
History of E-Wallet: A Journey from E-Commerce to E-Wallet

Leena Kakkar

*Head & Assistant Professor, Post Graduate Department of Commerce, Dev Samaj
College for Women, Ferozpur City, Punjab, india.*

Anju B Nandrajog

*Assistant Professor, Post Graduate Department of Commerce, Dev Samaj College
for Women, Ferozpur City, Punjab, India.*

Nikhil jay Ashwani

*Assistant Professor, Post Graduate Department of Commerce, Dev Samaj College
for Women, Ferozpur City, Punjab, India.*

Abstract

Over the path of history, there have been different forms of payment systems. In the beginning barter was quite common. Eventually, various forms of money were introduced which includes metal coins, leather money, paper money, gold, charge cards, credit cards, mobile payments etc. In the e-commerce world, in most cases the customer does not actually view the actual product at the time of transaction, and the method of payment is performed electronically. The electronic wallet (E-wallet) makes available all of the functions of today's wallet on one convenient smart card eliminating the need for several cards. The purpose of this paper is to examine the history, categories and uses of e-wallet. Using this e-Wallet the transaction procedure can be as simple as: the customer goes to the point of sale (POS), does the purchasing and when it comes to the payment, the customer submits his e-Wallet to vender who connects it to his terminal (PC).

Keywords: Point of Sale, E-Wallet, E Commerce.

Introduction

The concept of currency is as ancient as civilisation. From bartering we shifted to coins and from coins to banknotes. Once this, too, was inadequate, we invented the cheque in the 19th century. Cheque-like methods are said to beforehand have been used in ancient times; however it wasn't until the 20th century and the advent of banking that this became to a great extent known and popular way of transferring money from one account to another. The first debit cards were introduced in the early 1980s. These plastic cards first formed it possible for people with bank accounts to withdraw their money from an ATM (automated teller machine). Then, in the mid-eighties, the first POS (point of sale) units were initiated in shops. From this point on, the development of payment methods accelerated exponentially. The concept of currency and payment is so essential to economic activity that it has always been around, sustaining many developments. And it's not likely to ever stop developing over time.

Within the last decade or so, our world has become rapidly more digitized. Two important elements that have played a significant part to this development are the use of mobile phones, and the use of the Internet. These digital services are changing the world to a mobile village. A part of the above mentioned digital purchases is digital payments. And when everything else is on mobile, the payments have also been on mobile too; we have to be capable to pay for goods and services without regard to where we are. Thus there is a need for an electronic wallet, with which mobile payments can be made. E-wallet is described as “an online prepaid account where one can stock money, to be used when required. As it is an already installed facility, consumers can buy a range of products from airline tickets to grocery without swiping a debit or credit card.

Review of literature

Upadhyaya Abhay (2012) in his paper on “Electronic Commerce and E-wallet” attempted to analyse the main family of payment cards which include credit cards, debit cards, and charge cards. He also discussed the matters to take care of for e-wallet, protection for online payments.

Octavian Dospinescu¹ (2012) in his article on “E-Wallet-A new Technical Approach” focused on characteristics, risks and need for electronic payments. The author further examined the important initiatives of the payments from the mobile environment.

Chauhan Pinal (2013) in his study on “E-Wallet: The Trusted Partner in our Pocket” sought to analyze the types provided in E-Wallets, functions of E-Wallets and how it works. It also discussed the card types, the role of e-wallet, card designing etc.

Karamjeet Kaur, Dr. Ashutosh Pathak paper (2015) in their article on “E-Payment System on E-Commerce in India” attempted to determine the ingredients which affect the usage of e-commerce payment systems. Admittedly, user friendly is most important success of e-commerce payment. Systems also depend on consumer taste, comfort of use, cost, authorization, security, certification, availability and reliability and public policy.

Objectives of the study

1. To study the history of E-wallets
2. To study the categories and uses of E-wallets

History of E-wallets

Wallets have been habituated for many of years to secure and carry personal items of value. The earliest wallets were a piece of cloth bound with a piece of string which enabled a range of items such as coins to be carried to market. Humans have always been able to move readily and have needed a container to securely carry personal items of value while in transit. New means of transportation have increased human mobility across the globe increasing this need.

Wallets have undergone development in shape and form but today they are still characteristically made of leather. The stock list of wallet now includes a range of valuable

items including coins, receipts, paper notes, credit cards, debit cards, driver's license, loyalty cards, merchant cards, medical identification cards, security access cards and business cards.

