

MOBILE WALLET AND ITS FUTURE IN INDIA

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Abstract

In the present world, smart phones play an important role in the daily life of people. The technological advancement has made the smart phones as devices where the mobile users can make money transaction or payment by using an application installed in the phone. The present study aims to explain concept of mobile wallets, functions of mobile wallets, types and their benefits of mobile wallets, and usage of wallet money endorsed by different companies and various factors that affect the consumers' decision to adopt mobile wallet and various risks and challenges faced by the users of the mobile wallets. A structured questionnaire was prepared and data were collected from 100 respondents.

Keywords: Mobile wallet, digital payment, cashless economy, transaction protocol, mobile payment, etc.

1. Introduction

The mobile wallet is the digital equivalent to the physical wallet in which we carry money. It is an online platform which allows a user to keep money in it, just like a bank account. A user needs to make an account with a mobile service provider. After which money is added to the mobile wallet account using a debit, credit, online transactions from the account or via cash. The main difference between a mobile wallet and online transactions via bank account is that unlike banks mobile wallet does not charge any amount of money on every transaction and saves the customer from the hassle of entering card details and pin number for each and every transaction. The mobile wallet is often confused with mobile banking but is a much broader concept that includes using the mobile phone as a mode of payment. It is the digital equivalent to the physical wallet we already have in our pockets/bags today. Our mobile phones are with us at all times, and as we use them for payments to retailers, traveling on public transport and a myriad other things, the need for physical cash diminishes.

2. Global mobile wallets

The global mobile wallet market size was valued at USD 592.45 billion in 2015. The service saves the consumer payment credentials and makes them available at the point of sale to enhance the customer experience. The technology serves the dual purpose such as financial management and transfer of funds services. The payment technologies have undergone significant change with the introduction of NFC and mobile wallet services coupled with the integration of point of sale terminals and mobile devices. The key players are collaborating with banks, technology vendors and

payment service providers to develop the required infrastructure for enhancing the consumer experience. Furthermore, value added service has been acting as an enabling force driving the industry demand and cashless payments. The key players in the market have introduced value-added features in their offerings to differentiate the business from the competitors. Some of the features include: mobile vouchers and services, digital loyalty schemes, dynamic currency conversion, real-time fraud screening, and digital charity box. Lack of privacy and security threat over mobile payments might result in affecting the segment demand. Lack of government regulations for governing the cashless payments also expected to restrain the industry demand over the forecast period.

3. Mobile wallets in India

According to TechSci Research report, mobile wallet market in India is projected to reach US\$ 6.6 billion by 2020. The mobile wallet market in India is projected to exhibit exponential growth on account of rising smart phone penetration rate, growing mobile internet user base, and increasing government support. In addition, mobile wallet companies operating in India are also offering attractive deals and incentives to attract new users. In recent years, wallet companies have increasingly formed collaborations with service providers and financial institutions to offer a robust and seamless mobile wallet platform to the users. Usage of the mobile wallet is growing across various applications such as money or banking transactions, mobile recharge and bill payments, ticket bookings, utility applications, etc. In addition, approval of payment bank licenses of major companies such as Paytm, Vodafone, Airtel, etc. is projected to drive growth in the number of banking transactions through mobile wallet over the next five years.

4. RBI'S initiatives towards mobile wallets

Mobile wallet is a virtual wallet service provided by certain service providers, wherein people can load a certain amount of money that can be spent at online and offline merchants listed with the mobile wallet service provider. This digital payment service works as a cashless payment service, wherein people do not have to pay cash or swipe their debit or credit card at offline merchants. One of the major driving factors of the Indian mobile wallet market is the upward trend in the usage of mobile internet. This is primarily because the telecom operators have reduced their internet charges due to extensive competition and advancement of new technologies. There are four types of mobile wallets in India:

Open wallet: It is the one that allows a user to buy goods and services, withdraw cash at ATMs or banks, and transfer funds. These services can only be jointly launched with a bank. Additionally, it allows its users to send money to any mobile number bank account. Example: M-Pesa by Vodafone and ICICI.

