



## AN EMPIRICAL STUDY OF MOBILE WALLETS IN INDIA

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### 1. Abstract:

In this paper an attempt has been made to study the paradigm shift in Indian banking system with reference to mobile wallets. The Meaning of M-Wallet is just the system where you can store your money in digital form online. It simply kills the need to carry physical cash or cards in our physical wallet. Mobile wallets are essentially digital versions of traditional wallets that someone would carry in their pocket. While there are many variations, usually they can hold digital information about credit and debit cards for making payments, store coupons and loyalty programs, specific information about personal identity and more. Mobile Wallet has assisted the needs of business owner and customer on a same go. The complexity of money transactions forces and also promotes the usage of mobile wallet in today's times. This paper will reflect the fundamentals of m-wallets with highlighting its advantages and disadvantages.

Keywords-M-wallets, Growth of M-wallets.

### 2. Introduction:

A *mobile wallet* is a *virtual* wallet, which can be created and managed using a mobile application installed on your smartphone. The word "*virtual*" is used because instead of using your physical plastic card, such as Credit card/Debit card etc., to make purchases, you can pay with your smartphone, tablet, or smart watch. Various mobile wallet service providers come up with their mobile application to help users create and manage the virtual wallet services. One can preload a certain amount in that digital/virtual account created with the mobile wallet service provider using Credit Card/Debit Card/ Internet Banking, and spend it at various online and offline merchants listed with the mobile wallet service provider. Mobile Wallets in India also known as Digital Wallets, E-Wallets, Online Wallets, mobile money, mobile money transfer, and mobile payment generally represents a payment services operated under

financial regulation and are performed from or via a mobile device.

### 3. Types of Mobile wallets:

Types of M-wallet (Prepaid instruments)				
	Open	Semi-Opened	Closed	Semi-Closed
Entities Allowed to operate	Only Banks	Only Banks	Banks, NBFC, Other entities	Banks, NBFCs and other entities
Features	Can be used for purchase of goods and services at any card accepting merchant locations	Can be used for purchase of goods and services at any card accepting merchant locations	Generally issued by business establishments for uses at their respective establishment only	Redeemable at a group of clearly identified merchant locations
KYC Required	Yes	Yes	No	Not Mandated
Cash Withdrawal	Yes	No	No	No
Redemption	Yes	No	No	No
Maximum Amount that can be stored in PPI by card holder	INR 1,00,000	INR 50,000 (with KYC)	INR 10,000	INR 10,000 (without KYC)
Examples	Vodafone M-pesa	Gift cards by Axis bank, Food card issued by HDFC Bank, etc.	Life style gift card, Metro Card, Flipkart Wallet, etc.	Oxygen, Paytm, Mobikwik, etc.

All types of Mobile wallets in India can be further be classified as follows.

