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FIRST PUBLISHED: MON, SEP 29 2014, 07 56 PM IST

# Socializing with a virtual wallet

Mobile wallets are useful if the transaction involves small amounts

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From barter system to online payments, modes of payment and transferring money have seen many innovations. One of the more recent additions to the line is a product by payments solutions company Oxigen Services (India) Pvt. Ltd.

Through its mobile wallet, Oxigen wallet, users can transfer money to anyone through social media platforms such as Facebook, Twitter, WhatsApp, Google+ and WeChat, among others. Money can be sent even if the receiver does not have an Oxigen wallet. "If the sender has an Oxigen wallet, she can send money to any contact on their social media network even if the receiver does not have a wallet," said Pramod Saxena, founder and managing director of the company.

The receiver will get a link on their social media account on which the money has been transferred, and will be prompted to open a wallet, if she does not have a wallet. If she has one, she can direct the money to her wallet. Opening a wallet is free.

"The objective is to use the virality of the social media," said Saxena. Oxigen is the first wallet service to offer transfers over the social media and has tied up with Singapore-based Fastacash to provide the platform.

Similar services are available in some countries already. For instance, Doku Wallet in Indonesia, which, too, has a tie-up with Fastacash.

The service also allows users to make the transfer a gift and add videos, photos and messages to it, which makes it, as Saxena said, "a cool thing". The sender does not need bank account details of the recipient to transfer money. If the recipient does not open a wallet within seven days, the money goes back to the sender's wallet. The recipient also has the option to transfer the money to her bank account.

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The service can be useful for small transfers for those who do not have a bank account, said Saxena. According to a survey conducted by Intermedia, a global research firm, along with Bill and Melinda Gates Foundation, out of 48% adults in India who have bank accounts, only 25% have an active account.

## How do wallets work?

A mobile wallet is similar to a money wallet that a person carries, but in a virtual form. It can be loaded with small amounts of cash. According to the current Reserve Bank of India guidelines, a maximum of ₹50,000 can be loaded in a mobile wallet, and a maximum of ₹5,000 can be spent in one transaction. A wallet can be opened even by a person who doesn't have a bank account. For know-your-customer requirement, any one identification document, such as Aadhaar, passport, driving licence, among others, can be used. Money can be loaded online through Net banking, credit or debit card or IMPS (immediate payment service). Those who do not have a bank account or do not want to use an online platform to transfer money can go to any of the over 150,000 outlets with whom the company has a tie-up and load cash.

The wallet can be used online or at stores where the company has a tie-up. The charges vary from operator to operator. For instance, transferring money can cost up to 3% of the transaction value while payments such as utility bills can attract a flat charge depending on the operator.

Transferring money to the wallet through online modes attract charges levied by the bank. For instance, an IMPS of up to ₹10,000 will cost roughly 2.5%, plus service charge. But this varies across banks.

## The new money deal

Internationally, the latest to join the wallet bandwagon is Apple Inc., which introduced Apple Pay while launching iPhone 6 earlier this month. In India, almost all telecom companies such as Vodafone, Airtel, Aircel and Tata Teleservices have a wallet service. Apart from these, companies such as Paytm Mobile Solutions Pvt. Ltd and One MobiKwik Systems Pvt. Ltd, too, offers a wallet service.

"The reason behind the hype around wallets now is the (increased) use of smartphones," said Bipin Preet Singh, founder and chief executive officer, One MobiKwik Systems.

According to a recent report by GSMA Intelligence, by 2020, two in every three phones worldwide will be smartphones. Already India is the fourth largest market for hi-tech phones as of 2014.

According to Singh, everyone including e-commerce giants is talking about wallets because the ultimate aim of the companies is that users should be able to do transactions on their phones.

But why should one use a wallet when payments can be made through Internet banking? Singh says that though mobile wallets also use Internet, in a wallet transaction, only one entity—the wallet provider—is involved, whereas in Net banking, there are multiple parties involved, which increases the chances of transaction failure.

"After all, it is about better consumer experience," he added.

Many people are worried about exposing their bank accounts to the very real risk of hacking and fraud, and wouldn't want to do so especially when it comes to small transactions, said Saxena. "It is like ring fencing risks," he added. So, instead of trusting every merchant, users can limit exposing their banking details to just one wallet company.

## What should you do?

Given that online frauds are not uncommon, there seems to some logic in using mobile wallets. However, at the time of transferring money to the wallet online, the bank account is as vulnerable as in any other transaction. Therefore, in some sense, the risk of exposure is capped at the amount of

money in wallets.

“Technically, it is possible to attack at the time of transfer,” said Pavan Duggal, a New Delhi-based cyber law expert. According to him, the current legal regulations have guidelines around electronic payments but not specifically for mobile payments.

“We need to look at the contract and how it is drafted. We also need to see who will be responsible if money goes missing and what is the liability of the mobile network being used. There are many questions to be answered,” added Duggal. He expects the government to address the space soon.

These are early days for the mobile wallet service, and the space is expected to see many innovations, both in terms of offerings and legalities. Nevertheless, it is one more option available to customers, among many others.

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