Semi-open wallet: It is the one that allows its users to transact with merchants that have a contract with the semi wallet company. A user cannot withdraw cash or get it back; he will have to spend the amount he had loaded. Example: Airtel Money.

Closed wallet: It is quite popular with ecommerce companies. Here, a certain amount of money is locked with the merchant in case of a cancellation or return of the order, or gift cards. Example: Flipkart e-wallet.

Semi-closed wallet: It does not permit cash withdrawal or redemption, but allows users to buy goods and services at the listed merchants. Example: Paytm.

5. RBI guidelines

The Reserve Bank of India issues guidelines to provide a framework for the regulation and supervision of persons operating payment systems involved in the issuance of pre-paid payment instruments in the country, and to ensure development of this segment of the payment and settlement systems in a prudent and customer friendly manner. Statutory guidelines are issued by Reserve Bank of India under Section 18 of the Payment & Settlement Systems Act, 2007. Consequent to the passing of Payment and Settlement Systems, Act 2007, banks and non-bank entities have been issuing pre-paid payment instruments in the country after obtaining necessary approval/authorization from Reserve Bank of India and operating within the guidelines issued by Reserve Bank of India in this regard. The guidelines on “Issuance and Operation of PPIs” issued in April 2009 have been amended from time to time, taking into account the developments in the field and the progress made by PPI issuers. All persons authorized to issue pre-paid payment instruments by Reserve Bank of India are permitted to issue reloadable or non-reloadable pre-paid payment instruments depending upon the permissible category of PPIs. Banks are permitted to issue and reload such payment instruments at their branches and ATMs against payment by cash/debit to bank account/ credit card, and through their business correspondents appointed as per the guidelines issued by the RBI in this regard. Banks are also permitted to issue and reload semi-closed prepaid payment instruments through agents by cash/debit card/credit card, subject to the following conditions: The issuer may carry out proper due diligence of the persons before appointing them as agents for the sale of such instruments; the issuer shall be responsible for all their payment instruments issued by their agents; and the pre-paid payment instrument issuers shall be responsible as the principal for all the acts of omission or commission of their agents.

6. M-wallet providers

Airtel Money: With the Airtel Money app, users can easily recharge prepaid accounts or pay postpaid bills. You can also shop online if your digital wallet has cash loaded in it. It is also extremely safe as every transaction or payment you make requires a secret 4-digit mPin.

Freecharge: Freecharge, one of the most famous names right now when it comes to digital payment in India, has been known to target the youth in all their promotions. With equivalent amount of coupons given for every recharge you make, it is a great option to save while paying your bills online.

JioMoney: JioMoney, launched recently in 2016 by Jio, is a digital payment app. With JioMoney, one can receive great discounts and offers. Users can also bookmark their frequently visited retailers so shopping can be made quicker than usual.

Juspay: JusPay Safe is a payment browser with over 650+ transactions in a day. They offer a browser with which users can make payments quickly via cards with 2 clicks.

Mobikwik: Mobikwik is a Gurgaon based e-wallet payment system in India that helps its users store their money. Founded in 2009 by Bipin Singh and Upasana Taku, this digital wallet enables users to recharge, pay bills, and make third-party purchases with one tap.

Paytm: Paytm, launched in 2010, is currently the largest mobile wallet app in India. With payments via Paytm being accepted almost everywhere; it is hard not to simply switch to it completely. From paying mobile bills to buying movie tickets, there is almost nothing you can't do with Paytm.

7. Review of literature

Barker (1992) measured the attitude of Turkish consumers towards credit cards, and the approach of card issuers by surveying two samples of 200 card holders and non-holders. The most significant reasons for using a credit card were “case of payment”, followed by “risk of carrying cash”. Non holders do not carry credit cards because they do not know much about it. Informal sources of information appear to be more influential than mass media advertising in penetrating the market. The study suggests that credit card companies have to reappropriate their marketing and administrative procedures rather than following a standardized approach.

