



From The Editor's Desk

Dear Reader,

With advancement in technology, things around us have changed drastically. Technology caters to man's comfort and convenience. With the help of your smartphone, you can do everything; be it ordering food or groceries, booking a cab or movie tickets, etc. The government is pushing very strongly for a cashless society. After the demonetisation move, several initiatives have been seen to further encourage going cashless. With the introduction of Mobile wallet, it has become extremely convenient for a person to make cashless transactions. Although a number of companies have cropped up in India, offering consumers this product called '**Mobile wallet**', there is still a lack of awareness among people about the concept and its utility.

Mobile wallet is the digital equivalent to the physical wallet in which we carry money. It is an online platform which allows a user to keep money in it, just like a bank account. A user needs to make an account with a mobile wallet provider. After which money is added to the 'mobile wallet' account using a debit, credit, online transaction from bank account or via cash (a recharge kiosk). There are various types of mobile wallets in India, such as open, semi-closed and closed – depending on the type of usage and payments that can be made. The main difference between a mobile wallet and online transactions via bank account is that, unlike banks mobile wallet does not charge any amount of money on every transaction and saves the customer from the hassle of entering card details and pin number for each and every transaction. It is easy and convenient as the user just needs to sign in the account and make the payment.

As shopping patterns continue to evolve, so does the Payment Platform and Payment Gateway Industry that propels the former. Mobile Point Of Sales Machines have of course existed for a long time. Mobile wallet is a new concept in India that has been surpassing credit card usage and is slowly beginning to replace the traditional payment methods. Wallets are growing rapidly as they help in Increasing the speed of transaction, especially for e-commerce companies and all e-commerce marketplaces have integrated with such mobile wallets too.

Convenience and speed of doing the transaction are the key benefits. Mobile wallet users enjoy greater flexibility in making secure payments. The convenience of making payments on the go and easy accessibility of this new mode of payment makes it a logical and natural choice. Additionally, those who don't have a credit card or a debit card can go to their nearest wallet recharge kiosk and get their wallets loaded against cash. Mobile wallet will play a significant role in day to day life as an increase in use of smartphone can be seen and people are relying on digital lifestyle to make things convenient and fast. In this issue of Kaleidoscope, we will glance through the usage of e-wallets for making life of consumers at ease.

Best Regards,
NSDL

Background

On 8th November 2016, Prime Minister announced the demonetisation of ₹500 and ₹1,000 banknotes. The government claimed that the action would curtail and crack down on the use of illicit and counterfeit cash in the economy & will provide boost to digital banking & e-transactions. The sudden nature of the announcement and the prolonged cash shortages in the weeks that followed ushered in a wave of e-wallets and e-payment modules in the economy. Demonetisation provided a major boost to some of India's e-payment services & this sector recorded unprecedented growth within the first few days.

Individuals all over the country invariably took the bold step of moving past conventional cash transactions and into the convenient and more importantly, time-efficient e-transactions. It seemed like the market turned digital overnight and several vendors followed suit, shelling out discounts and freebies linked to e-transactions.

Overview of Digital Wallet/e-wallet

A digital wallet refers to a digital platform that allows an individual to make electronic transactions. This can include purchasing items on-line with a computer or using a smartphone to purchase something at a store.

In India, e-wallet comes under the legally recognized term - "**Pre-paid Payment Instruments**". Pre-paid Payment Instruments (PPIs) are defined in the RBI Guidelines issued under the Payment and Settlements Systems Act, 2005 as payment instruments that facilitate purchase of goods and services, including funds transfer, against the value stored on such instruments.

