

Growth of E-wallet Industry in India Post Demonetization

Sayyed Akhtar Ali

Assistant Professor,

Poona Institute of Management Sciences & Entrepreneurship, Pune

+91-9860409859

ar.sayyed@gmail.com

Abstract:

This paper broadly focuses on the effect of demonetization on e-wallets. The paper concentrates on how e-wallet has emerged as one of the biggest sources of exchange in India. How profitable it is & how Companies like Paytm flourished in Post-Demonetization Era.

The paper highlights advantages of e-wallets, e-wallet choices people have, needs and effects of e-wallets on Indians. The paper also highlights the significant growth of e-commerce post demonetization.

Keywords: e-wallet, paytm, demonetization

Introduction

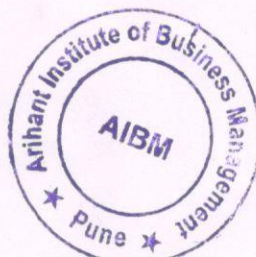
On 8th November 2016, Prime Minister Shri Narendra Modi has announced about the legality of Rs. 1000/- & 500/- currency notes. Since that midnight, these notes were no more legal tender of exchange. People of India have started exchanging this old money with the new ones and finding out other probable ways to purchase their regular needs.

The most emerged way in this era was E-wallet. Companies like Paytm started flourishing in this era. People of India have not only accepted e-wallets but also welcome it in a very huge way.

What is e-wallet?

According to Officialpayments.com

E-Wallet is a feature exclusively for customers who have registered and established a My Account profile. E-Wallet allows you to store multiple credit card and bank account numbers in a secure environment, and eliminate the need to enter in account information when making your payment. Once you have registered and created E-Wallet profiles, you can make payments faster and with less typing.



A handwritten signature in blue ink, appearing to be "Akhtar Ali", written over a horizontal line.

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Raydhan (Bk.) Pune - 21.

E-Wallet provides the ability to store multiple credit cards, debit cards and bank account information for making faster payments. You can create up to ten separate profiles for both credit and debit cards, and up to ten separate profiles for checking and savings accounts. You can edit and delete these profiles as needed. When making a payment after logging in to My Account, you will save time by having your credit or bank account information filled in automatically.

Benefits of e-wallets:

As explained on PMJanDhanYojana.co.in, following are the benefits of e-wallets.

No Counterfeit

If there is no paper currency in circulation, one really cannot create counterfeit currency which is not only difficult to identify but is also difficult to pull out of the economy.

No Cross-Border Terrorism

Terrorism increases with the help of money provided to the terrorist within the country. Once the economy goes cashless and once counterfeit currency is killed, the economy will rid itself (mostly) of terrorism and black market.

No Black Money

We cannot control the black money deposited in Foreign banks, but we can control the black money within the country. The black money is what makes rich filthy rich and poor, super poor. If there is no cash, hoarding cash is not possible and hence, black money can be effectively destroyed.

No Tax Evasion

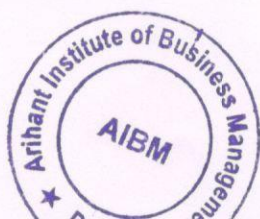
Black money and tax evasion are like two sides of the same coin. If you are hoarding black money, you are not showing it as your income and hence, you are not paying tax on the same. With cashless economy, every single penny used in transaction, every single transaction will be recorded. Income Tax Department can track every penny in circulation and tax people accordingly. Government revenue will increase manifold and government spending will increase. This will boost economy's GDP.

No Harm to Nature

Since cash involves usage of paper, it means, cutting down trees (paper comes from trees). When trees are saved, natural balance is maintained. There will be ample rainfall, there will be enough fresh air, there will be less pollution, weather will cool down a bit and take care of global warming issues and more.

