Chapter 4
Mobile Wallets:
A Detailed Perspective With Reference to the Developing Countries

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ABSTRACT

The world is continuously moving towards digitization. In fact, every activity from routine-based activities to professional activities is now performed in a digitized way. Similar is the case of financial transactions that were initiated through physical exchange and now are mostly transformed into digitized platforms. Among these platforms, one of the most progressive ones is mobile wallets. Mobile wallets are different from mobile banking and now associated with casual and everyday activities of life. However, there are some challenges associated with the mass acceptance and usage of mobile wallets. Especially from developing sides of the world, the growth of mobile wallets is getting limited just because of associated threats and problems. Therefore, this chapter is designed specifically with reference to the developing sides of the world in order to shed light on the importance of mobile banking as well as factors that are limiting the use of mobile banking.

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BACKGROUND

Virtual payments are one of the latest and well-known technologies that have replaced physical currency in multiple forms of transactions (Mumtaza et al., 2020). Actually, demonetization is the main factor that makes users prefer e-payments which ultimately enhances the ratio of cashless transactions. Cashless transactions need the use of plastic money e.g., debit cards and credit cards, etc., or digitized modes e.g., mobile wallets and bet banking etc. These initiatives are pushing revolutionizing the economy and pushing it towards digitization. However, effective government initiatives are mandatory for enhancing the digitization of systems, processes as well as the entire economy (Sarika & Vasantha, 2019).

In fact, there are several advantages of virtual payments that give it a significant edge over the use of physical currency. Among these advantages most significant are ease of conducting transactions, Effective and efficient tracing of money, Reduction in the burden of currency printing lesser chances of money laundering, etc are most prominent. There are several examples of virtual payments e.g., online transfers, credit cards, mobile banking, and mobile wallets etc (Mumtaza et al., 2020). However, the use of m-wallets has increased significantly; especially amid the pandemic use of mobile wallet provide users with a safe and touch-free mechanism. The mechanism makes users motivated to use mobile wallets. Thus in Asian countries like India, we have evidence significant increase in the usage rate. However, the overall adoption of m-wallet is not very promising. Therefore, m-wallet companies tried to enhance research activities in order to understand the reason that may attract consumers to the technology (Kapoor et al., 2022)

Mobile Wallets

These are equivalent to the physical wallets that we mostly carry with us. The platform enables users to keep money digitally. The only requirement is to open an account with a mobile service provider after which money can be credited into the account through using technologies like debit cards, credit cards, online transactions, or even through from an account in the form of cash (Vijai, 2019).

There are two major differences between online transaction and mobile wallet i.e., mobile wallets are hassle-free and does not require the customer to enter PIN or card details for every transaction. Moreover, the mobile wallet does not charge any fees for the transaction. On the other side, people are confused in differentiating mobile wallets from mobile banking but in actuality, mobile banking is a much broader concept (Vijai, 2019). Studies highlighted that mobile banking is only limited to the transactions that are limited to online transactions made by banks. However, mobile wallets or mobile payments are generic and are made by service providers that exist

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