

Digital Financial Product (Mobile Money) - An Emerging Eco - System

Dr. Shankar chaudhary

Head Of Department (Marketing And Information Technology) Pacific Academy Of Higher Education
And Research University Udaipur

Introduction

The recent growth of Internet applications and the usage smart phone usage is playing a major role in liberation of monetary services nowadays in Indian economy .Convenience factor provided by these devices in various areas like tourism, finance and transportation helping the banking environment specially at the same time the it is increasing the assurance also. convenience factor created a huge market for these service sector therefore the Information technology companies are coming with new versatile applications of Mobile Payments with different technology and new features which make these services more attractive .these applications are more customer centric.In future these smart devices will a play a important role in human beings life as well as to develop cash less new eco- system.

Due to the emergence of this new eco system , customers are shifting from traditional banking system and financial system to new emerged cashes and card system. This new system is also creating various new delivery channels, new opportunities for the society og Indian well being is spreading not all in urban cities but also in the rural and remote areas of nation. Till few years back these new trends were being utilized by urban population only but after the demontisation of Indian currency by the reserve bank of India there is rush of new applications for the existing as well new customers with new features to support this new initiative by the Indian prime

minister for the the Nation. And in this Paytm is playing a crucial role to spread this mission . this usage and emergence is not limited to Indian continental only, it is spreading throughout the world. Even though RBI mandate for all service provider of financial services to adopt UP standard within the three years after this scheme no one is waiting for three years. This sudden change into seam less cashless transactions is being forced , special thanks to players like Paytm, freecharge and few banks app like sbi buddy. The current situation is a win win position for all like bank, customer and government as well. There will be a loss of revenue in present but it pays in long time due to the diversion of alternate channels, the pressure is going to release on current system and it will serve in better way to the customers and retention will be more easier.

Type of E-wallets

TYPES OF Digital wallets

Broadly there are three types of E-wallets

- 1. Open wallet:** these type of wallets are mainly issued by banks for financial services like funds transfer at the location of merchants or at terminal of point of sale which accepts cards as well as cash withdrawals . at the same time they are also used in purchase of goods.

2. Closed

A closed wallet is one that a company issues to its consumers for in-house goods and services only. These instruments do not carry the advantage of cash withdrawal or redemption. It is basically an account where money gets credited in case of a refund due to cancellation or return.

such type of wallets are issued by the companies for the inhouse operations and services only to their employees during travelling mainly it is an account

3. Semi-closed : it is the combination of above both open as well as closed wallets Paytem, Payu ,nexgen are few leading example of this category are used for both goods and services. They had a contact with companies to issue the payments. The restriction with such type of payments is that you cannot withdraw payments from these one. after demonitisation on 8 th decembet several attemps are being made to support this eco system. Govt issued a oredor to pay the the digital salary rather than cash which will reduce the cost of distribution in various departments specially the cost of workers as well the cost of payroll and allies administration.

At same time the the various retail stores at micro level also stated taking the payments through this apps in their account. This is very interesting and positive sign towards the success of this scheme and could further go a step further by keeping money in mobile network . this pehenominal affects will increase the B2B payments.

This phenomenaa is already accepted the growing countries like afganisatan and Kenya some time ago A cell network operator (CNO) in African continent is offering its customers a mobile cell phone-based savings product, Like just now being did by the airtel company in india With this new product, customers are able to send money to themselves to save and therefore commit to saving until a pre-specified date. Similarly in our neighbiuring country in Afganistan, comapnieas

are offering employeesr salary payments through mobile money, which can automatically keep a certain portion of salary to be transferred to a long-term savings account on a digital platform. This encouraging the saving in a Very powerful way .this is also helping the persons in terror areas to keep safe their hard earned money safe for future requirements.

“Lock box” is one of the best example for saving purpose for childerns education, where parents can deposit the money in childerns mobile account for higher education. After reaching the target date for a fix duration , on balance you can earn extra bonus interest rate. Few years back both the key operator of nation launched M-paisa for their ne product but the success of this things is still in dark while in Kenya it has a grand success.

Payment Banks

They are type of thin bank ,having expertise in offereing payments and transaction application services . The primary objective of the new differentiated bank licenses is ‘to any monetary inclusion by providing (i) little savings accounts and (ii) payments / remitment services to migrant labour personnel, low financial gain households, little businesses, alternative unorganised sector entities and alternative users, by sanctioning high volume-low price transactions in deposits and payments / remitment services during a secured technology-driven environment’.

