

## **CONSUMER COMPLACENCY AND INCLINATION FOR MOBILE WALLETS: A STUDY OF RESIDENTS OF TRICITY**

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### **ABSTRACT**

In today's techno-crazed world, devices like smart phones, tablets, laptops have become an inseparable part of our daily life. The major driving factors for electronification of payments in India are increasing smart phone penetration, growth in digital commerce, improvement in computer literacy, access to internet and broadband, and supporting regulations. According to data released by TRAI (Telecom Regulatory Authority of India) there are around 300 million users of mobile phone in India. Number of smart phone users has increased dramatically as it has become more affordable. Besides providing the basic function of communication there are plenty of services a smart phone provides. These services includes entertainment, socialization, internet access services and even payment services. Cashless payments are growing strongly throughout the globe as a result of increased bank account holding, continued growth of e-commerce and migration of cash based transactions to electronic payment instruments. For using payment services on smart phones an application for the same is required to be installed in it. This application is called the digital wallet or electronic wallet or popularly mobile wallet. The entire process of sending and receiving money requires a complex network of intermediaries including banks, payment gateways and mobile network operators. M-wallets have emerged as the most remarkable contributor in pushing cashless and electronic payments.

**KEYWORDS:** Wallet, Banking, Cashless Payments, Internet



### **MOBILE WALLET OVERVIEW**

Back to history, mobile wallet is developed from a concept called "Digital Wallet". Mobile wallet was defined as "a software application on a mobile handset that function as a digital container for payment cards, tickets, loyalty cards, receipts, vouchers and other items that might be found in a conventional wallet. The mobile wallet enables the user to manage a broad portfolio of mobile NFC [Near Field Communication] services from many different companies" (GSMA, 2012). Mobile wallets can be viewed as the digital version of a physical wallet someone would carry. It's a mobile platform where people can store their money just like in a bank account. (Shukla, 2016). Money can then be loaded into the wallet using a debit or credit card, online banking, retail outlet or via cash (a rechargeable kiosk). Tam and Oliveira, T. (2017) defined Mobile wallet as an effective cashless transaction service and it can replace hard cash note. Mobile wallet is a virtual wallet service provided by certain service providers, wherein people can load a certain amount of money that can be spent at online and offline merchants listed with the mobile wallet service provider. The aim of the Mobile Wallet is to make quick transactions. Once the app is installed and the user inputs payment information, the wallet stores this information by linking a personal identification format such as a number or key, QR code or an image of the owner to each card that is stored. When a user makes a payment to a merchant, the mobile app uses a technology called near-field communication (NFC), which uses radio frequencies to communicate between devices.

According to RBI there are four kinds of mobile wallet in India.

- **Open Wallet** – It is the one that allows a user to buy goods and services, withdraw cash at ATMs or banks, and transfer funds. These services can only be jointly launched with a bank. Additionally, it allows its users to send money to any mobile number bank account. Example: M-Pesa by Vodafone and ICICI Bank Pockets, HDFC Bank Payzapp.
- **Semi-open Wallet** – It is the one that allows its users to transact with merchants that have a contract with the semi wallet company. A user cannot withdraw cash or get it back; he will have to spend the amount he had loaded. Example: Airtel Money.
- **Closed Wallet** - It is quite popular with e-commerce companies. Closed wallet deals with only one merchant. It is used for buying goods and services with only one merchant. Withdrawing cash is impossible. Cash left in the wallet can be used for future transactions with the same merchant. Example: Flipkart e-wallet, Bookmyshow, Makemytrip.

- **Semi-Closed Wallet** - It does not permit cash withdrawal or redemption, but allows users to buy goods and services at the listed merchants. Example: Paytm, Mobikwik, SBI Buddy, Citrus, PayUMoney, Oxigen.

