

The Smart Wallet

BY MAMTA SHARMA

EARLY THIS YEAR, when I moved from Mumbai to Chennai, language posed a great barrier. It was difficult to call a cab and pay for a ride without help. Then Ola Money, the taxi-hailing company Ola's digital wallet app, saved the day. I simply had to load it with money using net banking or my credit/debit card, and the app was ready to go. On reaching my destination, I paid my fare digitally. It was instant and without the hassles of swiping my card, keying in a 16-digit number or logging on to a bank's website involving OTPs. I soon learnt this wallet could do much more—it could help pay phone bills, book flight tickets, order a pizza and even transfer money to another Ola Money account.

"Unlike in the West, the Indian economy is culturally cash-intensive. So we'd often prefer to make small payments—say from ₹10 to a few

hundred rupees—by cash," says Mukul Shrivastava, partner, fraud investigation and dispute services, Ernst & Young, Mumbai. "The newfound comfort of using a digital wallet has a lot to do with our ease with smartphones. These wallets are simple to use and offer the convenience of technology in your palm," he adds. With increasing smartphone penetration and easy access to the internet, this digital payment option is rapidly catching on. A recent study by Google and the Boston Consulting Group forecasts that India's digital payment industry is likely to be worth \$500 billion by 2020. Already, mobile wallet companies like Paytm, MobiKwik, Citrus, Freecharge, PayU and others have been making our life easier. Recent Reserve Bank of India (RBI) data show that payments made through mobile wallets have



increased from ₹29.05 million in 2013-14 to ₹205.84 million in 2015-16 and have surpassed mobile banking in terms of volume.

If you haven't tried them, you should. Here's a quick guide to digital wallets that will help you use them better.

How do you get started?

Several e-commerce and telecom companies offer digital wallets. All you need to do is log on to their

website on your computer or download their app on your smartphone, sign up with your email or mobile number and transfer funds to your wallet using net banking, IMPS (Immediate Payment Service) or your credit/debit card. Once the money is in your wallet you are all set.

Types of wallets: There are three kinds of wallets—closed, semi-closed and open.

A closed wallet is issued by a

company for buying goods and services exclusively from it. For example, MakeMyTrip's MyWallet helps you manage your booking refunds on the site.

Semi-closed wallets are the most common. They can be used at select merchants that have specifically entered into a contract with the wallet-issuing company. The wallet can be used to buy goods and services, including financial services, but you cannot use it to withdraw or redeem cash. Paytm, MobiKwik, Citrus and Oxigen are some options in the semi-closed-wallet space.

An open wallet can only be issued by banks. These function pretty much like semi-closed wallets but allow cash withdrawals at ATMs. Vodafone's M-Pesa in partnership with ICICI Bank is one such wallet. "This is driven through the business correspondent model that enables us to offer our customers a cash-out facility," says Suresh Sethi, business head, M-Pesa, Vodafone India. "They can place their request for cash-out to any of the 1,20,000 M-Pesa agents or the 10,000 Vodafone retail touch-points." Vodafone also offers M-Pesa as a semi-closed wallet.

How much money can an e-wallet hold?

As per RBI guidelines, digital wallets without KYC (Know Your Customer) compliance come with a monthly maximum transaction limit of

₹10,000. You have the option to upgrade your wallet and store up to ₹1,00,000 after following a verification process. Much like a prepaid mobile phone connection, you recharge your wallet by transferring funds to it.

Where can you use them?

Wallets can be used to pay utility bills or shop online for products such as electronics, clothes or even groceries. You also get to enjoy other benefits like cashbacks and discounts on your purchases. Some wallets can also be used offline. You could use them at supermarkets or petrol pumps that have tie-ups with wallet-issuing companies. For example, in some cities like Kolkata, autorickshaw drivers have started accepting payments through Paytm.

How safe are these?

Digital wallets are generally safe once locked with a PIN. Also, wallet-issuing companies ensure that they offer a secure payment environment to their customers. The security compliance policies of these companies are in line with global security standards that protect your identity along with your bank details, and credit and/or debit card numbers.

Since the amount stored in your wallet is usually not more than ₹10,000, the risk involved is limited. However, there have been cases where wallets have been hacked into

and funds misused and moved into other accounts.

"Cyber security is not absolute. So, even if we assume that the wallet-issuing companies are 100 per cent secure, as consumers you are still at risk," warns Saket Modi, ethical hacker and CEO of Lucideus Tech, an IT risk assessment and digital security services provider that renders security solutions to the Government of India, financial institutions and e-commerce enterprises. Do bear in mind that your e-wallet is your digital identity and you are vulnerable to risks if you are not careful with your transactions. "Protecting your identity is as much your responsibility as the wallet service provider's," says Modi. "If the portal is safe and you lose money because of your negligence, legally, the wallet company is not liable to pay for your losses."

Be cautious with your online transactions

"The quantum of online fraud is very high. So, while your digital wallet offers convenience, you will need to exercise caution, as you would with any of your monetary transactions,"

warns Shrivastava.

"Cyber awareness in our country is considerably low, given the extent to which we depend on technology," says Karnika Seth, Delhi-based cyber law expert and advocate, Supreme Court of India, who is also the founding director of FIRE (Foundation for Institutional Reform & Education), an NGO working to spread legal and cyber awareness. "Companies dealing with sensitive financial information of consumers should use robust techniques to guard their data and engage regularly with customers to increase awareness," she adds.

The modus operandi of criminals keeps changing, warns Seth. They catch up with technology faster than users: By the time users are cautioned about a technique used to hack data, fraudsters come up with another method. Adopt a few simple measures to protect yourself. Read all the terms and conditions before you sign up. Do not share your passwords or PINs with anyone. Download apps from an app store and not through random links. Also, ensure your smartphone is password-protected. **R**

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