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## Importance and Need of E-wallets Services in 21st Century-Indian Perspective

Chaudhari Deepak  
Research Scholar

Prof. Chaudhari Arvind Narayan  
Arts, Commerce and Science College,  
Bodwad

### Introduction

Like any other innovation in the history of mankind E-wallets influences the life of people. It is a very young concept that totally psyched the consumers which we can see in tremendous increase in number of e-payments after demonetisation. An E-wallet is a type of electronic wallet which carries out transactions using an E-device, and the former is an evolution of the latter (Amoroso and Magnier-Watanabe, 2012). E-wallets also known as mobile wallets or digital wallets work as prepaid accounts which can store the user money digitally for future online transactions. It is a payment service through which individuals and businesses can send or receive money digitally using a tablet, computer, smartwatch, or smartphone.

### Concept of E-wallet

E-wallets have been around us from 1990's even though they weren't adopted well in that time. The first generation of E-wallets failed due to lack of awareness and publicity in customers. The second generation of E-wallets faced low acceptance problem because their services were proprietary e.g. Visa's E-wallet work only with Visa cards. Today we are witnessing the third generation of E-wallets (InformIT Editorial Team, 2004). Google was the first major player to launch E-wallet named Google wallet in May 2011. After Google, Apple and Samsung launched their E-wallets Apple pay and Samsung pay respectively.

First Indian E-wallet 'Wallet365.com' was launched by Times of Money in 2006 in collaboration with YES bank (CIOL Bureau, 2006). Since then many non-financial organisations and banks entered into E-Wallet industry. This includes retailers like Grofers and Bigbasket, e-commerce giants like Amazon and Flipkart, and even popular social messaging app Whatsapp.

### E-wallets are working on the following payment process models (Angela Scott-Briggs, 2016) -

1. Mobile-based billing- Payments can be received/sent through their mobile service provider
2. SMS-based transactions- SMS based debit/credit transactions from the configured bank account, mobile service or credit card
3. Mobile web payments- receive/send payments through a mobile app.
4. Near-field communications (NFC) - It is a set of communication protocols that enable two electronic devices, one of which is usually a portable device such as a smartphone to perform the payments in particular range

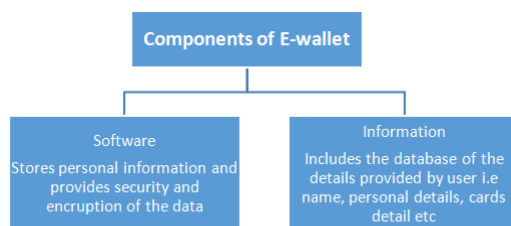


Figure 1. Components of E-wallet (E-wallets - What is E-wallets? E-wallets meaning, E-wallets definition - The Economic Times)

### According to RBI there are 3 types of E-wallets -

1. Closed wallets- Not provide financial services like cash withdrawal or redemption, they can only be used for goods and services for particular organisation. In this kind of wallets specific amount of balance is locked by company in case of return or cancellation of gift card, gifts or goods e.g. Jabong, MMT
2. Semi-closed wallets- Similar to closed wallets but with a small difference, they permit users to buy goods and services from a seller who has a contract with the wallet organisation for receiving payments. Like closed wallets they also don't permit redemption or withdrawal of cash e.g. Paytm, Phonepay, GPay, MobiKwik, Jio Money etc



3. Open wallets - This kind of wallets are issued by banks. They provide users benefits such as redemption or withdrawal of cash, funds transfer and purchase of goods and services e.g. HDFC PayZapp, ICICI Pockets, Axis bank Lime, SBI Buddy etc.

**Merits of E-wallets**

- Convenience- Transactions can be completed in a tap or just a wave of smartphone. Can be topped up in seconds using UPI, Credit card, Debit card or bank account
- Efficiency- More the consumer adoptive to E-Wallet technology, due to speedy nature of the transactions checkout lines become shorter
- Organisation-Help individual to organise everything from bank account detail, credit card detail to information like electricity bills etc.
- An E-wallets is a prepaid account. Credit cards might get blocked due to unintended default but E-Wallets usually never deny services
- Large variation in transaction limits- E-wallets provide a large variation on the limit from as low as 10 to as high as 10,000 or more
- Enhanced security- E-wallets have a control available, without permission of the user no one can access the data stored in the wallet or use E-Wallet for transaction.
- During online or offline transaction instead of card number only unique transaction identifier or token is exchanged so the credit card, debit card or bank information remains hidden
- Discounts and Bonuses-Due to fierce competition many E-wallets offer various discounts, reward points and bonuses for promotion
- Cost-E-wallets offer all this convenience for free. Some transactions come with fee which is very less as compared to other options like credit cards or debit cards. No maintenance fee like credit card or bank accounts

