



Illustration: Manali Ghosh

CASH CRUNCH

Fintech firms, online players step in to ease woes

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INTERNET AND technology companies, particularly those in the financial services space, were the first ones to roll out offerings that could, in the shorter term, help people deal with the issues arising out of a squeeze of currency in circulation, following the government's decision to discontinue older Rs 500 and Rs 1,000 notes, which comprised almost 87 per cent of the cash in circulation.

Some of these improvisations include services such as list of nearby automated teller machines (ATMs) with crowd-sourced information on cash availability, deployment of mobile point-of-sale machines, search option for nearby outlets accepting payments from certain mobile wallet companies, credit billing on cab rides, wallet on delivery option by online retailers, etc.

At a time when serpentine queues are being formed outside ATMs by people wanting to withdraw cash for their daily needs, problems such as non-functional machines, and those without any cash have come to light — especially when banks are getting over 2 lakh ATMs across the country recalibrated to accommodate the smaller denomination and the new currency notes.

Several companies are providing citizens with list of ATMs located nearby, and on information sourced from people who have been there, while also mentioning if cash is available in these ATMs. One such service is called cashnocash.com, which is supported by Quikr and Indian software association Nasscom. Based on the user's postal code, it lists the ATMs in their vicinity. Search engine

Centre's decision to discontinue notes of ₹500 and ₹1,000 denominations, which created a shortage of cash in circulation across the country, has come as a cash cow to online payment firms

company Google has also used its Maps functionality to show users their nearby ATMs.

Another such ATM locator service has been launched by CMS Infosystems. This company manages nearly 55,000 automated teller machines in the country, and hence its service is limited to the machines it manages. Unlike other services that are largely crowd-sourced, information put up by CMS Infosystems is based on its own data, and provides a certain level of accuracy to it.

Even as most new services using location data that have cropped up in light of the cash crunch issue share information about ATMs, online payments firm Paytm has introduced 'Nearby' feature on its platform, which would enable its customers to get information about their nearest merchant that accept payments from the company's wallet.

"With cash transactions facing a reduction, alternative forms of payment will see a surge in demand. Digital transaction systems, e-wallets and apps, online transactions using e-banking, usage of plastic money (debit and credit cards), etc will definitely see substantial increase in demand. This should eventually lead to strengthening of such systems and the infrastructure required," CARE Ratings said in a report.

It is no surprise that the plan of withdrawing older currency notes, which has

created a shortage of cash supply has come in form of a proverbial cash cow to online payment firms. However, the benefits have gone higher up the chain of financial technology sector.

This has happened primarily because of the penetration of e-commerce firms, at least in the urban markets of the country, for which cash-on-delivery accounted nearly 70 per cent of overall sales. Several online retailers, after the currency withdrawal announcement, temporarily suspended the cash-on-delivery option to keep their hands off the cash denominations, which ceased to be legal tenders. Since the announcement, the cash-on-delivery orders of various e-commerce firms in India dropped up to 30 per cent. However, according to some of the industry observers, people ordering online have a mentality to pay for their orders after receiving their products or services.

Therefore, following the announcement, companies have had to come up with offerings for alternative payment options on delivery. Snapdeal, which also owns mobile-wallet company Freecharge, started offering wallet on delivery for its customers wanting to make payments upon receiving the orders.

One technology deployed by e-commerce companies to accept digital payment options upon receipt of orders by customers

is card-on-delivery. This is managed through the mobile-point of sale machines, although in some cases, the distribution of these equipment has gone beyond online retailers.

B2B e-commerce firm Just Buy Live, which connects retailers such as grocers, electronic shops, etc to brands, will roll out mobile point-of-sale machines to the merchants on its platform in partnership with HDFC Bank from Monday. The company's founder and CEO Sahil Sani told *The Indian Express* that over the 90 days, 50,000 such units of Mosabee brand are planned to be rolled out. Sani said that company was witnessing demand requests for over 1,000 units every day.

Since the announcement of the currency withdrawal, another mobile-point of sale manufacturer Ezetap has also witnessed a rise in demand for its product, which costs close to Rs 3,000 to Rs 3,500, compared with the traditional point-of-sale machines that cost over Rs 14,000. Sanjay Swamy, managing partner of Prime Venture Partners and board member of Ezetap, said that the firm, which counts some of India's largest firms in their industries as its customers — such as Bharti Airtel and Big Basket. Swamy said that Ezetap was evincing interest for the low-cost mobile point-of-sale equipment from its existing as well as new customers.

Even as it has been only over a week since the announcement of currency withdrawal by the government, a slew of new measures and services have come to the front. While some believe these new offerings show the innovativeness of the Indian technology sector, some suggest that it is only that ideas that were on the back-burner have been rolled out in light of the government's decision.