


Chapter 3

Fostering FinTech Through Mobile Wallets: An Indian Scenario

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ABSTRACT

This paper discusses development of mobile wallets and impact on fintech in India. Section begins with brief history of digital payment systems in India. It covers pioneers and leading players today like Paytm, PhonePe and Google Pay. Additionally, roles of government support, increased smartphone penetration regulatory guidelines and development of Unified Payments Interface (UPI) are examined. Literature is gathered regarding technology adoption models, trust and consumer behavior related to digital payments. The discussion in this book chapter is extended to show that mobile wallets are now moving beyond payments to include savings and investment propositions, thereby contributing to financial inclusion. The chapter concludes with some possible implications for understanding the evolution of mobile wallets in the context of transitioning to a cashless economy and the transformations in consumer behavior, as well as potential gains and difficulties in the future.

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INTRODUCTION

Sustainability is a comprehensive framework that addresses the long-term balance between environmental protection, social well-being and economic growth. Traditionally, sustainability is viewed through three distinct dimensions: the environmental aspect, which emphasises the conservation of natural resources and reducing carbon footprints; the social aspect, which focuses on inclusivity, community empowerment, and equitable growth; and the economic aspect, which is concerned with fostering stable, long term growth while responsibly managing resources.

Digital Financial Services (DFS) refers to any financial services delivered or accessed through digital channels, including mobile payments, digital wallets, online banking, and other innovative financial technologies that streamline transactions and enhance financial inclusion. In the context of India, DFS has played a pivotal role in reshaping the financial ecosystem by providing convenient, secure, and accessible payment options, which in turn support broader sustainability objectives.

Integrating DFS with sustainability frameworks, the study observes a transformative impact on the financial industry and society. Using mobile wallets and digital payment systems increases transaction efficiency and transparency. It contributes to environmental sustainability by reducing the dependence on cash and lowering the environmental costs associated with printing and transporting money.

In India, mobile wallets (or) e-wallets usage has grown to be an innovative factor in redefining the financial ecosystem, which has promoted economic growth. These digital platforms have changed transactions by enabling individuals and businesses to save, send, and receive money electronically. Mobile wallets, which offer a practical, safe, and easily accessible payment option, have simplified financial inclusion and improved transactional transparency.

On November 8, 2016, the Indian government took the historic and bold step of demonetising all 500 and 1,000 banknotes. This move led to an unexpected and severe cash shortage, costing around 86% of the country's currency. While the initiative's stated goals were to remove black money (unaccounted money) and counterfeit notes (used for illegal transactions), it had a broad impact that extended beyond those and acted as an incentive for the growth of digital payment possibilities in India.

In the Deloitte report on FinTech in India, the landscape of FinTech was classified into twenty segments across six significant areas of financial services. These segments were very close to the insights from the Deloitte global research study on "Future of Financial Services" in collaboration with the World Economic Forum, bringing emerging innovations for structuring the financial services sector to light.

The FinTech landscape includes several key segments contributing to digitising and improving financial services. In the Credit segment, peer-to-peer lending, crowd-funding, and marketplace loan solutions emerged, revolutionising access to capital

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