

# A STUDY ON “ELECTRONIC PAYMENT SYSTEM” - “E-WALLET”

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**Abstract**— The announcement of demonetization of has sent a shock wave across India. This step was taken to combat corruption and tax evasion. The ramifications of the policy on the ground have been reflected in scenes of chaos, with Indians queuing for hours outside banks and cash machines. The situation is expected to be normal by one month. Though it has caused some inconvenience to a common man, it has made to think go digital and cashless. It is the time for everybody to go from traditional banking to digital banking. The banking industry had an array of payment products – cheques, demand drafts, national electronic funds transfer, real-time gross settlement system, immediate payment service, net banking and mobile banking – but found that people needed an easier, simpler way to make payments. The failure to address this need has taken people away from the banking system and pushed them towards wallets, which are increasingly becoming dominant. The use of traditional payments using either debit cards or credit card is replaced by E-Wallet. However, in light of advances in technology, traditional business models are increasingly coming up against their limits. E-wallet is a convenient, easy-to-use, secure payment system. It is flexible “Electronic payment system” with a number of pay-out and pay-in options via bank account and Credit/Debit cards. This paper analyses the electronic payment system and throws Light on E-Wallet system of electronic payment.

**Index Terms**— Demonetization, E-Commerce, E-Payment and E-Wallet.

## I. INTRODUCTION

The banking industry had an array of payment products – cheques, demand drafts, national electronic funds transfer, real-time gross settlement system, immediate payment service, net banking and mobile banking – but found that people needed an easier, simpler way to make payments. The failure to address this need has taken people away from the banking system and pushed them towards e-Wallets, which are increasingly becoming dominant.

### A. E-WALLET

E-wallet is an online prepaid account where one can stock money, to be used when required. As it is a pre-loaded facility, consumers can buy a range of products from airline tickets to grocery without swiping a debit or credit card. E-wallets are here to replace physical wallets in your pockets. E-wallet

providers” aim should be to convert at least one of everyday cash transactions into a digital transaction.

### B. TYPES OF E-WALLETS

#### 1) Closed wallet:

A closed wallet is one that a company issues to its consumers for in-house goods and services only. These instruments do not carry the advantage of cash withdrawal or redemption. Several online shopping portals such as Flipkart, Jabong and MakeMyTrip offer such closed wallets. It is basically an account where money gets credited in case of a refund due to cancellation or return.

#### 2) Semi-closed wallet:

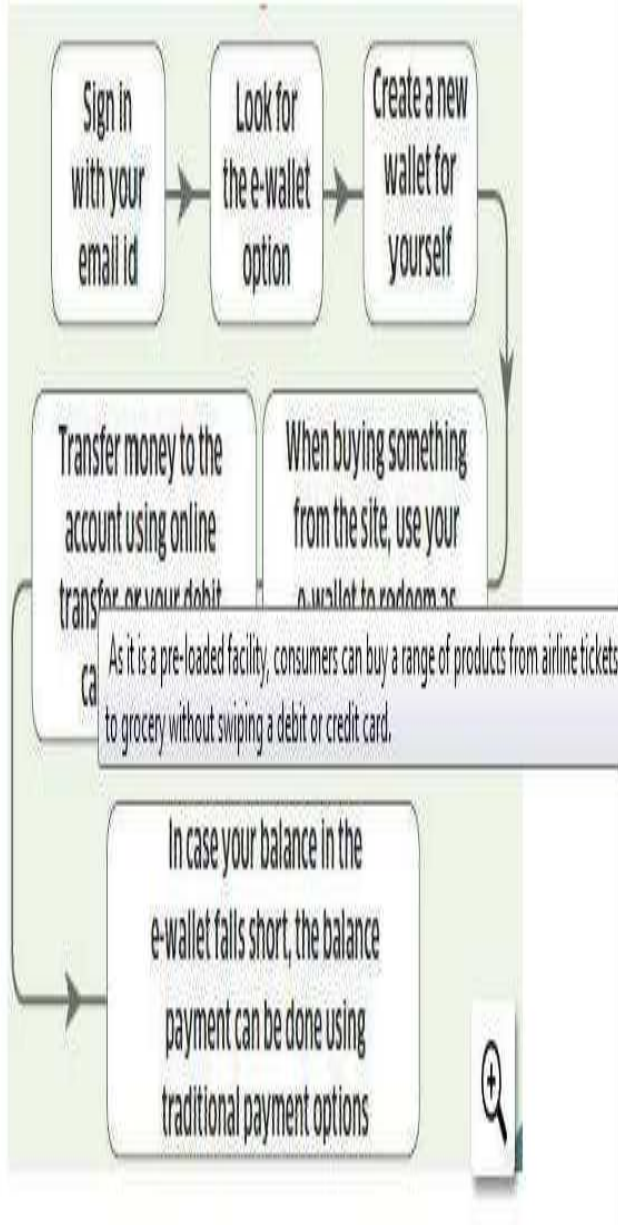
In the payments space, companies such as MobiKwik, PayU and Paytm offer semi-closed wallets. As per the RBI, a semi-closed wallet can be used for goods and services, including financial services, at select merchant locations or establishments that have a contract with the issuing company to accept these payment instruments. Semi closed wallets do not permit cash withdrawal or redemption by the holder as well.

