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Uber's Paytm customers can't withdraw money from e-wallet

ASHLEY COUTINHO
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In what could come as a shock to those using Paytm's mobile wallet service only to pay aggregator Uber's taxi fares, there is no way to get back the money stored in the digital wallet.

Uber has been banned in the national capital, and Home Minister Rajnath Singh has advised all states and Union territories to follow suit and ban web-based taxi services. If Uber shuts shop in India, its customers will neither be able to encash the amount in their Paytm accounts nor transfer it to their bank accounts.

Typically, mobile wallets give customers the option of transferring money back to their bank accounts. But, this facility is provided only by those wallets registered with the immediate payment service (IMPS), a clearing and settlement system. At present, eight mobile wallets are registered with IMPS; Paytm is

not one among these.

Worse, wallet-to-wallet transfers among companies is prohibited by the Reserve Bank of India (RBI). This means, you cannot transfer money, for instance, from Paytm to Vodafone's m-pesa, or from Paytm to any other mobile wallet provider. So, Uber customers with money in their Paytm accounts have no choice other than availing of other Paytm services, such as utility bill payments or online shopping, to use the amount.

An email sent to Paytm's customer care, seeking response on whether cash would be refunded to customers in the event Uber stops operations in India, elicited this response, "I would like to inform you that you can use that amount on paytm.com whenever you want, since there is no expiry period of wallet."

The customers can write to the central bank in this regard. "They can apply for some reg-

ulatory concession and ask RBI to allow the money to be transferred to their bank accounts. But, it is unlikely RBI will act, unless it is a systemic issue and more than 100,000 account holders are involved," says A P Hota, managing director & chief executive of National Payments Corporation of India (NPCI).

If RBI allows this transfer, customers might have to shell out some money for the service. At present, some mobile wallet providers charge one-two per cent of the amount to be transferred to bank accounts.

The relief for customers, though, is that their Paytm accounts will remain untouched even if Uber were to shut shop. That is because Uber and Paytm are two separate companies. Also, according to RBI guidelines, a mobile wallet is required to keep in an escrow account an amount equivalent to that loaded by a customer to his wallet.

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Correction

In response to the report, 'Uber's Paytm customers can't withdraw money from e-wallet', published on December 10, Paytm has clarified in case a customer wants the money back, he can write to the company at care@paytm.com for repayment or withdrawal as the Reserve Bank of India's guidelines allow semi-closed wallets to make transfers to bank accounts. The National Payments Corporation has also clarified that there are alternative methods, besides IMPS, to repay customers. The errors are regretted.