

'Virtual wallets' keep Uber driving in India

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The taxi-hailing app Uber has changed its payment method for Indian customers after new central bank regulations threatened its operations in the country.

Passengers using an Uber taxi in India will now need to pre-pay for their

rides through a virtual wallet linked to their [bank cards](#), according to an official blog from the popular startup.

"Once you link your debit card or bank account via a Paytm wallet to your Uber account, you'll easily be able to top up your wallet using multiple payment options," said the San Francisco-based firm, which began operations in India last year.

Paytm is an Indian mobile commerce platform that is used to pay bills and recharge pre-paid mobile phones.

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But the Reserve Bank of India (RBI) in August expressed concern that Indian bank cards were being used for services that were linked to banks overseas.

It therefore called for a two-step authentication process for all card transactions, with businesses given until the end of October to comply.

Customers hail a cab on the Uber smartphone app, which uses GPS to put the user in contact with the nearest local driver. Uber charges a commission for each ride.

Its initial payment method raised questions over its tax liabilities in India since a Netherlands-based arm of the firm was handling the payments, but local drivers were charging a tax for their services.

An end to Indian operations would have been a blow for the startup founded in 2009, since India is reported to be Uber's biggest market outside the United States.

According to a report in The Wall Street Journal this week, Uber is in talks to raise as much as \$2 billion from a new round of funding, which could take its valuation above \$30 billion.

Uber is now present in more than 200 cities and in 45 countries, but its rapid expansion has caused tensions with traditional taxi drivers, especially in Europe.

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