Parameters	Apple pay	Google pay	Paytm	Freecharge	Mobikwik	SBI's buddy	ICICI pay	Airtel money	Jio money	payU money	HDFC zap pay
											
Year of launch	2014	2015	2010	2010	2009	2015	2013	2012	2015	2014	2015
Payment Type of wallet	Semi-closed	Semi-closed	Semi-closed	Semi-closed	Semi-closed	Semi-closed	Open	Semi-open	Open	Semi-closed	Semi-closed
Supports in-store proximity payment technologies	Yes (NFC)	Yes (NFC)	Yes (QR code)	Yes (QR code)	Yes (QR code)	Yes (NFC)	Yes (NFC)	No	No	No	Yes (QR code)
Own UPI (Unified Payment Interface) based app	No	Yes	No	No	Yes	Yes	Yes	No	No	Yes	Yes
Bank transfer	Yes	Yes	Yes	No	Yes	No	Yes	Yes	No	Yes	No
Send on Mobile	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	No	Yes
Company	Apple Inc.	Google	One97 Communications	Axis bank	One MobiKwik Systems Private Limited	State Bank of India	ICICI Bank	Airtel	Reliance	Naspers group	HDFC Bank
Industry	Technology	Technology	Private	Private	Private	Banking	Banking	Telecom	Telecom	Internet	Banking

Digital wallets are the best to user in digital payments. There are three key drivers:

- 1. Strong growth in smartphones:** The digital payments landscape in India has witnessed unprecedented growth largely driven by increased Smartphone penetration. Smartphone user base has increased by 60% in the metros, but more importantly, it is the penetration in the tier 2 and 3 areas which is of critical importance. 61 million people from tier 2 and 3 use smartphones for online shopping.
- 2. Adoption of Aadhaar & UPI:** Data availability along with Aadhaar based authentication will allow for seamless adoption of the digital wallet. Initiatives such as Aadhaar, UPI will have a catalytic effect on the industry.
- 3. Improved 3G & 4G services:** 3G and 4G services are being offered at extremely affordable prices, giving a huge boost to mobile commerce. With 4G becoming more and more affordable, we expect Smartphone users from tier 2 and 3 regions to adopt digital wallets.

**Table 1: M- Wallet Users Globally**

Global population	7.6 billion as on May 2019	100%
Mobile phone subscription	5.00 billion	65.79%
M-banking accounts/ users	2.1 billion	27.63%

Source:- (International Telecommunication Union,2019)

GATE (Global Acceptance Transaction Engine) has released its Mobile Wallet Trends Annual Report, highlighting trends in both mobile wallet and mobile payment usage across global markets. Mobile wallets are still in early development in most countries, where some areas are starting to see an uptick in success. Worldwide, 2.07 billion consumers will use a mobile wallet to make a purchase in 2019; this is up nearly 30 percent from the 1.6 billion consumers recorded at the end of 2017. China is currently the largest adopter of mobile payments, but other countries are starting to catch up. The number of mobile wallet users worldwide is expected to reach a ten-digit figure in 2019, with a double-digit growth rate on the previous years, according to

statistics cited in the report. More than two-thirds of mobile wallet users live in Asia-Pacific, with China alone contributing close to 50%. Asia-Pacific mobile wallet users are not only the most numerous but also the most active users of mobile payment services and contribute the lion's share to global mobile wallet transaction value.

## REVIEW OF LITERATURE

Many empirical studies have been conducted on the subject of cashless society in India and abroad. The major emphasis of research has been on various issues like frauds, security, usage pattern, new method of e-payment, etc. However, very few literature is available on E-wallets.

**Dr. Hem Shweta Rathore (2016)** in her research paper "Adoption of digital wallet by consumers" found that customers use mobile wallet because of convenience, one touch method, and because of its time saving technology. Risk, Challenges and factors influenced consumers in adoption of digital wallet were also discussed in this paper.

**Padashetty, D. S. & Kishore, K. S. (2013)** widely discussed in their research paper "An empirical study on Consumer Adoption of mobile payments" that trust, expressiveness and perceived ease of use, playing a crucial role in facilitating adoption of digital payment solutions are the factors motivating to adopt of mobile wallet.

