



E WALLETS, REVENUE MODELS AND ITS FUTURE

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Abstract:

The term "e-wallet" refers to an electronic wallet. It's a form of electronic card that's utilised for online transactions via a computer or smart phone. The use of an e-wallet is similar to that of a credit or debit card. To make payments, an e-wallet must be linked to the user's bank account. The primary goal of an E-Wallet is to make paperless money transactions more convenient.

Information component is a database of details provided by the user, which includes their name, shipping address, payment method, amount to be paid, credit or debit card details, and so on. Software component stores personal information and provides security and encryption of the data.

A digital wallet is a system that keeps a person's payment information in a safe manner. It digitally stores the user's cards for payments made online using an electronic device. Using digital or computer technology is referred to as "digitally." When anything is referred to as "digital," it refers to its existence solely in electronic form.

Key words: *Digital wallet, Revenue Model, Bank account, Electronic card.*

Statement of the problem

E-Wallet is a virtual cashless service that can be used to replace physical currency. People do not need to run to ATMs or banks to get cash in order to buy something; instead, transactions can be completed in a fraction of a second. It has emerged as a promising method of acquiring products and services without the use of currency. The primary goal of e-wallets is to facilitate rapid transactions, hence reducing the use of cash. This boom is a result of the demonetization process. However, there is still a lack of trust in electronic payments. Some people are still hesitant to use it because they distrust the internet and its perceived security threats. As a result, the purpose of this study is to learn about e-wallets.

Objectives

- To Study the various E Wallets applications used in India
- To Study the various benefits of e wallets
- To Understand the revenue model of E- Wallet Companies
- To Understand how E Wallets work
- To Study the Challenges faced by E wallet Companies

Methodology:

Data has been collected through secondary source only.

Limitations of the study:

Reliance on Secondary data is the major limitation of this study.

Introduction:

E-wallet is a type of electronic payment. On a computer or smartphone, an e-wallet can be used to buy goods or services online or in stores that use NFC technology. Electronic versions of a driver's licence, health insurance card, store loyalty cards, cryptocurrencies, and other documents can be stored in some e-wallets. Consumers who regularly experience high abandonment rates during the checkout process may benefit from e-wallets, which can



be due to payment delays, a lack of trust in the retailer with their card payment information, insufficient payment methods offered by the merchant, declined credit card payment, or other factors.

Fintech, which stands for financial technology, includes digital wallets, banking apps, and other financial developments. The goal of a digital wallet is to eliminate the necessity for a physical wallet. An E-wallet is also more difficult to steal than a physical wallet. Users may, however, forfeit part of their privacy. A digital wallet, unlike a traditional wallet, contains information about the owner's spending habits. Companies have access to that information.

The digital wallet consists of two things:

- The software
- The data.

Software- The software saves all of the information in the wallet. It also encrypts the data to keep it safe.

Data-On the other hand, data refers to all of the information that users submit. Users' names, card numbers, and addresses, for example, are all stored in the digital wallet.

Users must have the software loaded on their electronic device in order to utilise an e-wallet. They then fill up the blanks with the appropriate information. Only then will they be able to complete a transaction.

1. E wallet applications used in India and its performance

e-Wallet	Industry	Company	Bank Transfer Allowed?	Mobile Platform	Overall Rating (based just on Android platform)
Paytm	Private	One97 Communications	Yes	Android, iOS, Windows Phone, Ovi, Blackberry	4.4
MobiKwik	Private	One MobiKwik Systems Private Limited	Yes	Android, iOS, Windows Phone	4.2
Oxigen Wallet	Private	Oxigen Services India Pvt. Ltd.	Yes	Android, iOS, Windows Phone	3.7
Citrus Wallet	Private	Citrus Pay	Yes	Android, iOS	3.9
ItzCash	Private	Itz Cash Card Ltd.	Yes	Android, iOS	4.4
Freecharge	Private	Snapdeal	No	Android, iOS, Windows Phone	4.3
Axis Bank Lime	Banking Industry	Axis Bank	No	Android, iOS, Windows Phone	3.6
Airtel Money	Telecom Industry	Airtel	Yes	Android, iOS	4.2
ICICI Pockets	Banking Industry	ICICI Bank	Yes	Android, iOS	4.1