Cost Reduction

Paper money or cash needs to be printed. Press won't do that for free. On top of that, paper for paper currency is purchased and so is the ink used for printing cash. All these expenses will be eliminated once the economy goes cashless. It is a huge expense and the government spends crores of money simply for printing money. Once the economy goes cashless, the cost of printing will be reduced dramatically and hence, government savings will increase.



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Minimization of Loss

Paper currency means that it is subject to wear and tear. Currency notes worth hundreds of thousands of crores are destroyed every year because of mishandling. That's complete loss for government. Once cashless economy comes in place, such losses can be minimized dramatically, allowing government to reap benefits from increased savings, which in turn translates into improved economic development.

No. of E-wallets in India:

Following table by PMJanDhanYojana.co.in, represents the condition of Top 12 e-wallets Companies in India.

e-Wallet	Industry	Company	Bank Transfer Allowed?	Mobile Platform	Overall Rating out of 5 (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



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Why e-wallets in India?

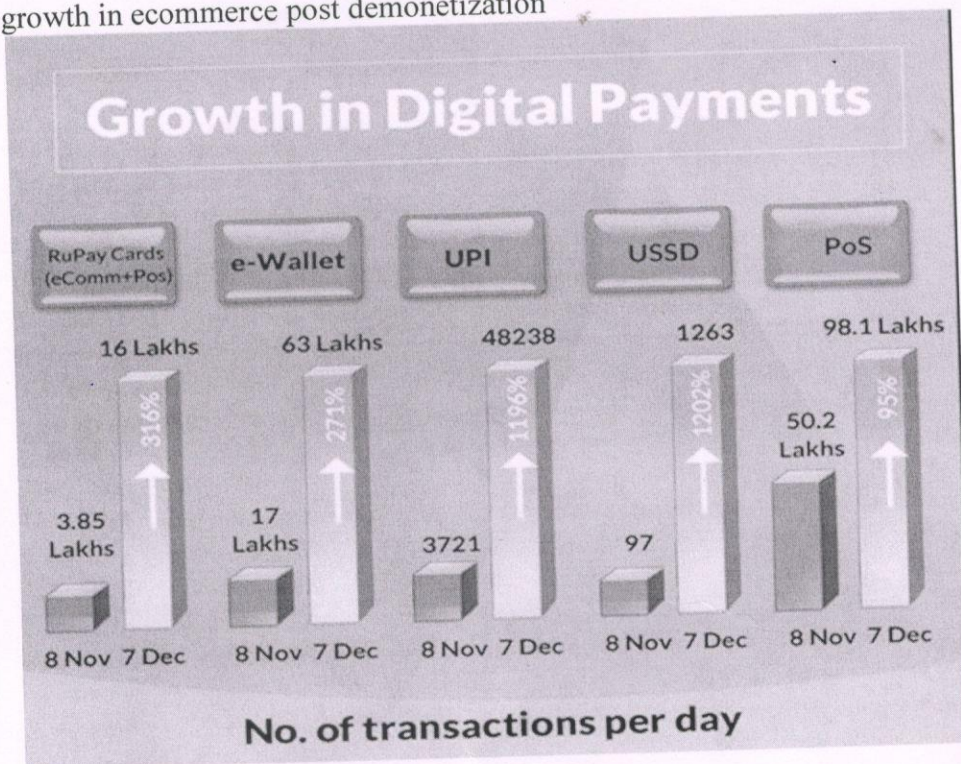
According to Indian Express

As of August, India had only 14.6 lakh point of sale (POS) machines. The demand for these machines has spiked since November 8, but their numbers will likely stay far short of requirements for quite some time. A digital wallet is seen as a convenient and safe way to pay by smartphone users. India has an estimated 240 million smartphone subscriptions; the number is projected to more than double to 520 million by 2020. The user can just load the wallet, with no need to save bank or card information. At the merchant location, the money can be transferred without need for swiping a card. Most apps are offering consumers cashbacks and discounts for transactions.

