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ICICI, SBI and other banks take the battle to mobile wallet players

By [Joel Rebello](#) & [Pratik Bhakta](#), ET Bureau | Updated: Mar 28, 2016, 03.13 AM IST

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MUMBAI: Banks are taking the battle to mobile wallet companies, armed with their readymade payment systems, wide merchant network and an on tap customer base, attempting to reclaim a turf which just a couple of years ago was their fiefdom.

In the past year, large lenders like [ICICI Bank](#), State Bank of India, [Axis Bank](#) and HDFC Bank, which together control around 40 per cent of local banking assets, have launched new payment instruments as they seek to prevent customers from moving money to newly emerging non-bank companies.

SBI's Buddy, ICICI's Pockets, HDFC Bank's PayZapp and Axis' Lime are the new kids on the block, challenging the likes of [Paytm](#), [MobiKwik](#) and Citrus Pay.

"It is an evolving space and the shift is towards digital transactions. None of us know the pace of the shift. Everyone is trying to experiment with the space," said Axis Bank Chief Executive Shikha Sharma.

While wallets have had to spend millions to get their branding done, banks are leveraging their existing brand value to lure customers away from wallet players. Tie-ups with new tech innovators are also keeping bank costs low.

"Investments in this business for us is in terms of deployment of resources as platform has been provided by our technology partner," said Manju Agarwal, deputy managing director, corporate strategy and new businesses, at SBI. Ease in small-value payments attracted the bank to this space, Agarwal added.

Parag Rao, head of cards and merchant acquiring at HDFC Bank, said he has been leveraging the bank's merchant and customer base to offer attractive discounts for PayZapp users.

"We want to facilitate all forms of transactions that the customer uses. In the physical world, the user can use the credit card and the debit card while in the mobile world he can use wallets," Rao said.

HDFC Bank dominates card spending with a 3 lakh strong network of point of sale terminals. It is this offline success that it wants to replicate online.

However, wallet companies say banks cannot ensure enough attention to this business to make a difference. They point out to the fact that spending through debit and credit cards is still nascent despite an exponential increase in cards issued.

Reserve Bank of India data show that the number of outstanding debt and credit cards has increased more than three times in six years to 669.61 million in January 2016. However, people still prefer to pay in cash after withdrawing it from ATMs.

"Banks are excellent settlement engines, but when it comes to user experience, we have been able to train 123 million people over the last five years to make digital transactions without glitches. People trust us with their money," said Nitin Mishra, head of products at Paytm, India's largest wallet company.

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