Advantages of using an e-wallet

- ✓ **Convenience:** Consumers are able to get through a purchase in mere seconds with a simple tap or scan of their mobile device.
- ✓ **Save up on time:** With the help of e-wallets, consumers need not stand in queues at banks and ATMs to withdraw cash. e-wallets allow consumers to skip lengthy processes often associated with cash transactions.
- ✓ **Easy handling:** e-wallets are relatively easier to handle than physical money. The digital aspect eliminates the risk involved with damaging and/or loss of physical notes and coins.
- ✓ **Easy tracking:** e-wallet applications automatically record consumers' transaction history for every completed transaction, however insignificant. Consumers can call for their payment/receipt history by merely selecting the right options within the application. This eliminates overlooking of certain transactions which is quite likely when physical money is involved.
- ✓ **Reliability:** e-wallets can be accessed from different smart phones and other capable devices as well ensuring availability of funds at all times.
- ✓ **Accountability:** Given the functionality of e-wallets, any sort of irregularities or issues can always be traced back to its origin and addressed accordingly. e-wallet companies guarantee flawless execution on every transaction handled and ensure prompt measures to counter unforeseen errors.
- ✓ **Lower Costs:** Purchases carried out through e-wallets are often linked with a plethora of promotions and discounts as opposed to cash transactions.
- ✓ **Safety:** It goes without saying that carrying around an e-wallet full of money is much safer than an actual wallet full of money.

Using digital wallet/e-wallet

Individuals are required to simply access the e-payment provider's website or download apps through official application stores like the Google Play Store for Android based users or through Apple Play Store for IOS based users, at no cost at all. Users need to get themselves registered by providing the details furnished by the application provider for using the app. Once the user has an account on the e-wallet application, the next step would be to add money to the wallet using either Credit/Debit cards or the Net banking facility. The money added to the e-wallet can then be used for completing digital transactions.

e-wallets can also be used to receive payments and/or transfer funds to another account. Paytm, Mobikwik, and Freecharge are some of the most prominent e-wallets being used by users. NSDL payments bank will also be coming out with its own e-wallet soon.

Digitized monetary transactions offered through e-wallets

- ✓ Phone recharge & Bill payment
- ✓ Utility bills like electricity, water, gas and many more
- ✓ Online purchases
- ✓ Offline purchases
- ✓ Transfer of funds between bank accounts
- ✓ Travel related payments such as cabs, metros, airplanes etc.

Types of e-wallets permitted in India

As per the Reserve Bank of India, there are three kinds of e-wallets in India: Closed, Semi-Closed and Open.

Closed e-wallets

These are wallets issued by an entity for facilitating the purchase of goods and services from it. These instruments do not permit cash withdrawal or redemption. As these instruments do not facilitate payments and settlement for third party services, issue and operation of such wallets are not classified as payment systems. Hence, RBI approval is not required for issuing them. Eg. Cab services, e-commerce and mobile companies create e-wallets for making payments towards purchase of products from them /for usage of their services. They provide cash backs for payments made through this channel. This is one way of ensuring loyalty of their customers.

Semi-Closed e-wallets

These are wallets which can be used for purchase of goods and services, including financial services at a group of clearly identified merchant locations/ establishments which have a specific contract with the issuer to accept them. These wallets do not permit cash withdrawal or redemption by the holder. Wallets for amounts up to ₹10,000/- can be created under this category by accepting minimum details of the customer, provided the amount outstanding at any point of time does not exceed ₹10,000/- and the total value of reloads during any given month also does not exceed ₹10,000/-. Amount up to ₹50,000/- can be created in wallets by accepting any 'officially valid document' which is compliant with anti-money laundering rules. Such wallets are non-reloadable in nature. Amount up to ₹1,00,000/- can be created by with full Know Your Client norms (KYC) and can be reloaded.

Open e-wallets

These are wallets which can be used for purchase of goods and services, including financial services like funds transfer at any card accepting merchant locations [Point Of Sale (POS) terminals] and also permit cash withdrawal at ATMs / Banking Correspondents (BCs). However, cash withdrawal at POS is permitted only up to a limit of ₹1000/- per day subject to the same conditions as applicable hitherto to debit cards (for cash withdrawal at POS).

NSDL receives an "in-principle" approval by the RBI for starting Payments Bank

In August 2015, Reserve Bank of India (RBI) had granted in-principle nod to NSDL & 10 other entities. Out of the 11 Companies that were given in-principle nod by the RBI, three entities have already dropped out. This leaves eight applicants in the fray which includes NSDL.

