



FINANCIAL LITERACY FOR YOUTHS



E-wallet: A comprehensive overview





Little did I know I was caught off guard when the librarian told me to pay up my outstanding fine electronically. With much reluctance brewing in me, I was left with no choice but to set up the first ever e-wallet in my whole life time. And, I paid up. This library ‘electronic’ payment fine changed my payment journey ever since. As I used to believe in holding physical cash and grew up hiding my ‘angpow’ money beneath my bed in a biscuit tin, it is no longer the case for this instance. Having said that, I am thankful for that personal encounter that led me to discover the wonders of an E-wallet.

Under Bank Negara Malaysia (BNM) Financial Sector Blueprint 2011-2020, BNM decided to increase the efficiency of the national payment system with the aim of hitting one of the targets which is 200 e-payment transactions per capita by 2020. Hence, it explains their efforts to quicken the process of digitizing the Malaysian economy. Based on the November 2018 Electronic payment: Volume and Value of Transaction statistics, the mobile banking volume has increased tremendously from 13.6 million in 2011 to 2,196.1 million in 2018. It is nearly 141 times of expansion for the mobile banking industry.

Despite the near perfect environment to grow the e-wallet industry, with an 86% internet penetration rate and a 64% mobile penetration rate, adoption rate is still at its infant stages as compared to what China experienced a few years ago. According to a survey done by PwC Malaysia in 2018, only 22% of the respondents were e-wallet users with only 9% of respondents expecting to use their e-wallets more than 6 times a week. The reluctance of consumers to part with their credit and debit cards paired with the fragmented e-wallet market contributed heavily to the slow adoption rate. In this article, we selected several significant e-wallets to look at to gain more insights on the e-wallet warfront in Malaysia and how much you are missing out from not having an E-wallet already.

What does a typical E-wallet Do?

So here’s a scenario:

Imagine yourself being at a shopping mall buying goods using your own physical wallet (despite this article being about e-wallets). You’ve found out that



you're out of cash and in need of supplying new bank notes into your wallet. You then find yourself queuing up at the ATM to withdraw some money. Then, you make your purchase by extracting the monies from your wallet and give it to the cashier and obtain the appropriate change and receipt.

With an e-wallet, all you need is just an internet connection and a few clicks here and there on your smartphone to achieve the same goal mentioned above. Users add and reload money in their e-wallets through online transfer from their bank accounts and voila you have "cash" in your e-wallet!! You will then proceed to pay by scanning the Customer QR codes without the hassle of searching the right change and amount to pay for both the customer and the cashier.

Transactions can happen anytime and anywhere, ranging from the indoors such as shopping malls, cafes and outdoors in places such as at a marathon. Anywhere with an active internet connection and the vendor has a QR code prepared.

Here we list down the three main e-wallets that are prevalent in Malaysia, and together exposing their presence in our almost everyday lives and places. Hopefully, you will be convinced to join the cashless bandwagon.

Touch 'n Go (TnG)

One of the features that separates the TnG E-wallet from the rest is that it now allows its users to add value or 'top-up' its physical card value through a mobile app. Whenever someone makes payments through their physical card, their current balance will be deducted and the value of the balance could be monitored through the mobile app.

TnG also offers users the option of transferring funds through the E-wallet but users would first have to upload a certain amount onto the E-wallet before any transaction towards the physical TnG card can take place (This process is only 1 way where funds are transferred from the E-wallet to the TnG card). The existing funds which would now be transferred from the app to the TnG card would have to locate a terminal called 'Pick Up Device' (PUD). The PUD location would be used to successfully transfer the funds that are authenticated to be transfer through the the E-wallet when the TnG card is tap on these devices. These PUD's would be located



in areas such as malls. The comprehensive list would be at TNG initial funds location. This process might seem extremely complicated at first but now there are new changes that enable the TnG card to act as a physical E-wallet, this means that when users pay for the toll charges then credit would be deducted from the E-wallet first before credit is deducted from the physical card. This feature is however only being test run recently in the Duke 1 and Duke 2 highway. Moreover, users also have the choice of purchasing movie tickets at MBO cinemas and buying plane tickets when using this TnG.

TnG also enables its users to make purchases in malls like Midvalley and The Gardens at their retail outlets with the recent partnership between Public Cab Sdn Bhd and EZcab Sdn Bhd, TnG looks to empower Malaysian taxi drivers by expanding their customer base and attracting tech savvy users. The payments system functions when passengers are only required to scan the driver code to pay for the services, in addition to that the taxi drivers do not need to install any hardware onto their vehicles and taxi drivers are eased into this change through the cashless referral programmes.

