

BHIM vs PhonePe: product teardown and 3-year CEO roadmap

Both apps run on the same UPI rails, and paying a shop takes the same four steps on each: scan, amount, confirm, Face ID. Yet I use BHIM for most payments, and the reason is not features. BHIM leaves me alone; PhonePe keeps alerting me. That small habit points to the whole story below. PhonePe shows too much, BHIM shows too little, and each app's ownership explains why.

1. Regulation and licenses: structure decides what each can build

	BHIM	PhonePe
Owner, legal form	NPCI BHIM Services Ltd (NBSL), a for-profit subsidiary of NPCI since Oct 2024. NPCI itself is a not-for-profit company owned by banks and runs the UPI rails.	PhonePe Ltd, Indian public company (pre-IPO). Walmart holds 71.77%. Moved home from Singapore to India in 2022.
Licences held	None of its own beyond running the app. Bill pay and UPI International sit in other NPCI companies; CIBIL, loans, insurance and NPS come through partners.	UPI app (TPAP), wallet (PPI), Bharat BillPay unit, insurance broker (IRDAI) and stockbroker/MF distributor, each in a separate company.
How it sells credit	Partner lenders, shown below the fold.	Lending service provider for partner banks and NBFCs. No NBFC licence.
Main constraint	Its parent runs the rails, so it must stay neutral.	30% UPI cap from 31 Dec 2026; it is at 45.9% (Aug 2026).

Ownership explains most of what I saw in the apps. PhonePe has applied for an NBFC licence three times (2021, 2023, January 2026), and earlier attempts were reportedly turned down over foreign ownership. So it cannot lend from its own book and earns a commission as a middleman. It did hold one data licence, as an Account Aggregator, but gave it back to the RBI in February 2025, saying it could not bring enough banks and data providers onto the platform with its other priorities; it now works with other aggregators instead. Its remaining licences sit in separate companies, which is why tapping "Stocks" throws me out to the Share.Market app. BHIM's limit is different. NBSL is allowed to make a profit, but its parent is the referee of the whole network, so BHIM sells quietly through partners and never pushes.

2. Product and UX: one app shows too much, the other too little

	BHIM	PhonePe
Payments	UPI, UPI Lite, UPI Circle ("pocket money"), autopay, split bills	UPI, UPI Lite, UPI Circle, RuPay credit on UPI, international UPI
Credit	CIBIL score, personal loans via partners, at the end of the page	Loans up to Rs 10 lakh, own flow; PhonePe and bank credit cards; rent by card
Wealth, insurance	Tatkal NPS (instant PRAN, from Rs 250), 300+ insurance plans	MFs, deposits, gold/silver/platinum, insurance, stocks (separate app)
Merchants	QR	QR, SmartSpeaker, card machines, payment gateway, ads

UX teardown. What I saw on PhonePe: about 30% of the first screen is a credit card ad ("lifetime free Axis Neo"). A referral promo sits even inside money transfer, a strip sells EMIs from Rs 350 and gold from Rs 10, and under bills the line that caught my eye was "pay your credit card bill". The bottom bar is Home, Search, Scan, Alerts, History. On BHIM, the top is a search bar, UPI Lite and balance, with Scan highlighted. Loans, cards and investments are there but I had to scroll a long way to find them.

Philosophy and audience. PhonePe is built as a store that happens to take payments, for the mass market and 50 million merchants. BHIM is built as a utility for anyone who just wants to pay. My view on each: PhonePe's biggest risk is not Google Pay, it is its own home screen, because every extra option makes the one thing I came to do harder to find. BHIM has the right products but hides them so well that almost nobody knows they exist.