What is Payments Bank?

Payments Bank differs from conventional banks as it cannot lend to its customers. It is allowed to take deposits, allow remittances and provide simple financial products. Payment Banks are expected to reach customers mainly through their mobile phones rather than traditional bank branches.

Functions of Payments Bank

- ✓ Payments Bank can't offer loans but can raise deposits of upto ₹1 lakh and pay interest on these balances just like a savings bank account does.
- ✓ They can enable transfers and remittances through a mobile phone.
- ✓ They can offer services such as automatic payments of bills and purchases in cashless, chequeless transactions through a phone.
- ✓ They can issue debit cards and ATM cards usable on ATM networks of all banks.
- ✓ They can transfer money directly to bank accounts at nearly no cost being a part of the gateway that connects banks.
- ✓ They can provide forex cards to travellers, usable again as a debit or ATM card all over India.
- ✓ They can offer forex services at charges lower than banks.
- ✓ They can also offer card acceptance mechanisms to third parties such as the 'Apple Pay.'
- ✓ They can't issue credit cards.

Why Payments Bank going to be a game-changer?

This is for the first time in the history of India's banking sector that RBI is giving out differentiated license for specific activities for pushing financial inclusion in the country. It's a step to redefine banking in India. RBI expects payments bank to target India's migrant labourers, low-income households and small businesses, offering savings accounts and remittance services with a low transaction cost. Payments Bank will enable poorer citizens who transact only in cash to take their first step into formal banking. It could be uneconomical for traditional banks to open branches in every village but the mobile phones coverage is a promising low-cost platform for quickly taking basic banking services to every rural citizen. The innovation is also expected to accelerate India's journey into a cashless economy.

India's domestic remittance market is estimated to be about ₹800-900 billion and growing. With money transfers made possible through mobile phones, a big chunk of it, especially that of the migrant labour, could shift to this new platform. Payments bank can also play a crucial role in implementing the government's direct benefit transfer scheme, where subsidies on healthcare, education and gas are paid directly to beneficiaries' accounts.

Digital Wallet

A digital wallet refers to an electronic device that allows an individual to make electronic commerce transactions. This can include purchasing items on-line with a computer or using a smartphone to purchase something at a store. An individual's bank account can also be linked to the digital wallet.

Pre-paid Payment Instruments

Pre-paid Payment Instruments (PPIs) are defined in the RBI Guidelines issued under the Payment and Settlements Systems Act, 2005 as payment instruments that facilitate purchase of goods and services, including funds transfer, against the value stored on such instruments. The value stored on such instruments represents the value paid for, by the holders by cash, by debit to a bank account, or by credit card.

Payment System

A “payment system” means a system that enables payment to be effected between a payer and a beneficiary, involving clearing, payment or settlement service or all of them.

Unified Payment Interface (UPI)

UPI is a payment system that allows money transfer between any two bank accounts by using a smartphone. UPI allows a customer to pay directly from a bank account to different merchants, both online and offline, without the hassle of typing credit card details, IFSC code, or net banking/wallet passwords.

Blog

Use of e-wallets

By Mr. Radheya Supnekar,
PTVA's Institute of Management

In today's era of digitisation and computerisation, almost everything around us is handled by Computer Systems or IT platforms. The Banking system was no exception to it. Even the banking system in developing countries like ours, which has a traditional background of having a human touch and a large work force to carry out operations, is seeing to adapt quickly to this change. Digitisation has changed the way people are banking and has taken it to an altogether different level. e-wallets are a main component of this revolution that will change the way we deal with money forever.



e-wallets enable a user to store details of multiple bank accounts in a single secure environment. This gives the user more convenience as there is no need to fill in all debit card or credit card details every time a transaction is to be executed. The Security provided by an e-wallet is worth appreciating because the data is protected in the best possible way thus keeping frauds and discrepancies at bay.