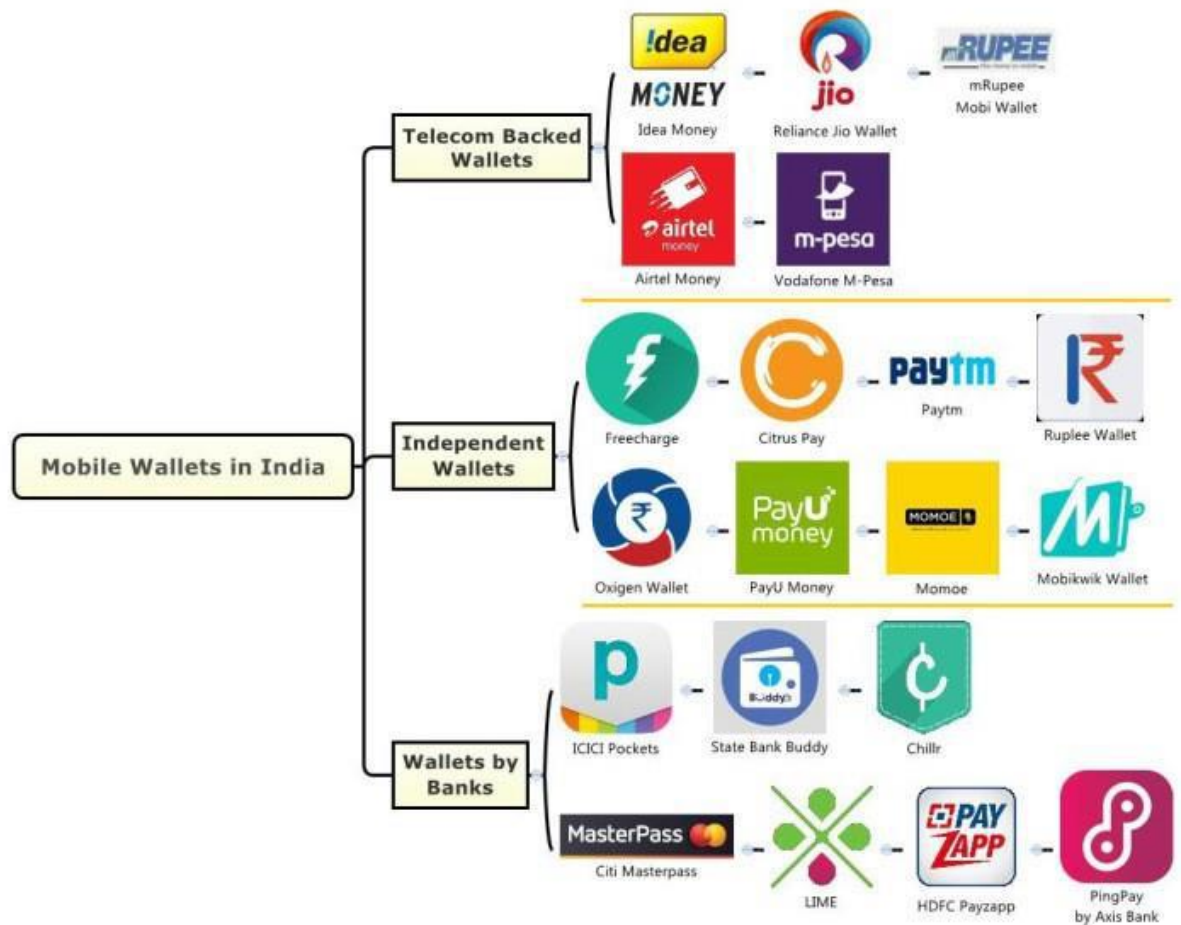


Chart 1 : Types of Mobile wallets on the basis of ownership (Sources: NIST report)

#### 4. Objective of the study:

1. To demystify the concept of mobile wallets in India.
2. To highlights the advantages and disadvantages of m-wallets.
3. To analyse the growth of mobile wallets in India.

#### 5. Research Methodology:

It is a conceptual study and descriptive in nature with detailed available review of literature.

#### 6. Litration Review:

Abhijit M. Tadse & Harmeet Singh Nannade (2017) tried to analyse the use of Paytm by users of mobile phones and also to find out various issues faced by users of Paytm. The research categorized on the basis of, age, Purpose of usage, Frequency of usage and average monthly spending on PayTm by the respondents. Study further elaborates that paytm is quite convenient owing to wide network of partners. This paper concludes that to improve the transaction efficiency it needs to work upon the

payment gateway as 70% people face issues with it. In order to cater the requirement of maximum customers, the service needs to improvise as indicated by only 5% people respondents to have got help every time they encounter a problem in it.

Dr. Ramesh Sardar (2016) in this study targeted among the population of Jalgoan the preference towards mobile wallets and carefully examine the effects of demographic variables on the use of m-wallets along with the factors influencing and refraining for the use of m-wallets. The study concludes that India needs to move towards a cashless from cash-based electronic payment system. This will be useful in reducing currency management cost, check tax avoidance / fraud, track transactions, etc., integrate the parallel economy with main stream with financial inclusion. This paper concludes that in pushing cashless and electronic payments, the most significant contributor emerged is the M-wallet.

Pawan Kalyani (2016) in this paper stresses upon paperless transaction of e-currency that is getting popular all over the world, i.e. digital wallet. The researcher in this paper has tried to get information on the awareness and use of E-wallet in youth of India. The study shows that popular wallets are the ones which are associate to the online business companies and those with the banks are doing fine.

## **7. Advantages of M-wallets:**

### **i. Nominal Cost**

Now a days, buying done by stores need not require cash because process of purchase is been made simple & just a click away in mobile device. Transaction cost of business has been reduced by the point of sale system.

### **ii. Competitive Benefit**

Transaction process becomes comparatively cheaper, comfortable and convenient to the consumers, giving business that employ this technology a competitive edge in the market due to this mobile wallet application.

### **iii. Convenience & Time saver**

By simply tapping in mobile device, customers can complete their purchase process in just seconds. So, it decreases payment time, especially important for high-volume businesses.

### **iv. Safety**

Sometimes physical wallet can be lost, misplaced, snatched, stolen or pickpocketed, but mobile wallet gives security or safety with the account's personal password.

**v. Flexibility**

Furthermore, benefit of saving even minimal amounts (in paisa) in exchange of a cheap candy and chocolate or even leaving that part on the sellers account is what provided by mobile wallets.

**vi. Confidentiality**

In using it, we are not require to provide our sensitive details regarding our bank account and can also protect from unwanted financial threats and happenings.

**vii. Rewards**

In using mobile wallets, the biggest benefit is its massive rewards in the form of cashbacks and discounts. So, better customer loyalty can be built with incentives and sales sent directly to phones.

**8. Disadvantages of M-wallets:**

**i. Awareness**

Only mobile-savvy persons (with dependable and speedy internet connection) can use mobile wallets

**ii. Limitation**

In mobile wallet there is a limit to the amount that you can deposit, and also there is a daily spending limit as well, which means in the times of high value payments, mobile wallets are useless.