FAVE Pay

The misconception that currently exists is that FAVE Pay is an E-wallet, but this is actually false because it is an aggregator of mobile payment solutions this means aggregators enable merchants to accept the bank transfer or credit cards without needing to setup a merchant account with the relevant card association or bank. This means that the E-wallet and Fave Pay system are merged together to pay Fave merchants. Fave also displays good deals for users as it enables its users to use its app regardless of the operating system platform of the device used.

Repeating customers also receive incentives such as cashbacks whenever purchases are made through the same merchant. Favepay grants its customers discounts in the form of cashback rebate if the customer pays for items through its E-payment system from their E-wallets i.e an item might cost RM10 when payment is made through cash however when payment is made through an E-wallet the cashback would be RM2 which essentially mean the overall cost is only RM8. In 2018, Fave has announced its partnership with Boost and this helps users as they are

able to make payments from the Fave app from the remaining Boost account balance. In 2017, Favepay has around 500 partners located mostly in Klang Valley and in Singapore 250.

BOOST

Our very own homegrown e-wallet app, Boost's most prominent features is its availability of usage across many locations and spectrums. It boasts a list of over 50000 merchants in 5000 locations across the Klang Valley (the latter as at 2018), even pasar malams and food trucks! Its accessibility of location is together complemented by Boost's store locator inside their e-wallet app, allowing users to see and track the places that accepts Boost payments based on their current location whenever they are. This is especially crucial in terms of consumer experience, considering that despite a variety of endless choices available, users would be annoyed if they were given the feeling that they could not choose one out of all of them.

Aside from penetrating into the customer shopping experience, Boost has also begun to permeate its presence into online payments for transportation and telecommunication services as well as utility bills. On 12 November 2018, Boost has announced partnerships with several transportation-oriented companies in Malaysia, which include KTM, KLIA Ekspres, CityCarPark, ExCab and CatchThatBus. This means that Boost users are able to use Boost payment for train and cab rides as well as car parking and bus tickets involving these companies. To see the specific services involved under such partnership, you may refer to this link:

<https://www.lowyat.net/2018/173205/ktm-and-klia-ekspres-now-supports-boost-e-wallet-alongside-ezcab-citycarpark-and-catchthatbus/>

In terms of telecommunication services, Boost users are able to engage in mobile prepaid top-ups under mobile service providers such as XPAX, Hotlink, Digi, Umobile, TuneTalk, etc.

Furthermore, Boost has a special feature where it allows its officially registered users to transfer a maximum of RM1000 daily (or RM 4500 monthly) to their contacts who have a registered Boost e-wallet account. Such convenience is

further exploited where Boost now has the option where users can send request notifications to their “buddies” to send some funds for them, or indirectly, help them pay for the things they buy. This is especially convenient for family members where children would usually request money from their parents to buy the things they want. Boost also has another option where a group of users can split their bills either evenly or separately when transacting for a service or purchase which caters for group gathering activities.

Moreover, buying gifts for your friends and loved ones can never be much easier without using Boost’s e-Gifting function together with the availability of purchasing online vouchers for partnered merchants.

Another interesting feature to note is that Boost users are able to engage in global transactions under Boost’s partnership with UnionPay International. This is especially convenient for tourists in Malaysia who wish not to carry too much physical cash when inside a foreign country, and perhaps us Malaysians in other countries too. Payments can be done quickly and easily through UnionPay QR code.

To explore the full list on what Boost has to offer, do check out their website: <https://www.myboost.com.my/features/>

Conclusion

Instead of thinking “I thought I had my 10 cents, 20 cents here in my pocket”, or “where did I put my credit card” for that matter, people will start to see the value in embracing cashless transactions. Hence the attempt to assimilate the culture of cashless transactions towards the mindsets of the Malaysian people, especially youths, is driven by its conveniability and attractiveness. The fact that all these aspects are somehow integrating aspects of conveniability and attractiveness is what constitutes a good e-wallet app and redefines them with each improvement made.

In total there are currently 37 Non-Bank e-money licenses that have been issued by Bank Negara Malaysia (BNM) [yes that is a lot if you are wondering!!!] This saturated market is however a healthy indicator for Malaysia’s digitalized economy. With this intense competition paired with strong efforts from BNM itself,



such as the implementation of a single QR code system for all wallets thru PayNet, we are moving in the right direction. PayNet, a compatible platform for various e-wallet services, allows consumers to pay using one QR code and it aims to provide P2P instant debit/credit transfer; also, to have request-to-pay function. The only step left is for each and every one of us, to embrace the technological disruptions and uncertainties, for a mature cashless society in Malaysia.



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