With demonetisation coming into the picture the significance of e-wallets has increased more than ever. The most popular e-wallets that are popular currently amongst consumers are Paytm, Freecharge, Mobiwiki etc. e-wallets are definitely going down in history as the key elements that has helped mankind take banking to the higher level.

“Did You Know”

In 1983, a research paper by David Chaum introduced the idea of digital cash. In 1990, he founded DigiCash, an electronic cash company, in Amsterdam to commercialize the ideas in his research. **Source: Wikipedia**

“Quote of the month”

Someone once asked Warren Buffett how to become a better investor. He pointed to a stack of annual reports. “Read 500 pages like this every day,” he said. “That’s how knowledge works. It builds up, like compound interest. All of you can do it, but I guarantee not many of you will do it.”

1. What are mobile wallets?

Mobile wallets are mobile-based virtual wallets wherein you can store your money after registering with a service provider, to make online and offline payments to merchants associated with the said service provider. Mobile Wallets are also called mWallet, eWallet or digital wallet. You can use these wallets to pay your mobile, DTH, electricity, other utility bills and shop for groceries, clothing and much more from the registered merchants.



2. How do mobile wallets work?

Mobile wallets form an escrow account for every one of their registered customers. An escrow account serves as a buffer point wherein money is held by a third-party on behalf of two transacting parties, that is, the customer and the merchant.

So, once you register on any of the mobile service mentioned above, you'll be asked to add money to the wallet to use the services provided by merchants listed with the mobile wallet service provider. Add money using your debit/credit/ATM card or internet banking. As soon as you credit your mobile wallet, it'll reflect in the mobile app of the said service provider and now you're all set to your wallet to access the goods sold by associated merchants, both online and offline.

3. What are the advantages of mobile wallets?

You don't have to worry about carrying cash anywhere. More so, no one is going to give you a candy or two instead of a one rupee coin when short on change. You'll tender the exact amount, to the last paise, using an online wallet. It's quicker than internet banking, with one-tap payments and you don't end up exposing your bank details on various merchant sites.

4. What are the disadvantages of mobile wallets?

Mobile wallets can only be used by people who've access to a reliable internet connection. The number of merchants associated with mobile wallets is on the rise, but they're still not enough. Mobile wallets cannot be used for high-value purchases as each of them have caps on the spending and depositing limits.

5. Do they charge any transaction fees?

There are no transaction charges levied on the customers. Rather, you might find yourself receiving huge cash-backs and promo codes for merchandises listed and if you're very lucky, you might even end up making a profit using a mobile wallet.

6. How secure are mobile wallets?

Do you fear that a service provider might just make a run for your money? We're going to look into escrow accounts as discussed above. An escrow account is made as per rules laid down by the Reserve Bank of India (RBI) to protect the customer's money, so that any wallet service provider may not be able to make a run with their customer's money. Money from your escrow account is credited to your mobile wallet service providers account only when you make a payment.

7. What is the Monthly Transaction limit?

Most of the mobile wallet service providers have a monthly limit of depositing amounts up to ₹10,000. But a few service providers like PayTM have the option to deposit amounts up to ₹1,00,000 if you have a verified account. Accounts can be verified using a KYC document.

Investor Education initiatives undertaken by NSDL

➤ Investor Awareness Programmes:

In order to reach out to investors that are spread across the country and to apprise them about the facilities available in NSDL depository system and the awareness on stock markets, NSDL conducts various Investor Awareness Programmes jointly with its Depository Participants (DPs) & with Institutions like SEBI, NSE etc. NSDL also conducts various training programmes for its Depository Participants (DPs) on Depository related services. During November 2016, NSDL conducted 19 Investor Awareness Programmes with Participants, College Institutions, SEBI, NSE etc. These programmes were attended by more than 2,000 investors, details as mentioned below:

