

**DEMONETIZATION: IMPACT OF DIGITAL WALLETS****Nagamani Mutteni***

Asst. Professor, MERI, India.

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Corresponding Author*Nagamani Mutteni**Asst. Professor, MERI,
India.**ABSTRACT**

The government has executed a paramount change in the economic environment by demonetizing the high value currency notes - of Rs. 500 and Rs 1000 denomination. These ceased to be legal tender from

the midnight of 8th of November 2016. People have been given up to December 30, 2016 to exchange the notes held by them. The proposal by the government involves the elimination of these existing notes from circulation and a gradual replacement with a new set of notes. In the short term, it is intended that the cash in circulation would be substantially squeezed since there are limits placed on the amount that individuals can withdraw. Most consumers used cheques or electronic payment methods for smaller purchases and costly transactions. This paper discusses the majority used e-wallets after demonetization.

KEYWORDS: Digitization, Digitilization, MobiKwik, Pay Tm, Pay U Money.

INTRODUCTION

Digitization refers to the technical process of converting streams of analog information into digital bits of 1s and 0s with discrete and discontinuous values. [Scholars across disciplines term]. Digitalization means the process of making digital everything that can be digitized and the process of converting information into digital format.

Even though India is known as a powerhouse of software, the availability of electronic government services to citizens is still comparatively low. The National e-Governance Plan approved in 2006 has made a steady progress through Mission Mode Projects and Core ICT Infrastructure, but greater thrust is required to ensure effective progress in electronics manufacturing and e-Governance in the country. The Digital India Programme was

introduced to transform India into a digitally empowered society and knowledge economy by leveraging IT as a growth engine of new India. The Digital India vision provided the intensified impetus for progress and promoted inclusive growth that covers electronic services, products, devices, manufacturing and job opportunities to some extent.

After Demonetization Country was going through cash crisis or can say there was very few hard cash with people to fulfill their needs. At that time different cashless methods were used at very high demand. Many people whose debit cards were inactive so far have made them active. Transaction limits had been double on debit card. Installation of POS machine by the thousands, the value of debit card transaction had gone up, the value of mobile banking transaction have gone up. So gradually people started use of digital payments like:

1. Paytm
2. MobiKwik
3. Pay U Money

1. Pay Tm

Pay Tm has become now India's largest mobile commerce platform as it is an Indian commerce shopping website. It started to perform its function by offering mobile recharge, gas bill, electricity bill, telephone bill payments etc but today it offers various facilities such as DTH recharge, insurance facilities to wider market place to consumers on its mobile apps and web. Within in a short period of time Pay tm has scaled to more than 60 million orders per month. Pay tm is an acronym for pay through mobile. It entered through India's E-commerce market in 2014 providing facilities and products similar to online business such as flip kart, Amazon, snap deal etc. Pay tm has keep on changing from time to time to its terms and conditions as it is a legal contract between an individual customer, user or beneficiary. Pay tm is owned by ONE 97 Communications LTD and headquartered in NOIDA, India in 2010. It is privately held company founded by Vijay Shekar Sharma. The pay tm services are not available to persons under the age of 18 yrs or to anyone previously suspended or removed from the services by pay tm. Pay tm are reseller only. It does not provide mobile service and is only a reseller of prepaid mobile services by telecommunication service providers. In order to use this service, we need to obtain access to the World Wide Web, either directly or through devices that access web based content. Pay tm offers a convenient and secure way to make online payments. It also provide true, accurate, current and complete information about payment details, signing into pay tm account. Nowadays, pay tm is also

acting as bus ticket agent as it provides online bus ticket payments wherever and whenever. Though Paytm was founded 2 years back it has created a user base of 25 million wallet users and 10 million app downloads. Here paytm wallet launched in 2014 with over 40 million wallets. Paytm wallet refers the pre-paid payment instrument issued by paytm including basic a/c and prime a/c. Paytm company works with all mobile operators in all states in India for mobile recharge, DTH recharge, utility bill payments etc. It has also partnered with national banks to benefit the customers and also they are giving services of debit card, credit card, and net banking payments. Paytm got very well positioned in e-commerce when Indian Industrialist Ratan Tata made personal investment in firm in March 2015 and in the same month, Chinese e-commerce Company Alibaba group made an investment of \$575 million.

