TRANSFORMING VIZAG INTO A LESS-CASH CITY: VIZAG DIGITAL DHAN SANKALP

PROJECT UPDATE | 13th FEB 2018
OBJECTIVE OF DIGITAL DHAN SANKALP PROGRAM (DDSP)

Transform Vizag into India’s First “Less-Cash” City...

- Achieve three- to five-fold increase in merchant acceptance and double customer adoption of digital payments

The learnings and success from this experience will provide a model that we could replicate across India

Shri. Chandrababu Naidu
Hon’ble Chief Minister, Andhra Pradesh
THE AP GOVERNMENT APPROACH TO LESS CASH CITY

Partnered with Visa, a global leader in payments technology, to develop strategy and program management for transforming Vizag into first less cash city in India and to build a replicable model other cities can use.

<table>
<thead>
<tr>
<th>ACCEPTANCE</th>
<th>AWARENESS</th>
<th>ADOPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partnered with banks, fintechs, and merchants for digital enablement</td>
<td>Investments from AP Gov, the Greater Vizag Municipal Corp., and Visa on merchant and consumer education, training and awareness through multiple channels: newsprint ads, billboard advertisement, social media, radio, SMS and voice messages, point of sale visibility, leaflets</td>
<td>Consumer and merchant incentives to drive digital payment adoption</td>
</tr>
<tr>
<td>Digitized payments for use cases that touch most of the households</td>
<td>Focus on customer convenience of digital payments</td>
<td>Educate merchants of Gov absorbing MDR on debit up to INR. 2000 and lower MDR for Bharat QR transactions</td>
</tr>
<tr>
<td>Implemented policy changes to drive digital payments</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
MEDIA COVERAGE OF LAUNCH

LiveMint
Vishakhapatnam poised to emerge as Andhra’s IT and digital payments capital

NDTV
Visakhapatnam To Go Almost Fully Cashless In A Year

Business Standard
Visa’s digital payment project to touch 90% of Vizag population

Press Trust of India
Vizag city to go almost fully cashless in a year

Visa, AP tie up to benefit over 90% Vizagites

Visa digitises major government service payments in Andhra Pradesh, to make Vizag a less-cash city

PARTNERSHIPS

Axis Bank
SBI
HDFC Bank
ICICI Bank
DRIVING AWARENESS: PRINT ADS, NEWS ARTICLES AND BILLBOARDS

Pictures of digital payments enablement in Vizag

- GAS
- FUEL
- APSRTC
- TOURISM
Seven use cases prioritized for digitization are live with the potential of touching ~90% households, 550 million transactions and INR 68 billions in value (~12.5% of Vizag GDP), for digital payments.

**Use Case**
- BUS
- Electricity
- CSC
- LPG
- Tourism
- Water
- Taxes
- Fuel
- Merchants

**Merchant Partner(s)**
- Various logos of partner organizations

**Channels Enabled**
- mPOS
- Online BQR
- Bharator

**Digital Acceptance Points**
- 2 Routes
- 16 Buses
- 40 Terminals
- 850 txns/month

- 25 spot billers
- 2000+ txns/month

- 17 centers
- 17 digital POS accept cards and BQR
- 15 dealers
- 150 delivery staff
- Payment on Delivery
- 500+ txns/month

- Work in progress

- Online BQR on Bills

- All fuel stations
- 1000+ merchants

- 10,000 txns/month
<table>
<thead>
<tr>
<th>SUCCESS FACTORS</th>
<th>DESCRIPTION</th>
<th>APPROACH</th>
</tr>
</thead>
</table>
| Extensive collaboration within government   | Align the leadership and mid-level officials on the objective and solutions | ▶ Strong project management to tightly coordinate with various stakeholders at different levels  
▶ Regular and rigorous follow ups with the relevant authorities and timely intervention to ensure execution  
▶ Detailed workshops/seminars and joint meetings to address difference of opinion of all levels of the stakeholders |
| bodies & stakeholders                       |                                                                            |                                                                                                                                                           |
| Explore most practical solution             | Deploy right solution[s] for each use case  
Intracity bus required a contactless solution to make digital transactions convenient in a moving bus | ▶ Explore the most practical solutions for the use case instead of one-size fits all  
▶ Deploy interoperable and open loop solutions                                                                                                                                 |
| Timely resolution of the issues/bottlenecks | Lack of project Buy-in and mindset issues in government bodies could lead to bottlenecks | ▶ Strong and influential steering committee with dedicated support from the AP government (IT ministry)  
▶ Single point of contact from the State to remove bottleneck                                                                                                                                 |
| Drive adoption at Consumer and merchant level| Customer awareness of security and convenience of digital payments  
Merchant education & training on acceptance, costs, and timely payment settlements | ▶ Customer awareness campaigns to educate Customers  
▶ Customer incentives designed and launched to incentivize digital payments  
▶ Offer low cost accepta nce solutions such as BharatQR incentivise cashiers to encourage digital payment over cash  
▶ Involve multiple banking partners to enable merchants to avail the digital payment options from their existing banking relationship |
<table>
<thead>
<tr>
<th>PROPOSED ACTION</th>
<th>CURRENT STATUS</th>
<th>NEXT STEPS</th>
<th>DEADLINE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Setting up of a 6 month performance driven government fund to drive adoption and awareness</td>
<td>Proposal for Funds created and sent to Prin. IT Secy,</td>
<td>Prin. IT Secy. to review proposal submitted and forward to MEITY Secy.</td>
<td>TBD</td>
</tr>
<tr>
<td>Enable access infra creation at scale</td>
<td>GVMC has issued notification to MSME for providing the option of digital payment to the customers, including BharatQR</td>
<td>Banks to expedite the acquisition process to achieve 20k+ target</td>
<td>In Progress</td>
</tr>
<tr>
<td>Automate digital payments process for APSRTC and MeeSewa</td>
<td>Integrate fare calculator and payments device for ease and convenience to conductors of APSRTC</td>
<td>Visa and bank partners designing solution for deployment</td>
<td>In Progress</td>
</tr>
<tr>
<td></td>
<td>Streamline and automate digital payment collection process at MeeSewa kendras</td>
<td>Awaiting MeeSewa approval of technical and commercial proposal for technical integration</td>
<td></td>
</tr>
<tr>
<td>Create a blue print to replicate the Vizag Less Cash initiative by the end the FY’18</td>
<td>Work is currently in progress</td>
<td>Launch the report with MEITY</td>
<td>End of February ’18</td>
</tr>
<tr>
<td>Create a CoE that could help other cities embark on less cash initiative</td>
<td>CoE structuring is under process with relevant stake-holders</td>
<td>To seek support from MEITY to drive it as a national CoE</td>
<td>Mid April ’18</td>
</tr>
</tbody>
</table>
THANK YOU