

GOOGLE CODE IN 2019

-RAGHVI GUPTA

Digital Financial Services

Mobile Money Ecosystem

Who are the major mobile money players in India?

- Amazon Pay
- Google Pay (formerly known as Tez)
- PayTM

How widely is Mobile Money used in India? Is it interoperable?

The number of mobile banking transactions in India grew 150% year on year. It stood at 49.5 million for March 2016. The amount transacted was up 239% to Rs.57,280 crore (\$8.9 billion). The total customer base went up to 175.6 million. Paytm had 140 million wallet users with 75 million to 90 million monthly transactions in 2016. ItzCash had 110 million registered users. MobiKwik had 35 million wallet users, and Vodafone M-Pesa's number of active customers jumped to 1.3 million by March 2016, up 35% quarter-on-quarter.

In March 2017, Paytm wallet users increased to 218 million, with 700,000 added per day. During the month of demonetization (November 2016), 70,000 merchants were being signed up daily. Amazon Pay, Google pay, PayTM etc are widely used in India. Most of the people perform transactions through mobile money.

Yes it is interoperable. Reference- <https://www.infosys.com/industries/financial-services/insights/documents/mobile-wallet-interoperability.pdf>

PayTM

Services/Products-Paytm Forex for Prepaid Forex cards by Paytm, Paytm Gold which has truly made buying gold a cakewalk, Paytm Mall to Experience the new age mall and Food Wallet for Time to satisfy taste buds.

Cost structure-It ranges from 0.5% to 1.75%, depending on the merchant service provider. The company charges a commission of 1.99% on every transaction.

No. of users- 140 million

Transaction volume of PayTM- Paytm achieves Rs 29,000 crore GMV in August. The country's largest digital payments company, handled Rs 29000 crore worth of transactions in August through money transfers across all its verticals, with 92 million customers using the platform monthly.

Google Pay

Services/Products- Google Pay is a digital wallet platform and online payment system developed by Google to power in-app and tap-to-pay purchases on mobile devices, enabling users to make payments with Android phones, tablets or watches.

Cost structure- There are no fees to set up Google Wallet and use it in stores and online. We can even send money for free from your bank account or Wallet Balance. If we had like to send money or add to our Wallet Balance using a credit or debit card, there is a small per-transaction fee of 2.9%.

No. of users- 55 million

Transaction volume of Google Pay- Google Pay clocked payments worth Rs 43,000-Rs 45,000 crore in March, ending the financial year on a high, according to two industry executives tracking the space. Both PhonePe and Paytm are said to have done transactions worth Rs 31,000-32,000 crore each.

Amazon Pay

Services/Products- Amazon Pay provides the option to purchase goods and services from websites and mobile apps using the addresses and payment methods stored in the Amazon account, such as credit cards or a direct debit bank account.

Cost structure- Amazon has the choice to translate their lower cost structure into higher profits and give some of the profits back to the shareholders via dividends. But Amazon passes it onto customers via sustained low prices and reinvests the rest of their surpluses into growth.

No. of users- 33 million customers

Transaction volume of Amazon Pay- Today, the company takes 2.9 percent of its U.S. transactions, plus a \$0.30 authorization fee. The average Pay with Amazon purchase was \$80 last year, Amazon also said, and the largest single transaction was \$40,000.

Digital Infrastructure

Level of adoption of electronic money in India

In particular, the rate of adoption in India remains low despite significant efforts to promote adoption. Using survey data for 1,003 merchants, it is evident that supply-side barriers to obtaining necessary infrastructure or meeting prerequisite requirements to adopt digital payments explain the low level of adoption. Merchants are able to obtain infrastructure to transact digitally (such as bank accounts and smart phones), fees on digital platforms are affordable, and merchants are sufficiently literate to be able to use digital payment systems. It is concluded that adoption is both feasible and inexpensive. Therefore, low rates of adoption do not appear to be the result of supply-side barriers, but due rather to demand-side factors or taxes. So such demand-side factors, such as a perceived lack of customers wanting to pay digitally, and concerns that records of mobile payments might increase tax liability.

Have there been any national laws passed to ease transition away from cash?

India going cashless will be as much a story of Prime Minister Narendra Modi's second term as it was of his first. This time around, it may have a happier ending. India aims to curb cash – but this time it wants to do it properly. ... The real innovation in mobile payments in India began a few months prior to the cash ban.

Stating that the drawbacks in the existing Payment and Settlement Systems Act of 2007 compel most of India to rely on cash transactions by restricting the reach of digital payments, the panel has said a Bill must be introduced to amend the law within a month, that is, in the coming Budget session of Parliament.

Is there a national real-time payment system in India? What are the payment systems?

Unified Payments Interface (UPI) is an instant real-time payment system developed by National Payments Corporation of India facilitating inter-bank transactions. The interface is regulated by the Reserve Bank of India and works by instantly transferring funds between two bank accounts on a mobile platform.

India has multiple payments and settlement systems, both gross and net settlement systems. For gross settlement India has a Real Time Gross Settlement (RTGS) system called by the same name and net settlement systems include Electronic Clearing Services (ECS Credit), Electronic Clearing Services (ECS Debit), credit cards, debit cards, the National Electronic Fund Transfer (NEFT) system, Immediate Payment Service and Unified Payments Interface (UPI)

Is there a national ID? Is it digital or biometric?

The following documents are used in lieu of a national identity document:

- Aadhaar card, a biometric, digital and physical identity system.
- Indian passport
- Overseas Passport
- Electoral Photo Identity Card (EPIC) issued by the Election Commission of India
- Overseas Citizenship of India document
- Person of Indian Origin Card
- Permanent account number (PAN) card (income tax)
- Driving license in India issued by the states
- Ration card issued by the Government of India
- Identity Certificate for non-citizens or stateless people
- A Birth certificate issued by the Registry of Births and Deaths (RBD) or from a Municipality within the provisions of the RBD Act
- Transfer/School leaving/Matriculation Certificate

Many others are also applicable.

Mobile Wallets & Payment Systems

Who are the major mobile wallet providers?

PayTM, Amazon Pay and Google Pay are the major mobile wallet providers.

PayTM Business Model- Paytm Business Model is a marketplace model which also deals in recharge & bill payments and provide users with the e-wallet and banking option.

Amazon Pay Business Model- Amazon Pay is an online payments processing service that is owned by Amazon. It has an official website amazon.in

Google Pay Business Model- Sending and receiving money is free, as is adding money to a Wallet Card through a linked bank account. There are limits on how much money users can add to their Wallet Balance, withdraw from the linked account or card, or send and receive to other individuals.

Who are major Fintech players? What banks have finlabs or financial innovation labs?

Paytm, MobiKwik, Policy Bazaar, PhonePe are some of the major Fintech Players.

Retail **Banking**, Wealth Management, Corporate **Banking** have finlabs.

Which ones are focused on financial inclusion in India? What products & services do they offer?

JPMorgan backs Indian financial inclusion lab. J.P. Morgan is a leader in wholesale financial services, serving one of the largest client franchises in the world. Our clients include corporations, institutional investors, hedge funds, governments and affluent individuals in more than 100 countries. It helps in Asset Management, Commercial Banking, Merchant Services, Corporate & Investment Bank and Private Banking.

What are the major trends?

Emerging technologies are helping businesses innovate and evolve while driving the economy. These technologies are being adopted more than ever before—and they are disrupting business processes and giving way to new industries.

Reference- <https://www.jpmorgan.com/commercial-banking/insights/tech-trends>

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