As humans work out towards a continuous state of rectification through the exercise of information technologies they will use electronic representation of their well known items of value. These items have proceeded with humans for thousands of years and will continue to travel with them indefinitely. To meet the needs of today's world electronic wallets begin to coexist with physical wallets. Just as wallets shift from cloth to leather, they will now shift from leather to internet in order to travel the new information highways used by human society.

Categories of E-Wallets

Closed wallets

A closed wallet is issued by a company to a consumer for buying goods and services exclusively from that company. Companies such as Jabong.com, Flipkart.com, Myntra.com and make my trip.com offer closed wallets and mostly these wallets function as an account where money gets credited in case if a refund due to cancellation or return of a product or service. These instruments do not allow cash withdrawal or redemption.

Semi closed wallet

It can be used in a group of identifiable merchants as defined by the issuer. Example: Mobikwik, PayTM, PayUMoney etc.

Semi Open wallet

It can be used at any vendor who accept card based payments via PoS(Point of sales) machines. These instruments do not permit cash withdrawal or redemption by the holder, Examples: Gift cards issued by banks.

Open wallet

It can be used for purchase of goods and services and also for cash withdrawal at ATMs. An example of open wallet is M Pesa by Vodafone India Ltd in partnership with the ICICI Bank Ltd.

Uses of E-wallets

Online Grocery Stores

Big Basket.com, a Bangalore based online food and grocery store, offers an e-wallet facility for a simple payment option. The e-wallet on this site can be filled up with any sum of money, starting from as low as Rs 10. The maximum money that can be stored on Big Basket's e-wallet is Rs 10,000.

Utility Payments

Paying the electricity bill, phone bill, mobile bill and even booking a seat at the theatre can now be done with OxiCash. Your OxiCash e-wallet can be filled and recharged using net banking, debit cards and credit cards or even cash payments at OxiCash retail outlets.

Fly prepaid

If you are planning a vacation and fear spending the saved money elsewhere you can save up with, Lusso Trip's e-wallet facility. Customers generally keep Rs 10,000 balance on their e-wallet and save up as much as Rs 1 lakh to book tickets when they want to.

E-wallet on mobile

Airtel Money transforms the mobile phone into a convenient wallet. The digitised money can be used on several shopping sites like ebay.in, Home Shop 18, Myntra and Book My Show. All one needs to have is an Airtel connection.

Buying Online

E-commerce major Flipkart was one among the first few to start an e-wallet service in 2011. Flipkart introduced e-wallet service to its customers, in addition to their cash-on-delivery option. Consumers can create an e-wallet and fill it up to Rs 10,000 at a time.

Top Indian E-wallets

Paytm

Paytm is one of the largest mobile commerce platforms in India, offering its customers a digital wallet to store money and make quick payments. Launched in 2010, Paytm works on a semi closed model and has a mobile market where a customer can load money and make payments to merchants who have operational tie ups with the company. Apart from making e-commerce transactions, Paytm wallet can also be used to make bill payments, transfer money and avail services from merchants from travel, entertainment and retailers industry.

MobiKwik

MobiKwik is an independent mobile payment network that supposedly connects 25 million users with 50,000 retailers and more. The MobiKwik wallet claims that it enables users to pay in a flash for their recurring mobile recharge, bill payments and online purchases on popular e-commerce websites and apps. Owing to the growing need for convenience, MobiKwik has also recently tied up with large and small time grocery, restaurants and other offline merchants.

Oxigen

Oxigen is one of the oldest players in the payment market though the company jumped into the mobile wallet space just last year. With its service, people can share money with their friends and family over their preferred social networks and messaging platforms like Facebook, WhatsApp, Google+, and Twitter. It allows users to use their wallet to recharge their mobile phones, pay bills and shop across a large number of online merchants.

PayUMoney

PayUMoney, a Gurgaon based company that provides online payment solutions. This E-Wallet by PayUMoney enables the user to store cash and pay for various services and transactions. It empowers to make online payment via credit cards, debit cards, net-banking, etc. as well as using the PayUMoney reward points earned.

State bank Buddy

This mobile wallet application was launched by State Bank OF India to let users transfer money to other users and bank accounts, pay bills, recharge, book for movies, hotel bookings, shopping as well as travel. This semi closed prepaid wallet offers its services in 13 languages and is available from non SBI customers as well. This app also allows its customers to set reminders for dues, money transfers and view the mini statement for the transactions carried out.

Conclusion

To summarize, it can be said that going for e-wallets is not an uphill or impossible task; it only need usage of the available technology in proper way. Such type of change in payment practices will require substantial adjustments both from financial institutions and retailers, in terms of changes in infrastructure, and from consumers, in terms of shifts in payment habits.

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