Sr. No.	Particulars	
1	Joint Awareness Programmes with DPs	No. of Programmes
	BMA Wealth Creators Limited	3
	Ventura Securities Limited	3
	Cholamandalam Securities Limited	1
	The Federal Bank Limited	1
	Total Programmes	8
2	Investor Depository Meets (IDMs)	No. of Programmes
	IDMs organized by NSDL	4
	Total Programmes	4
3	Joint Awareness Programmes with other Institutions	No. of Programmes
	Securities and Exchange Board of India (SEBI)	1
	Total Programmes	1
4	Participation at Events	No. of Programmes
	27 th Regional Conference of Company Secretaries organized by The Institute of Company Secretaries of India (ICSI)	1
	India International Trade Fair 2016	1
	"National Conference Bond Market 2016" organized by ASSOCHAM	1
	"Putting Investor First" in association with CFA Institute & CFA Society India	1
	"ICC Capital Market Summit 2016" organised by Indian Chamber of Commerce (ICC)	1
	"ICC Mutual Fund Summit " organised by Indian Chamber of Commerce (ICC)	1
	Total Programmes	6

Read and Win!

What are the advantages of using e-wallets?

Send your replies providing your contact details (Name, address and contact no.) with the subject 'Knowledge Wins Contest - December 2016' to info@nsdl.co.in

Terms and Conditions

- NSDL shall be solely responsible for the execution and administration of this Contest.
- This Contest is only open to Indian Citizens. (NSDL employees are not allowed to participate in this contest.)
- All personal details submitted must be accurate and complete and are subject to proof upon request by NSDL.
- NSDL reserves the right, at any time, to verify the validity of entries and entrants and to disqualify any entry not submitted in accordance with these Terms or which tampers with the entry process.
- NSDL reserves the right to discontinue the contest at any given point of time without prior intimation.
- All prize drawings will be made on a strictly random basis and the decision made by NSDL will be final.

KNOWLEDGE WINS Contest

Lucky 25 Winners will Win Free Goodies



Your suggestions for newsletter are valuable to us. Send in your suggestions mentioning your contact details (contact name, address & contact number) with the subject "Suggestions for the newsletter" to info@nsdl.co.in

NSDL Offices

Head Office	Branch Offices	
<p>Mumbai Trade World, A wing, 4th & 5th Floors, Kamala Mills Compound, Lower Parel, Mumbai - 400 013. Tel.:(022) 2499 4200 Fax:(022) 2497 6351</p>	<p>Ahmedabad Unit No. 407, 4th floor, 3rd Eye One Commercial Complex Co-op. Soc. Ltd., C. G. Road, Near Panchvati Circle, Ahmedabad - 380006 Tel.:(079) - 26461376 Fax:(079) - 26461375</p>	<p>Chennai 6A, 6th Floor, Kences Towers, #1 Ramkrishna Street, North Usman Road, T. Nagar, Chennai - 600 017. Tel.:(044) 2814 3917 / 18 Fax:(044) 2814 4593</p>
	<p>Kolkata Unit 2E, 2nd Floor, The Millenium, 235/2A, A.J.C Bose Road, Kolkata - 700 020. Tel: (033) 2281 4662 / (033) 2290 4246</p>	<p>New Delhi Unit No.601,603,604, 6th Floor, Tower-A, Naurang House, Kasturba Gandhi Marg, Connaught Place, New Delhi-110001 Tel: (011) 23353814 / 15 Fax: (011) 23353816</p>

Investor Relationship Cell	NSDL Certification Program
<p>Officer-In-Charge National Securities Depository Ltd. Trade World, A Wing, 4th floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013. Tel.:(022) 2499 4200 Fax:(022) 2497 6351 Email: relations@nsdl.co.in</p>	<p>Officer-In-Charge National Securities Depository Ltd. Trade World, 4th floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013. Tel.:(022) 2499 4200 Fax:(022) 2497 6351 Email: trainingdept@nsdl.co.in</p>

For more information, email us at info@nsdl.co.in

"Printed & Published by Mr. Manoj Sathe (Editor) on behalf of National Securities Depository Limited and Printed at Printography Systems (India) Pvt. Ltd., 13/D, Kurla Ind. Estate, Nari Seva Sadan Road, Ghatkopar (West), Mumbai - 400 086 and Published from National Securities Depository Limited, 4th Floor, A Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400013