**iii. Availability**

As the number of merchants who currently listed and specifically use mobile wallet money are very limited, therefore we still require some cash, card or net banking.

**iv. Dependency on device**

For that one tap payment even, one can never be sure whether the phone will be alive, means no one knows when one's phone says goodbye.

## 9. Growth of M-wallets in India:

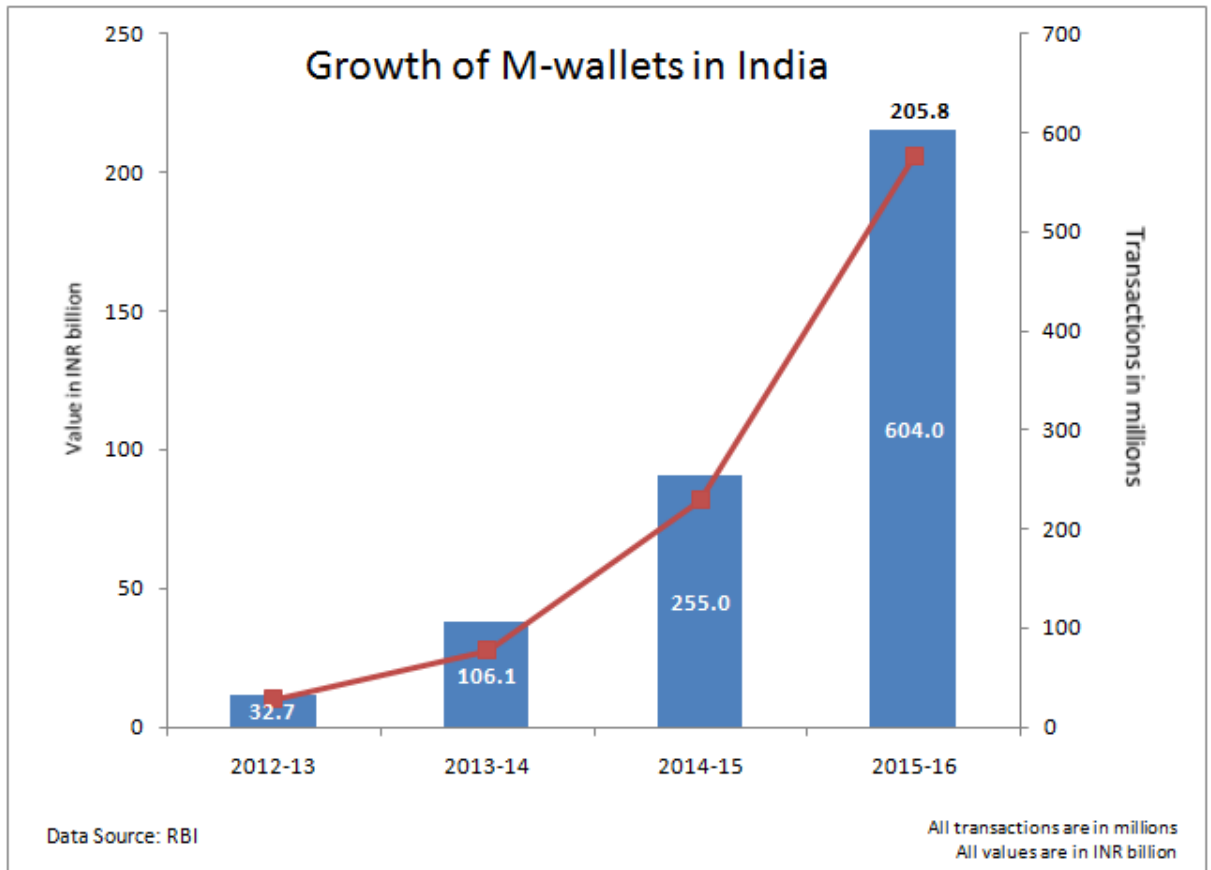


Chart 2: Growth of Mobile wallets business (Sources: NIST report)

Data given above from the last four years date shows there is impressive-massive growth in m-wallets from the year 2012-2016. Although, value of growth has just been in proportion to volume growth owing to the restriction on transaction size., INR 205.8 billion was the total m-wallet transactions value in 2015-16, putting the average transaction at around INR 340, which means the transactions have increased more than 18 times in volume terms and more than 20 times in value terms, i.e. on an average, the business has increased more than 15 times in terms of volume and value both.

## 10. Conclusion:

M-wallets are rapidly becoming the mode of mainstream online payment. Shoppers are adopting mobile wallets at an incredibly prolific pace, mainly because of ease of use and convenience. Especially shoppers who are Tech-savvy, are demanding omni-channel, seamless retail experiences increasingly and seek solution that deliver this. It can be concluded that there will be a tremendous growth in adoption of mobile wallet in the forthcoming years.

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