

Mobile wallet catches on with one and all

Grows 93.5% YoY in volume terms & 120% YoY in value terms to 13.57m transactions worth ₹437 crore this May

B KRISHNA MOHAN
Hyderabad

IT'S JUST another office on the busy Balanagar main road in Hyderabad that would go unnoticed but for the long queue of people on its counter. A flex board in front of it screams, "mobile money transfer".

There is usually a long queue, mostly of migrant labour, on the counter of this small office. Ramanand, a migrant labour from Madhya Pradesh who works as a supervisor at a steel handling plant, was one of those standing in the queue, trying to send money to his parents back home. Typically, he sends anything between Rs 5,000 and Rs 6,000 a month.

"It's the best way to send money home. I am assured of security, as I get a confirmation SMS on my mobile phone and the same message also goes to my father's mobile phone," says he.

The mobile money transfer agency that does the job for the technologically-challenged normally charges a handling charge of two per cent on high-value transactions plus Rs 30 to 40 to meet the overheads. Ramanand doesn't mind paying that.

Ramanand represents millions of migrant labour that work in the cities and bustling industrial hubs, for whom the transformation in the way one transfers money to distant locations has meant a great deal.

At the same time, the idea of quick, seamless and low-cost money transfer has caught on also with the middle-income group or even the affluent class, who have grabbed the mobile wallet concept with both hands.

The numbers say it all. RBI data show the number of transactions on the mobile wallet platform stood at 2.23 million worth Rs 49 crore in September 2012. By December same

year, it shot up 4.17 million and the value was Rs 152 crore. By May this year, RBI recorded 13.57 million transactions worth Rs 437 crore.

There was a 93.5 per cent growth between May 2013 and this May from 7.01 million to 13.57 million transactions in volume terms and 120 per cent growth from Rs 198 crore to Rs 437 crore in value terms.

In mobile banking, the number of transactions has gone up from 2.23 million worth Rs 410 crore in September 2012 to 10.89 million worth Rs 3,882 crore this May. The growth between May 2013 and this May was 58.5 per cent in volume terms and 225 per cent in value terms.

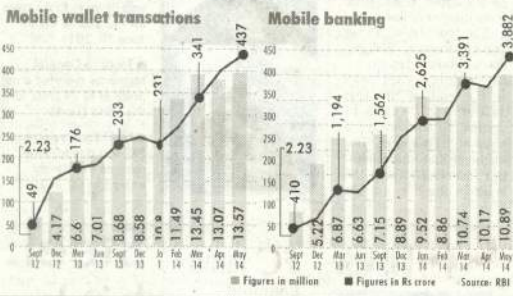
IMPS, or immediate payment service, which is an interbank instant money transfer service through mobile phones, too caught on, rising from 0.06 million transactions worth Rs 18 crore in September 2012 to 3.3 million transactions worth Rs 2,416 crore this May. The growth between May 2013 and this May was nearly eight-fold in volume terms and about 18-fold from Rs 125 crore to Rs 2,416 crore in terms of value. This period was marked with a steady increase in data-based services and smartphone use.

In Ramanand's case, like in the case of millions of others, the money transfer process has become simple — all one needs to provide are the mobile number of the person sending the money, the bank account number of the recipient and the cash.

A six-digit password is sent to the registered mobile phone followed by a one-time password to ensure that the money is sent securely to the bank account. Ramanand does not have to bother about the technology involved in the fund transfer. He pays the agency to do the job for

They're loving it

The idea of quick, seamless and low-cost money transfer has caught on fast with the lower income group, middle-income group or the affluent class alike



Pradeep Sampath, CEO of MMPL, a 100 per cent subsidiary of Tata Teleservices that offers mobile wallet services under the brand name mRUPEE, says mobile wallet can play a major role in the evolution of payments landscape, especially in the tier II and III cities and in rural India.

M-wallets are used for domestic money remittance, utility payments, bill payments, shopping through online and offline assisted models. Sampath says, adding that mobile wallets can help provide affordable and reliable services.

mRUPEE currently has

over 3,00,000 customers. It plans to increase focus on the migrant population to offer domestic money remittance by expanding retail presence in more than 25 cities.

Existing regulations have capped the limit of monthly fund transfer at Rs 10,000 per mobile phone number. In case one wants to send more than Rs 10,000, multiple phone numbers can be used. However, in case of full KYC compliance, which requires more details of identity and PAN number, the limit is Rs 25,000, which can be sent through a single

or multiple transactions within a month.