After demonetization

In November 2016 Paytm had launched 10 regional languages such as Hindi, Tamil, Telugu, Gujarati, Marathi, Bengali, Kannada, Malayalam, Oriya and Punjabi, on its interface for Android smartphone users. paytm registered over 7 million transactions worth Rs 120 crore and added one million new saved credit/debit cards - cards that are used to refill the wallet in within 2 days after the demonetization and millions of consumers and merchants across the country opted for mobile payments on its platform for the first time. Now Paytm has the largest Indian mobile payment wallet with more than 100 million users and 2 million transactions a day, saw app downloads going up by three times and payments for offline transactions by five times.

On January 3, Paytm received final approval of the Reserve Bank of India to formally launch its payments bank and it expects to start operations by the next month.

2. MobiKwik

MobiKwik is a mobile wallet and online payment system where a user can store money in an online "wallet" to make mobile and DTH recharge, pay utility bills, and shop at listed merchants. The MobiKwik wallet has to be loaded with money once before it can be used across functions. MobiKwik provides users the option to add money using their debit or credit card, net banking, and 'cash pay', a doorstep cash collection service. MobiKwik wallet is a semi closed wallet authorized by Reserve Bank of India. Mobikwik's user interface is now available in as many as 8 languages such as English, Hindi, Gujarati, Bengali, Oriya, Punjabi, Tamil and Telugu to further promote the adoption of digital wallet payments in rural India.

After demonetization

MobiKwik was founded by BipinPreet Singh and upasana Taku in 2009. Over the years, MobiKwik extended their service on mobile apps.

They tied up with various online merchants such as eBay India, BookMyShow, Dominos India and ShopClues, jabong Pantaloons to provide accessibility of their wallet as a payment option on e-commerce sites.

MobiKwik claims it has registered a 7000 per cent increase in bank transfers after the move. Unlike Paytm which charges a 1 per cent for bank transfers, MobiKwik has completely removed the bank transfer fee. Users can transfer up to Rs 1000 via bank transfers on the MobiKwik app. However, those who have an upgraded eKYC compliant wallet can transfer up to Rs 5000.

“The idea behind announcing 0% fee on bank transfers was to promote the adoption of mobile wallets among Indians. We have since observed growing confidence among masses, including users and unorganised merchants, who adapted to wallet payments without any hitch,” Mrinal Sinha, COO of MobiKwik said in a press statement. The company claims it has registered an 18-fold growth in transactions since the government announced demonetisation.

MobiKwik claims to have 35 million customers and is accepted at over 1 million offline stores. The app has seen a 40 per cent increase in downloads since the government’s demonetisation initiative. The boost in usage has resulted in MobiKwik revising its monthly annualised Gross Merchandise Value (GMV) sales target by 10 times to \$10 billion by 2017. “User traffic and merchant queries have also gone up by 200 per cent since the announcement of currency notes ban on November 9,” Bipin pointed out as part of the demonetisation offering, MobiKwik has introduced a new feature where e-commerce players can ask for payment via “MobiKwik on delivery” since cash on delivery has become a non-option for many.

3. Pay U Money

Pay u money is the best way to pay online payments. It is a leading online payment solution company in India which started its operations in October 2011. At present, pay u money have more than 1200 merchants on board. It has grown into the fastest growing consumer payment

processor in the online payment space. It acts as a savings account payment gateway for individuals. Pay u money get all refunds instantaneously with pay u money wallet. With pay u money wallet we can store our card data and we can also store money. By using the pay u money application customers can easily and securely pay their payments through their cards or net banking. Pay u money follow the preferred payment method which includes credit card, debit card, net banking wallet etc.

After demonetization

After few days of Demonetization, they redesigned Pay U money Seller App for the future of cashless transactions in India. One touch check-out, lucrative discount and cashback schemes on every transaction make it different from the other payment wallets.

Pay U money provided a privilege to its merchants to accept payments directly into their bank account through the Unified Payments Interface (UPI), a service it had to accelerate the launch of, following the demonetization drive by the government of India. A spokesperson for the company said that the company has partnered with Axis Bank for the same.

CONCLUSION

The cashless transaction system is reaching its growth day by day , as soon as the market become globalised and the growth of banking sector more and more the people moves from cash to cashless system. The cashless system is not only requirement but also a need of today society. All the online market basically depends on cashless transaction system. The cashless transition is not only safer than the cash transaction but is less time consuming and not a trouble of carrying and trouble of wear and tear like paper money. It also helps in record of the all the transaction done. So, it is without doubt said that future transaction system is cashless transaction system.

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