Jio Money	Telecom Industry	Reliance	No	Android, iOS, Windows Phone	4.2
mRupee	Telecom Industry	Tata Teleservices Limited	Yes	Android, iOS, Windows Phone	3.7
SBI Buddy	Banking Industry	State Bank of India	Yes	Android, iOS	3.9
Vodafone M-Pesa	Telecom Industry	Vodafone	Yes	Android, iOS, Windows Phone	4.2
HDFC PayZapp	Banking Industry	HDFC Bank	Yes	Android, iOS	4.0



2. Benefits of E Wallet:

The various benefits of using E Wallets can be summarised as follows:

- a. No counterfeit- If no paper currency is in circulation, it is impossible to make counterfeit cash, which is not only difficult to detect but also difficult to remove from the system.
- b. No cross-border terrorism—Terrorism, the black market, and other criminal enterprises flourish on counterfeit money. Once the economy is cashless and counterfeit currency is eliminated, the economy will be free of terrorism and the black market (for the most part).
- c. There is no such thing as black money—cash can be hoarded without leaving a trace. This is referred to as "unaccounted" or "black" money. This black money is what makes the wealthy extremely wealthy and the poor extremely destitute. Because holding cash is impossible when there is no cash, black money may be efficiently abolished.
- d. No Tax Evasion- Tax evasion and black money are two sides of the same coin. If you keep black money, you don't have to declare it as income and so don't have to pay taxes on it. This means the government loses tax revenue that could be used for a variety of purposes, including infrastructure development,



foreign commerce, military purchases, and debt repayment. With a cashless economy, every single penny spent and every single transaction will be tracked. The Internal Revenue Service can keep track of every coin in circulation and tax people accordingly. Government revenue will skyrocket, and government spending will skyrocket as well. This will increase the GDP of the economy.

- e. No harm to the environment- Cash refers to paper money. It is printed on Reserve Bank of India printing presses or printing presses authorised by the Reserve Bank of India and the Government of India. Because cash requires the use of paper, it necessitates the felling of trees (paper comes from trees). Natural equilibrium is preserved when trees are saved. There will be plenty of rain, plenty of fresh air, less pollution, the weather will calm down a bit, and global warming worries will be addressed.
- f. Cost-cutting—Paper money and cash must be printed. That is not something the press will do for free. Furthermore, paper for paper currency is acquired, as well as ink for printing cash. When the economy becomes cashless, all of these costs will be erased. It's a significant cost, and the government spends billions of dollars just to print money. When the economy becomes cashless, the cost of printing will drop considerably, resulting in increased government savings. The money saved can then be used by the government to help the economy grow. Loss minimization – Paper cash is susceptible to wear and tear. Every year, mishandled currency notes worth hundreds of millions of crores are destroyed. That is a total loss for the government. When a cashless economy is implemented, such losses can be drastically reduced, allowing the government to profit from increased savings, which leads to improved economic development.

3. Revenue Model of E Wallet Applications

The demographics of the user population are shifting dramatically as online payment technology advance. Another factor contributing to the widespread adoption of such apps is the widespread acceptance of smartphones. Gone are the days when new technology and trends were reserved for the younger generation or youth; technology is now universal, and this has prompted entrepreneurs to explore new business fields with novel concepts, and the payment service provider business model is no exception.

1. Micro Payments: This category includes applications that focus on making small-amount payments. This transaction mechanism can be tested using either a standalone payment app or an in-app payment approach. Typically, it's used as an in-app payment option, with the merchant requesting the total amount of the purchase.
2. Pay-Per-Use: This is a unique e-wallet business strategy. The product's usage is metered here. Customers would only be required to pay for the times when they used the product. This is similar to how you pay for your TV recharges, where you only pay for the channels you wish to view rather than the entire package. When industry research businesses offer pay-per-click or use offerings, this is another important reference.
3. Membership Models: There are a variety of other ways for a business to create money in addition to these business strategies. In the membership model, the user pays a monthly fee in exchange for unlimited access to a certain service or product. This is a unique technique to ensure that your customers keep coming back to you.
4. Freemium Version: Another significant and intriguing way to engage with clients is through a freemium version. The owner here provides a few free services to users and charges for the rest of the features. In this situation, if the user is satisfied with the fundamental features, they are unlikely to ask for more, and if anything is missing, they have the clear option of paying for it.
5. Crowdfunding: Another significant aspect that you should consider is crowdfunding. This business concept is based on a straightforward method of generating funding from the general public. Individuals and organisations who support the product's concept make contributions to provide it with strong financial backing and cutting-edge technology.



These are the most basic ewallet business models to explore for generating revenue. When you contact us, our ewallet app development team interacts with you about all of your concerns and assists you in selecting the best business model with a robust feature set.