One can link up seven bank accounts to a mobile number to save transaction time. Within this limit, one can also delete some accounts and add new ones. Most banks encourage the use of mobile-based money transfer and mobile wallet, and some do not take deposits in non-home branches to promote mobile transfer. Sunil Kulkarni of OxiGen Services, a payment processing company, says two trends are emerging from mobile money transfer — first, bringing the unbanked into this organised

financial platform and secondly, getting the urban and tech-savvy youth to do financial transactions from their mobile phones.

The first segment is mainly migrant population who earn between Rs 8,000 and Rs 15,000 a month. They mostly do not have access to internet-based transactions and rely on cash withdrawals from banks.

The second segment is increasingly finding mobile-based transactions more convenient than traditional banking. They make wallet-to-wallet transactions for paying at restaurants or to pay bills. OxiGen Wallet, previously known as OxiCash, is the first virtual non-banked mobile wallet in India to be integrated with the National Payments Corporation of India to allow instant money transfer using immediate payment service (IMPS).

OxiGen Services recently launched the first social mobile wallet service. With this, people will be able to share money with their friends and family over social networks and messaging platforms like Facebook, WhatsApp, Google+, and Twitter. They will also be able to use their mobile wallets to recharge their phones, pay bills and shop across a large number of online merchants.

OxiGen has so far processed over 2 billion payment transactions exceeding Rs 20,000 crore. It has acquired 1.5 million mobile wallet accounts, clocking close to 1 million transactions a month. It is ranked No 1 on NPCI's mobile banking platform IMPS, and it facilitates instant money transfer to more than 60 banks.

"Merging payments with social media and mobile will change the way people pay for their everyday needs. We will add more products and features

that will no longer require multiple mobile apps to make payments for different services," says Pramod Saxena, founder, chairman and managing director of OxiGen Services.

This service is bank and operator agnostic and consumers can easily send money to a non-wallet user by simply selecting the receiver from their social networks, email or phone lists. Last year OxiGen crossed total annual gross transaction value of Rs 5,500 crore. It hopes to touch Rs 8,000 crore this year.

Srinivas Nidugondi, senior vice-president and head of mobile financial solutions at Mahindra Comviva, a value-added services provider for mobile operators, says mobile digital wallets have emerged as the new poster boy of mobile payments. "Digital wallets have the potential to generate an unprecedented amount of customer transactional data," he says.

The wallet delivery architecture allows it to be integrated with payment networks, payment terminals, loyalty and personalisation platforms. This drives acceptance at merchant locations, allows consumer access to third-party services like price comparison, offers and deals, he says.

In a report titled "Digital wallet dynamics — Opportunities, challenges and recommendations," Mahindra Comviva and Ovum, a London-headquartered independent analyst and consultancy firm, pointed out that there had been an explosion in digital wallet services launches and announcements over the past 18 months.

A digital wallet can support both mobile proximity and remote payments and draws on a range of enabling technologies, including mobile web, SMS, NFC, quick response (QR) codes, Bluetooth and even biometrics.

Digital wallets today are typically associated with smartphones and to a lesser degree feature phones, but the aim should be to offer access from multiple connected devices, the report said, pointing out that consumer usage of mobile wallets was still low compared to a host of other mobile services they use. Ovum's Customer Insights survey of 15,000 consumers across 15 markets showed that digital wallets were one of the least frequently used type of mobile applications. The challenges facing digital

wallet adoption and usage are largely related to wider consumer concerns over mobile payments; for 49 per cent of them security of mobile payments was the biggest concern. About 47 per cent were worried about possible misuse of their personal data in the m-payments context.

The digital payment industry report released this May by Internet & Mobile Association of India or IAMAI, a not-for-profit industry body market research bureau IMRR and customer interaction/acquisition company eTech put the market size of payments made through digital means — excluding remittances — at Rs 85,800 crore as of December 2013.

The modes used for making such payments included credit/debit cards and payments made through net banking, mobile wallet, pre-paid cash cards and IMPS over the Internet.

The report said strict regulatory & KYC norms of RBI were a key challenge for the industry and could hinder the growth of digital payments. Further, the report said a significant size of the population still lacks knowledge about making transactions using debit/credit card, net banking and other online modes.