[1] Payments Banks will build branches, ATM, associated agent networks; issue debit cards and postpaid instruments; provide deposit accounts; method domestic remittances; method utility payments; and function an agent to distribute credit, insurance, and mutual funds. Payment Banks won't be able to lend funds or give credit, except in partnership with licenced credit suppliers and need extra permissions to supply international remittances.

After a rigid selection process recently RBI granted 11 such bank in country for a period of 18 month only out of the 41 applicants, digibank was the first one to receive such permissions in India. Few majors who have denied was like suvidha, nextgenn, mobiwik and many more, during which time the applicants have to comply with the requirements under the RBI, with the main towards the rural reach of these companies on PPP models.

As per the newest stats counts there are fourteen mobile cash services, of that six are light-emitting diode by mobile operators. 256 mobile cash service suppliers are providing the services to 213 million registered mobile cash accounts worldwide. This variety has grown a hundred fold since 2011 when the beginning of those kind of services. This can be a transparent indicator of recognition of the service and reflects the large promise of digital monetary product(s) for future monetary delivery mechanism.

However these numbers ought to be probed deeply to know the full potential of this incipient digital monetary revolution going down worldwide. One amongst the red flags is the inconsistent and irregular usage of those merchandise. Presently only thirty % of those 213 million registered mobile cash accounts are operated a minimum of once in a very quarter. Financial inclusion need 2 that means full things, those not having the access for services. These services should be secure enough should be accessible on recently developed digital platform. Thus authentication of those 2 services a force is needed for risk management and which give a track of growth for adoption of services. It ought to be that means full with regards to go with of money for the daily uses, with none issue and provides the easiness in day to day routine matters. In these recently developed digital services, thus this implies there has to be Associate in Nursing scheme in situ through

which individuals can purchase things exploitation this digital platform. This can be a tough and time overwhelming drawback. Presence (or generally said as universal settle forance) means organization/merchants around these user phase will accept mobile cash as a kind of payment from anyone in spite of their mobile cash supplier. Mobile cash has found nice success with B2B transactions as evident from the success of ALIPAY Associate in Nursing affiliate of the Jack Ma owned Alibaba cluster, another issue is that users should be able to use their mobile pocketbook all over or virtually all over to match the present utility of money.

Indian Scenario

Several financial corporations, particularly those within the e-commerce and telecommunication services sector, have popped out with digital wallets to assist Indian customers. Reserve Bank of India directive is follow these guidelines by these digital wallets will presently apply to become 'payment banks', money establishments aimed toward "furthering money inclusion".

As per the directive, telecommunication operators, market chains, electronic wallets and paid instrument players are opening these payment banks to just accept deposits, provide basic saving facilities and supply payment services. These becoming helpful of the digital national economy.

E-wallets are around for some times in nations while associate degree their quality has been rising at an exponential rate. So, it had been simply a matter of out time that the RBI issued pointers for licensing of corporations which will venture into the digital area. Many major players square measure currently applying for licences to line up payment banks.

In the payments area, corporations like MobiKwik, PayU and Paytm provide semi-closed wallets. These reasonably wallets will solely be issued by banks.

Debit and ATM cards square measure primarily accustomed withdraw cash. run information for the year 2015 indicated that the utilization of debit cards at shops was but five-hitter in terms of import transacted. Even to pay utility bills, the bulk still withdraws money instead of paying through web banking. Persons still need to carry and pay.

Mobile cash suppliers can't provide cash-out transactions. Even with the new 'payment bank' directive of the run, it's not clear if a user will withdraw money anyplace or if it's restricted to solely the platforms that gave them their cards. One obstacle is whether or not payment banks are going to be integrated or work aboard Gregorian calendar month Dhan Yojana, a money inclusion theme that the central government launched in mid-2014.

In Our nation Microfinancing provides services to people or teams of individuals that too impoverished to participate in standard monetary systems and typically prey to exploitation by loan sharks. folks stay in economic condition traps as a result of they can not open bank accounts and

don't have rights to property and collateral to ensure loans. Digital cash on mobile phones reduces these impediments.

The availability of microfinance on mobiles overcomes the issues of touch rural and impoverished areas wherever there aren't any bank branches or ATMs and permits the antecedently disfranchised to participate within the broader economy.

folks will currently pay others little amounts victimization low cost mobiles.

Citizens now not excluded from the formal economy ar liable to cyber crime and inappropriate use of non-public data. There ar invariably dangers in over-stretching with simply obtainable finance and being unable to repay loans.

The emergence of digital cash, that by receiving associated creating payments at such an multiplied scale lubricates the flow of innovation and economic development for all, together with the poorest, presents each major opportunities and threats for voters, firms and governments.