Ngoc Doan (2014) examined the market situation of mobile consumers toward mobile wallet. The study states that the adoption of mobile wallet among consumers in Finland is only at the beginning stage and the success of mobile wallets depends on the marketing strategies of mobile wallet companies as well as the financial policymakers in Finland.

Neeharika and Sastry (2014) studied about the important contribution towards the development of a mobile wallet that can work across various platforms. As security is the major concern when it comes to finance related information, the study addresses the security issues by giving access control model that works towards interoperable mobile wallet.

Sanaz Zarrin Kafsh (2015) identified the factors that influence the consumers' adoption of mobile wallets. This study was based on technology acceptance model and innovation diffusion theory. The study revealed that there is significant relationship among perceived usage, perceived ease of use and perceived security in predicting the adoption of mobile wallets.

Poonam Painuly and Shalu Rathi (2016) stated that ease of transaction, secured profile and convenience in handling application put forth the benefits of wallet money and concluded that business sectors like banking, retail, hospitality etc. are making use of wallet money and mobile payment instruments including contactless and remote payment in the customers to business and customers to customers areas.

8. Objectives of the study

1. To find out the awareness and preferences of the users towards mobile wallet service providers.
2. To study the problems faced by consumers in the use of mobile wallet.
3. To study the services provided by the mobile wallet providers and the services used by the mobile wallet users.

9. Research methodology

In this study, both primary and secondary data were collected. The primary data were collected from 100 users with the help of questionnaire. The secondary data were used to support the study. This study was conducted in Chennai city.

10. Data Analysis and interpretations

TABLE 1
Demographic Profile of the Respondents

Demographic Profile		Count	Percentage
Gender	Male	35	35.0
	Female	65	65.0
Age (Rs.)	Upto 20	60	60.0
	21-30	22	22.0
	31-40	15	15.0
	Above 40	03	3.0
Education	Upto H.Sc	09	9.0
	Degree	87	87.0
	P.G and above	04	4.0
Occupation	Employed	01	1.0
	Business	65	65.0
	Profession	26	26.0
	Student and housewife	08	8.0
Monthly income (Rs.)	Up to 15000	05	5.0
	15001-25000	29	29.0
	25001-35000	45	45.0
	Above 35000	21	21.0

Source: Primary Data

Out of 100 respondents, 60% of the respondents are in the age group of upto 20, 65% of the respondents are female, 87% of the respondents are the degree holders, 65% of the respondents are businessmen, and 45% of the respondents earn monthly income ranging from Rs.25001 to 35000.

11. Findings

1. Out of total respondents, 87% of the respondents are aware of mobile wallet, and 7% of the respondents do not aware of mobile wallet.
2. According to respondents, the majority of information was gathered from the social media (62%), followed by friends (20%), and newspaper and television (18%). The mobile wallet stakeholders have an insight of where to advertise their products effectively, and which can help to save the cost of marketing.
3. Out of 100 respondents, 4%, 6%, 10%, 13, 2% and 65% of the respondents belong to PayZapp, Chillr, Buddy, Freecharge, Googlepay and PhonePe, JioMoney, Airtel, MobiKwik, and paytm in that order.

4. Most of the respondents (52%) like the access to coupons rewards/discounts. The majority of the respondents (62%) agree on a good idea using a mobile wallet
5. Majority of the respondents (57%) are strongly agreed using mobile wallet services is interesting. Out of 100 respondents, 58% of the respondents agree with respect to using mobile wallet services for easier payment.
6. Most of the respondents (57%) are using mobile wallet services monthly. Majority 49% per cent of the respondents have monthly load Rs. 1001-2000.
7. Majority 86% of the respondents said mobile wallet services allow for a faster usage of mobile applications. Majority of the respondents said mobile wallet services is well.

12. Conclusion

Mobile wallet payment is a big platform for new technology which promotes financial institutions in India through mobile technology and also helps to increase their customers and its usage. The security issues are tightened and are reduced will automatically increase the adoption of a mobile wallet. Recently, everyone has a smart phone but there is need to create awareness and acceptance about the mobile wallet services which is comfortable, very secure, confidential, safe and convenient without any efforts and interruption.

13. Reference

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