According to a report by Kul bhushan of BGR.in

Due to demonetization, e-wallet transactions surged by 271% per day; UPI (Unified Payments Interface) registers 48,238 transactions per day.

Following diagram by *Press Information Bureau, Government of India* gives a clear picture of growth in ecommerce post demonetization



The Paytm Effect:

Nowadays we all are humming the paytm tune 'Paytm Karo..' following are some facts and figure related to Paytm.

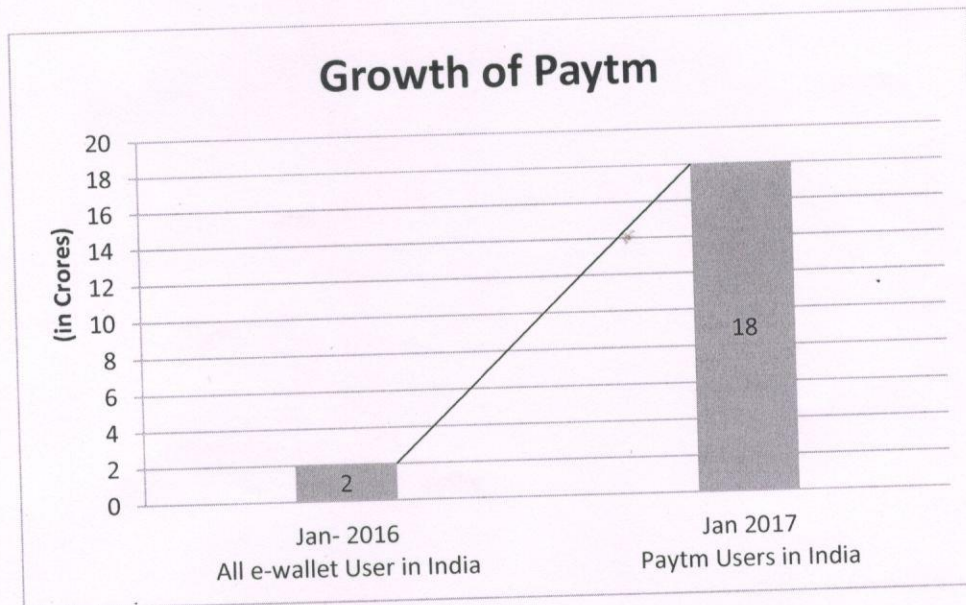
According to a report by Arushi Chopra for livemint.com_

Paytm claims record number of transactions after Government's demonetization move. Since 9 November, Paytm claims to have registered 700% rise in overall traffic on the platform and 1000% growth in the value of money added to mobile wallets

According to ABP News_

After Demonetization, Paytm business has jumped 300 percent. Since demonetization, about 7 crores transactions are done through Paytm i.e. about Rs. 120 crore per day.

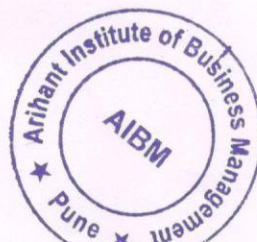
According to PMJanDhanYojana, there were around 2 crores e-wallet users in January 2016 and as per the recent claim by Paytm, the customer base of Paytm only is around 18 crores customers.



The above chart highlights the significant growth of Paytm in a post demonetization era.

Conclusion:

It is obvious that demonetization has affect Indian buyers habbit in a huge way. It not only promoted use of e-wallets, but also gave a significant profit to the e-wallet companies like Paytm.



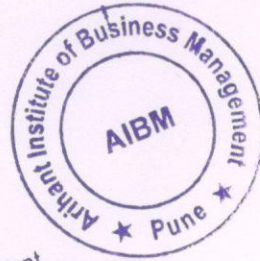
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Director
Arihant Institute of Business Management
Pune - 21.

References:

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Arushi



Director
Arihant Institute of Business Management
Bavdhan (Bk.) Pune - 21.