How Does E-wallet Work?

The basic functioning of digital wallets are:

Create your profile by enrolling on the app with your bank account's contact information (email address and phone number).

- Once you've enrolled, create a four- or six-digit payment pin. The registration process is complete once you have a payment pin, and you may begin making payments right away.
 - Use the payee's phone number to locate them. In the application, choose the Pay or Request option.
 - If you're a business looking to demand money from a consumer, choose the request option; if you're looking to pay someone, choose the pay option.
 - You've paid the sum with the payment pin. You've completed your task



- It's never been easier to send money or make payments. In addition to this easy transaction, contemporary e wallet programmes allow you to pay bills, recharge phone numbers, purchase tickets, invest, and do a lot more.
- It is easier for the end-user to connect with your programme if you provide clear instructions and a well-curated application. Another crucial issue that determines how your software is perceived is the revenue model for mobile wallets.
- Whether or not your app can grow into a stronger and superior alternative is determined by the revenue strategy you choose. If things aren't working out for you, you may always switch to something more intriguing and engaging. Now that we've seen how e wallet works, let's look at some of the revenue options available.

Challenges faced by E wallet companies

1. Regulatory Obligations: There will be severe compliances when there is money, and fintech enterprises must follow all legal rules. Financial and consumer-based regulations are included in the compliances.

2. The Threat of Fraud: One of the main reasons why most customers may avoid using E wallets in 2021 is the risk of fraud. Hacking, data theft/leakage, vulnerabilities, and malware appear to be a big unknown risk with mobile payments and digital wallets.



3. Customer Attitude: Many users still assume that utilising e-wallets provides no added benefit. The reason behind this is because people are still unaware of the advantages of using e-wallets over traditional payment methods like cash or credit cards. Pinging them with the latest offers related to payments to specific merchants could be one method to raise their awareness.

4. A lack of faith- According to a study conducted by You Gov, over 43% of mobile users have trust issues with all three types of E wallets, and 38% are concerned that if their phone is lost, they will be unable to make a payment or that their money would be stolen. According to a poll conducted by Auriemma, users are hesitant to promote the mobile wallet they use to their friends and relatives.

5. Adoption inertia: For a long time, Indians have relied on cash transactions as their primary means of payment. Despite the fact that digital payments are becoming more widely accepted, customers still have worries about security, privacy, and charge transparency. Players in the industry will have to put in a lot of effort to break through this barrier, not just via marketing campaigns, but also through true continual product improvement.
6. Security breaches and fraud risk: The risk of a security breach resulting in financial loss is a major element in deciding whether or not to use digital payment systems. "Ensuring the security of the technical system is critical, as single breaches can result in significant reputational and financial damages for businesses." "As an increasing quantity of data is collected and kept, maintaining consumer privacy is also a significant concern," according to the Deloitte report.

7. Credit and Debit Card Competition: One of the most significant barriers to wider use of mobile wallets is the use of cards. Given the present transaction restrictions through this channel, which are higher in the case of cards, adoption is hampered significantly.

8. Moving beyond core services: Mobile wallet players have begun to offer collateral services in addition to their core services. PayTM, for example, offers a wide range of m-commerce services. "One of the most important domains embraced by mobile wallet players to democratise their platform is offline connect. Other e-wallet players, like as MobiKwik, have gone into hyperlocal transactions, cash pick-up, and microcredit services in addition to m-commerce. Companies will face a constant challenge in adapting business models to satisfy consumer wants and differentiating products from other options, including the UP

Suggestions

When compared to other ways of information dissemination, such as advertisements on social media, magazines, television, and government promotion, word-of-mouth exposure has a greater impact. As a result, both businesses and governments should raise awareness by hosting workshops/seminars on the cashless society at schools, colleges, and workplaces. The government might make it a requirement for all schools, universities, and institutes to offer at least one programme per academic year. E-Wallets are used to recharge mobile phones and DTH receivers. Users favour internet shopping as the second most popular alternative. Only to boost growth, the authority must make fee payment and filing of IT returns mandatory using E-wallets.

Conclusion

Finally, E-wallet usage is on the rise due to the convenience of using an E-wallet or making a payment in this fast-paced world. Despite technological advancements, many customers prefer cash in hand to the conventional method because they believe cash in hand is more secure than an electronic wallet. This is the perspective of the older generation in comparison to the younger generation. Everything, like everything else, has its advantages and disadvantages. As wise users, we must make the appropriate decisions and be aware of the E-wallet that we use.



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