

# Digital Money & Wallet: A Conceptual Framework

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## ABSTRACT

Demonetization was one of the one of the major reason for growing digital money into market. On 8 Nov. 2018, government adopt demonetization policy and banned 500 and 1000Rs note into the market. Government was emphasizing on using the digital wallet or digital money. The government want the transparency in all economical transaction. On that time PAYTM, BHIM, RUPAY and other digital wallet were capturing market on large scale. This paper is an attempt to give introduction of digital money and various types of digital wallets available in market.

**Keywords** – E-Wallet, E-Money, Paytm

## INTRODUCTION

In today's time, internet facility has changed our life. We become dependent upon internet for day to day work. Online shopping and online banking was one of the main services which affects our life and made our life very easy. Before many years, when we went to the bank, we filled slip, stood in queue and have to wait for long time for making any transaction. But, now, due to internet facility and digital banking, it becomes easy for customer to do any banking transaction from his home, without going to bank. Demonetization was the major factor, which pushed up the role of digital money in positive way, as result many digital computer and mobile application came into market.

### WHAT IS DIGITAL MONEY?

Digital money is payment- receipt method which works in electronic form with the help of internet. With the help of internet, smart phone, computer and ATMs machine, money can be transferred from one person to another person without any physical appearance at bank. Crypto currency is the type of digital money which works on encryption basis which is responsible for doing transaction with

safety. Bitcoin is the prime digital currency which is not centralized and there is no need of any one to verify transaction because it has its own record. <sup>[1]</sup> Ardor, Golem, Litecoin and EOS are other types of digital money.

After the demonetization, country is moving towards a cashless system with some confusion and awe related to it. The government of nation is providing number of benefits, offers and discount on using digital wallet. Digital money has its own advantage and disadvantage, which are as follows.

### ADVANTAGE OF DIGITAL MONEY

Digital money has number of new opportunities and challenges in today's era. Application of digital money is very convenient. By using digital money, person can transfer small and large amount others party. A digital money holder can use it for various utilities like online shopping, recharge and paying various bills. Transaction through digital wallet can be done instantly and it saves the time and other expenses. Customers who are using digital money wallet have no need to carry cash in physical form. Even, he doesn't

need to be present at bank for doing any financial transaction. Digital money makes a world very small.

By using digital money system you stay unknown and you are the only one who can access your personal detail. All the information like card number, password, login id and other information is only available to user only.

Another advantage of digital money is speed. With the help of it, a customer can do transaction within second. With the digital money, customer can log in into his account from anywhere and can do anything what he needed. There are number of facilities are available on digital money wallet like receive money, payment, and other utilities services and services are also growing from time. Another benefit of digital money is that you have details of your transaction like payment and receive of money which avoids ambiguity and confusion in mind of customer.

Digital money provides various offers like big discount and cash back option. For example, if you fill fuel in your car or bike, you will get 0.75% discount on it and customer can buy anything at higher discount rate. Presently, Paytm is giving option of deposit money, if you deposit money in paytm wallet you will get interest on it and it also provide ATMs.

## DISADVANTAGE OF DIGITAL MONEY

The biggest fear associated with digital money is stolen of identity and personal information. Incidence of fraud related to digital money is increasing year by year, which negatively affects the mind set of customer. Hacking of personal information and data is biggest risk in online banking transaction.

Nowadays, we are very much dependent upon our smart phone; we have all personal information stored in it. If, in case, we lose the phone, our information can be misused. For instance, if you are going to abroad or small town and you fully depend upon your phone and you lose phone, it

becomes a critical situation for you and we become helpless without physical cash.

According to behaviour finance theory, the pain of withdrawing money from pocket is more than cash paying online which in results increase habit of overspending. So, using cash at place of digital wallet control the spending habit of customer.