3. Money: who pays for free payments

Rs crore	FY24	FY25	FY26
PhonePe revenue	5,064	7,115 (+40%)	7,920 (+11%)
PhonePe net loss	1,996	1,727	2,792
PhonePe lending revenue		378	945
NPCI profit	1,134	about 1,450	989
BHIM (NBSL) loss		68	391

PhonePe keeps payments free because the daily habit is how it acquires customers; it earns later from loan, insurance and wealth commissions, merchant devices and ads, and Rs 286 crore of government UPI incentives in FY26. Lending is now the engine, up 2.5 times in a year. BHIM charges nothing because it is meant to be the neutral, ad-free option, and NPCI's surplus (fees from banks) pays the bill. My rough estimate from the loss and monthly volumes: PhonePe loses about Rs 0.21 per transaction, BHIM about Rs 2.4, so BHIM is paying roughly ten times more per transaction to grow. From 15 October 2026 merchants pay 0.4% (capped at Rs 300) on UPI payments above Rs 2,000, the first real fee on UPI and a new income line for PhonePe's gateway.

4. CEO roadmaps

PhonePe: convert payers into paying customers.

	Year 1 (2027)	Year 2 (2028)	Year 3 (2029)
Goal	Get under the cap without losing the business	Commissions become the core	Profitable enough to relist
Build	Engage NPCI with data, don't oppose it. Let go of small daily payers who never convert. Replace the crowded home screen with an AI search bar: type or say "pay electricity bill" or "send 500 to Ravi" and get one option, not ten. Fewer alerts. Make the above-Rs 2,000 fee work for merchants.	A loan-fit engine that offers the right loan at the right price. A loan tracking system run as a service for lenders (repayments still go to the lender). NDAs with non-compete terms for big lenders.	Own underwriting model built on that repayment data, ready if the NBFC licence comes. Restart the IPO on commission-led profit.
Threat	The cap; BHIM's MyUPI assistant getting there first	Lenders going around PhonePe to its customers; users feeling pushed into costly loans users feeling pushed into costly loans	Regulator trust

North Star: paying customers as a share of active users. Guardrail: total commission revenue must keep growing, so the ratio can't rise just because users leave. The cap and this metric point the same way.

BHIM: run it like KSRTC.

	Year 1 (2027)	Year 2 (2028)	Year 3 (2029)
Goal	Become the quiet app people choose	Win on need in rural India	5% of UPI, top five
Build	Pitch working professionals who hate ads. Offer it to government staff, starting with the armed forces, not as a mandate, with a small reward that says why (Bharat ka apna). Move ad money from cricket and news to Instagram, YouTube and Bigg Boss. Use MyUPI to manage autopays from any app.	Ration shops, tea stalls, mandis. A safe place for farmers to park lump-sum crop money and withdraw any time, through bank tie-ups; Tatkal NPS. Products shown by need, not by banner. Pick up share PhonePe must give up under the cap.	First app to carry every new UPI feature. Bring the loss per transaction down each year.
Ignore	Offer-chasing 18 to 27 year olds; leave them to PhonePe, Google Pay and Navi		

North Star: active users as a share of registered users. Guardrail: monthly active users and UPI share must grow in absolute terms. Biggest threat: spending Rs 391 crore a year to stay invisible.

Conclusion

Being government-owned doesn't make BHIM lose, just as it doesn't stop KSRTC from winning. Karnataka chooses KSRTC because it is run well, not because it is cheap. BHIM's problem is execution, not ownership, and PhonePe's problem is the reverse: it does too much, too loudly, on a rail it will soon be allowed less of.

Thank you for your consideration

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AI use: I used Gemini, ChatGPT, Hermes and Claude to gather research, and Claude to cross-check figures, interview me on my views and help draft the text from my answers. Every figure was checked at its source. The app observations, opinions, roadmap choices and analogy are my own.

Sources: NPCI and NBSL filings and releases; PhonePe press releases and UDRHP (SEBI, Jan 2026); TransUnion CIBIL; Inc42, Entrackr, Outlook Business, Business Standard, Medianama, SCC Online (UPI data Aug 2026, FY26 results, 30% cap, MDR circular). App observations are my own, 26 Sep 2026.