations in India and plans to increase its workforce to 700 to 800 over the next three years. This growth bolsters its operations and focus on developing strong leadership, ensuring its continued success and leadership in the evolving payment technology landscape.

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Conclusion

Network People Services Technologies Limited (NPST) stands out as a leading force in India's payment technology sector, earning recognition as Company of the Year for its remarkable achievements. NPST seamlessly integrates traditional banking with the agile financial technology sector through its comprehensive payment platform, which supports everything from digital onboarding to payment reconciliation. With its innovative solutions, robust business financial and a strong client base, NPST demonstrates exceptional growth

The company's commitment to innovation is evident through its investment in artificial intelligence for fraud detection and its development of embedded payment solutions. NPST's customer-centric approach, including its advanced feedback mechanisms and long-term client relationships, highlights its dedication to enhancing customer satisfaction. The company's proactive stance on social responsibility and sustainability, with a focus on Environmental, Social, and Governance practices and Corporate Social Responsibility, underscores its holistic approach to business further.

As NPST advances towards international expansion and transitions to the National Stock Exchange of India main board, its emphasis on transparency, governance, and continual innovation cements its position as a leader in the global payment technology industry. The company's exceptional performance, forward-thinking strategies, and commitment to customers and societal impact make it a deserving recipient in India's payment technology sector.

With its strong overall performance, NPST earns Frost & Sullivan's 2024 India Company of the Year Award in the payment technology industry.

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What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Visionary Innovation & Performance

Addressing Unmet Needs: Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

Visionary Scenarios Through Mega Trends: Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first-to-market solutions and new growth opportunities

Leadership Focus: Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

Best Practices Implementation: Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

Financial Performance: Strong overall business performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

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About Frost & Sullivan

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The Growth Pipeline Engine™

Frost & Sullivan's proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.
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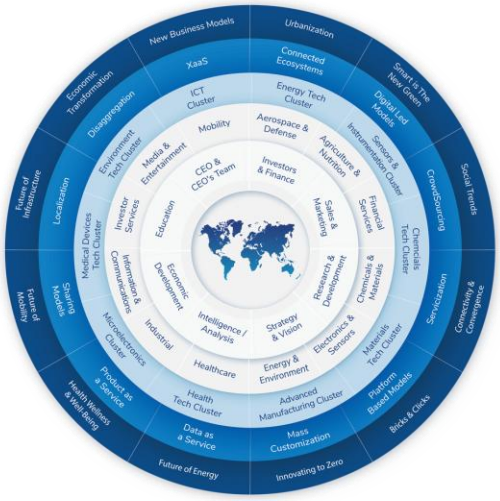


Key Impacts:

- **Growth Pipeline:** *Continuous Flow of Growth Opportunities*
- **Growth Strategies:** *Proven Best Practices*
- **Innovation Culture:** *Optimized Customer Experience*
- **ROI & Margin:** *Implementation Excellence*
- **Transformational Growth:** *Industry Leadership*

The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.



Analytical Perspectives:

- Mega Trend (MT)
- Business Model (BM)
- Technology (TE)
- Industries (IN)
- Customer (CU)
- Geographies (GE)