#### 3) Open wallet:

Such wallets can be used for purchase of goods and services, including financial services such as funds transfer at merchant locations or point-of-sale terminals that accept cards, and also cash withdrawals at automated teller machines.

## II. HOW E-WALLET WORKS

Below is the diagram shows the sequence of E-Wallet application:



Source:

[http://articles.economicstimes.indiatimes.com/2013-06-14/news/39976342\\_1\\_e-wallet-facility-airtelmoney-flipkart](http://articles.economicstimes.indiatimes.com/2013-06-14/news/39976342_1_e-wallet-facility-airtelmoney-flipkart)

### TOP 10 MOBILE WALLET COMPANIES IN INDIA AND WHAT THEY OFFER TO THEIR CUSTOMERS.

- ❖ PayTM.
- ❖ Momoe.
- ❖ PayUMoney.
- ❖ Mobikwik.
- ❖ Citrus.
- ❖ State Bank Buddy.
- ❖ Citi MasterPass.
- ❖ ICICI Pockets.

### III. FOUR WAYS OF MAKING PAYMENT THROUGH E-WALLET

#### A. Contactless Payment

This is possible with near-field communication (NFC)

technology. You can wave your Smartphone near an NFC-enabled terminal and the payment goes through. To use this, both the merchant point of sale (PoS) terminal and your phone should have the technology. If your phone doesn't have, some ewallet companies use stickers that you can stick to your phone and tap it on an NFC-enabled PoS machine.

#### B. Locating A Store

The e-wallet app will use GPS on your smartphone and locate a store near you that accepts wallet payments. This comes handy as not all stores have e-wallet acceptance infrastructure. Besides locating a nearby store that accepts wallets, it will also alert you of offers available if you pay using an e-wallet. It will also show outlets nearby where you can load cash in the e-wallet.

#### C. Virtual Cards Payment

Some e-wallet providers allow you to create a virtual card with the money in the wallet. The „card“ is usually in partnership with Visa or MasterCard. The virtual card will have a 16-digit card number, expiry date and CVV number like any other credit or debit card and you can use it on any online platform. To get this card you need to do a one-time registration. Some apps automatically generate a virtual card as soon as you load the money.

#### D. Using Quick Response(QR) Code

A QR (quick response) code is a machine-readable bar code that has details of the product you buy. You have to scan the code with your smartphone's camera to make a payment. But first you will have to log in to the app that allows you to scan the QR code. Banks as well as fintech companies offer this payment process.

### IV. THE APPLICATION OF E-WALLETS-FUTURE USES OF E-WALLETS

- ❖ Online shopping from mobile devices
- ❖ Price comparison shopping
- ❖ Bill Payments
- ❖ Loyalty Redemption
- ❖ Personal Information Access
- ❖ Virtual Personal Organizer
- ❖ Wireless purchasing at physical locations
- ❖ Pre-emptive Purchasing
- ❖ Device to device Person to Person Payments
- ❖ Customized for Internet Appliances

#### A. ADVANTAGES OF E-WALLETS

- ❖ Lower Costs:
- ❖ Competitive Advantage
- ❖ Modern
- ❖ Convenience
- ❖ Disadvantages of the Digital Wallet
- ❖ Investment
- ❖ Support Technology
- ❖ System Outages and Security

### V. CONCLUSION

The announcement of demonetization of has sent a shock

wave across India. This step was taken to combat corruption and tax evasion. The ramifications of the policy on the ground have been reflected in scenes of chaos, with Indians queuing for hours outside banks and cash machines. The situation is expected to be normal by one month. Though it has caused some inconvenience to a common man, it has made to think go digital and cashless. It is the time for everybody to go from traditional banking to digital banking. The banking industry had an array of payment products – cheques, demand drafts, national electronic funds transfer, real-time gross settlement system, immediate payment service, net banking and mobile banking – but found that people needed an easier, simpler way to make payments. The failure to address this need has taken people away from the banking system and pushed them towards wallets, which are increasingly becoming dominant. The use of traditional payments using either debit cards or credit card is replaced by E-Wallet. However, in light of advances in technology, traditional business models are increasingly coming up against their limits. E-wallet is a convenient, easy-to-use, secure payment system. It is flexible “Electronic payment system” with a number of pay-out and pay-in options via bank account and Credit/Debit cards. This paper analyses the electronic payment system and throws light on E-Wallet system of electronic payment.

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