**Demerits of E-Wallets**

- Limit on Transactions- There is a limit on amount an individual can deposit or spend per day that make E-wallets useless for high value transactions
- Limited Retailer- Despite large number of people using E-wallets many retailers hesitate to add E-wallets to their phone. Some online stores do not allow payments through E-wallets
- Service Fee- There are some E-wallets which might charge for the transactions
- Requirement of supporting Devices- Smartphone, computers or tablets are required to use E-wallets
- System Outages- Information of E-wallets is stored on the cloud servers therefore there is always a risk of malfunction or shutdown of server. Sometime due to high traffic in the server there is a possibility that users might face problems in payment process
- Security- Companies should have a developed security system to keep customer's information encrypted and well protected
- Almost all the offers from E-wallets are the cashback which can be transfer to bank only after paying a fee

**Uses of E-Wallets**

- Money Transfer- As per recent advance in RBI PPI (prepaid payment instruments) guidelines individuals can transfer money seamlessly from one e-wallet to another e-wallet and bank accounts and this payment will happen through UPI (Shaikh Zoaib Saleem, 2018).
- Booking of air, train and bus ticket
- Online payments
- Pay for taxi fare
- Pay utility bills
- Recharge the phone, DTH, data card, MetroCard
- Pay for the petrol on petrol pump
- Online and offline purchases

**Review of literature**

- Poonam Painuly et al. (Painuly and 1 Rathi, 2016) in their research paper titled "Mobile Wallet: An upcoming mode of business transactions" talks about benefits of wallet money like ease of transactions, security and convenience in handling the mobile wallet applications. Authors concluded that due to mentioned benefits various sectors like hospitality, banking, retail etc. are making use of wallet money and mobile payment



instrument in customer-business and customer-customer area.

- TrilokNathShukla(Shukla, 2016) predicted the future of E-wallets on the basis of his findings. According to the author in a near future marketers and digital businesses will use the mobile wallets to engage the customer. He believes that mobile wallets will become new marketing channel where online and offline marketing efforts will be merged together. He also suggested that marketing leader should engage their customers by providing various promotional offers through mobile wallets.
- Ramesh Sardar(Sardar, 2016) in his paper titled "Preference towards mobile wallets among urban population of Jalgaon city" concludes that cash payment system is expensive proportion to government as compare to cashless payment system. Author found out nowadays mobile wallet's awareness, popularity and usage is increasing in remote areas which earlier limited to big cities. Author believes that in future mobile payments will grow and represent the significant part of retail sales.
- MadhuChauhan et al.(Chauhan and Shingari, 2017) studied undergraduate student's perception toward mobile wallets after demonetization and portray their preferred mode of payment. Author found that undergraduate students are becoming more aware and are contributing towards growth and success of making India digital.
- PreetiGarg et al.(Garg and Panchal, 2017) elaborated how introduction of cashless economy helps in growth and development of Indian economy. Authors also threw light on how cashless economy will help fighting against terrorism, curbing black money, counterfeit fake currency, reduce cash related robbery and economic growth of country. On the basis of findings of the study authors suggested that to achieve the cashless economy in India, government needs to bring transparency and efficiency in e-Payment system and RBI should encourage cashless transactions by licensed payment banks, promoting mobile wallets and digital payments.

**Objective of the study-**

1. To study E-wallet Concept
2. To Study the benefits of the E-wallets

**Hypothesis-**

H0- E-wallets is not a need of 21st century

H1- E-wallets is a need of 21st century

**Data Collection**

Researcher collect Secondary data only

**Data Analysis**

After the collecting views, opinion and remarks of various experts, researcher, researcher compile all remarks and compare with each other and conclude the study.

**Hypothesis Testing**

On a basis of views of expertsthe alternative hypothesis is accepted.It is proved that E-wallet services have an importance and need in 21st century in India

**Conclusion**

- In 21st century E-wallets are the preferred payment system over the traditional payment system in many Indian business sectors because of popularity and various benefits like efficiency, ease of transactions offered b E-wallets
- E-wallets popularity, awareness and usage crossed the urban boundaries as today we can see the surge in the usage of E-wallets in Indian remote areas
- E-wallets services will prove to be the prime and greatest contributor in transition of India's cash economy to cashless economy which ultimately support the Indian government's "Digital India programme"

**Limitations of the study**

This study is based on secondary data only, this study is based on views and various research study. Researcher considered the comments of experts only.





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