## TYPES OF DIGITAL MONEY

Digital wallet is technology, which is used for making e-commerce transaction. Digital wallet is required because it takes only few second to complete the transaction. By using digital wallet, online transaction can be done through computer, laptop and mobile also. There are number of digital wallet available in the market and some of them are as follows -

### 1. PayTM

PayTM is one of the trending digital wallets using in all over world and offering its customers to store money and quickly payment. It was launched in the year 2010, it works on a semi-closed model and has a mobile market, where a user can retain his/her money and can do quickly payments to seller who has operational tie-ups with the company. [2] Other than financial transactions, PayTM wallet is also used for paying bill, transfer of money and uses various services like travel, entertainment and retail.



### 2. Amazon Pay

Amazon Pay is also online e-commerce service that is owned by Amazon. It was come in existence in the year 2007 globally and in India in 2017. It uses the consumer data base of Amazon and option to pay by their Amazon accounts on external merchant websites, including apps like Reliance trends, Flipkart etc. [3]



### 3. Google Pay

Previously, Google pay was known as Tez. With the help of Google Pay you can transfer cash amount to anyone, pay bills and purchase online, recharge your mobile phone and other financial transaction. Since Google Pay has connection with your existing bank account which means your money is safe with your bank. There's no need to reloading wallets and additional KYC - which is required for all the other apps. [4]



### 4. PhonePe

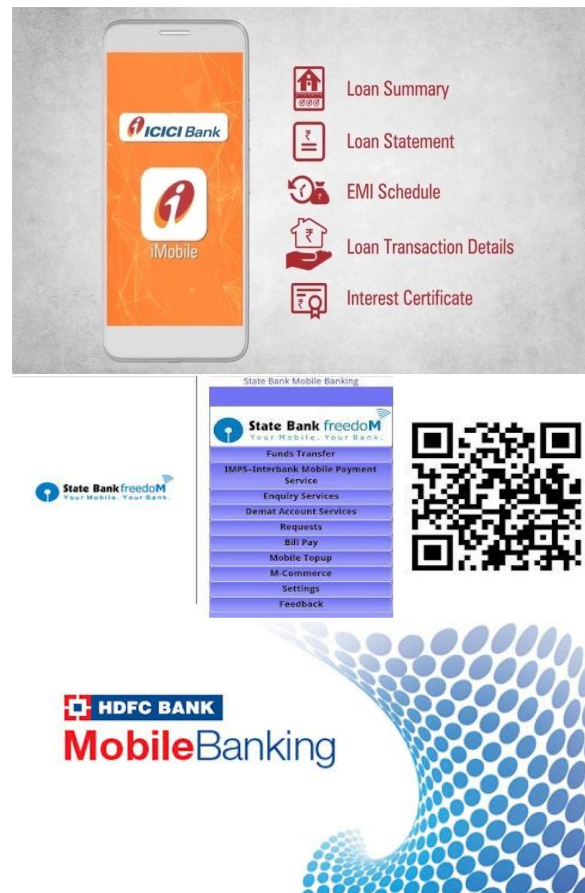
Now PhonePe is the part of Flipkart. In the year 2015 PhonePe was started and in just last 4 years it has been able to generate the 100 million download mark. Phonepe provide service of UPI payments, recharges, money transfers and online bill payments. It is one of the safest and fastest online payment experiences in India. [5]



### 5. Banking Application

Now most of every banking institution, provides E- Wallet, which can be used for various transaction like sending money to other, see bank balance, buying and selling of product. By using banking application, a user can open RD, FD and account through mobile. By using banking mobile application, there is no need to go banks and

stand in queue, all work can be in hand through mobile.



### Impact of digital currency on the financial industry

Digital Currency and e-wallet are helpful in increasing the efficiency of the financial instauration by making payments easier, faster, and most importantly more secure. The financial industry witnessed many benefits from the use of this technology. Digital currency has made international transactions easier. Added to that, in future it is expected that it will reduce the foreign exchange cost.

### CONCLUSION

After discussing many aspects, it was found that virtual cash transaction is a technology that has seen a very fast growth in last some previous years. Volume of Cashless transactions is increasing day by day. On the other side, it is also essential that all transaction should be done in secure

way, there are more chance of hacking of data, stolen of data and can be misused.

**Foot notes:**

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4. <https://www.socialbeat.in/blog/top-10-mobile-wallets-in-india/>
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