**Rai, N., Ashok, A., Chakraborty, J., Arolker, P., & Gajera, S. (2012)** found safety and security of payment in mobile wallet attracts customers to switch over from the traditional methods.

**Niina Mallat (2006)**, a researcher from Helsinki School of Economics in Finland, has published a research paper called "Exploring Consumer Adoption of Mobile Payments – A Qualitative Study" in 2006. This paper examined the consumer adoption toward mobile payments using qualitative research method. The empirical data therefore was collected by the establishment of 6 focus group sessions and were carried out in late 2002 from interviewees who are from Helsinki metropolitan area in Finland.

**Dr. Poonam Painuly, Shalu Rathi (2016)** in their paper "Mobile Wallet: An upcoming mode of business transactions" clearly explains about the mobile wallet, its types and latest trends. The paper clarifies the significance of versatile wallet for Banks, Customers and Companies.

**Balan, R.K., Ramasubbu, N., Tayi, G.K. (2006)** studied in their paper "Digital Wallet: Requirements and Challenges" that the prerequisites and difficulties of sending money across the country using computerized wallet arrangement in Singapore.

**Prof Trilok Nath Shukla (2016)** in his paper "Mobile Wallet: Present and the Future" has discussed about mobile wallet, working, types and its advantages and disadvantages. His investigation included impression of customers and retailers about portable wallets.

**Doan (2014)** conducted a study to understand consumer adoption on mobile wallets in Finland area. The study findings reveal that the usage of mobile wallet is only in the initial stage and respondents are showing positive attitudes towards usage of mobile wallets. Research concluded that the trust factor reveal the positive or negative impact on adoption of user, depending on the user satisfaction and user's situation.

**Singh & Gupta (2016)** They have conducted a study to identify various factors influence on the adoption of mobile wallet payment among customers They considered the various variables for the study are Convenience, Trust, Security, and Adaptability which have an impact on the satisfaction of mobile wallet usage.

**Ahuja & Joshi (2018)** have studied about the customer perception concerning Mobile wallets. In this study they examined that the factors exploration technique is used to classify the factors which influence customer opinion towards Mobile wallets. The study has been conducted about the different types of mobile wallets in India.

## OBJECTIVES OF THE STUDY

1. To assess the level of awareness and use of mobile wallets in Tricity (Chandigarh, Panchkula, Mohali).
2. To study the perception and preference of consumers towards the mobile wallets.
3. To identify and analyze the impact of various demographic variables on the usage of mobile wallets.
4. To study the factors influencing consumers in adoption of mobile wallet.

5. To study and analyze the challenges in the use of mobile wallets.
6. To examine the usage pattern and nature of transactions done by the customer through mobile wallets for satisfying their different needs

## NEED AND SCOPE OF THE STUDY

Within the last decade or so, our world has become rapidly more digitized. For example, we now have internet purchases, and social interactions made via short message service (SMS), e-mails and social networks on the internet. Two important factors that have contributed to this development is the use of mobile phones, and the use of the Internet. It is therefore, relevant to pay attention towards mobile payment system as option of cashless payment. Thus, there is a need for a digital wallet or an e-wallet, with which mobile payments can be made. The present study will answer reasons for the growth in the usage of mobile wallet. Another part of the study will identify and analyze the barriers in the usage of mobile wallet that will help in reaching to the potential consumers by considering their perceptions & preferences.

## RESEARCH METHODOLOGY

**Population of the study:** Residents of Tricity (Chandigarh, Panchkula, Mohali).

**Sample size:** 250-300 respondents

**Sampling technique:** Since the sampling frame of the people using mobile wallets was not available, therefore non-probability sampling was used. Convenience sampling technique was used.

**Methods of data collection:** Both primary and secondary data was used. Survey method was used for collecting data with the help of questionnaire. An exhaustive questionnaire was prepared to gather as much primary information as possible. The questionnaire was adequately checked for its validity and reliability. The secondary data was collected from various Books, Journals, Articles, Newspapers, Magazines and Websites.

## LIMITATIONS OF THE STUDY

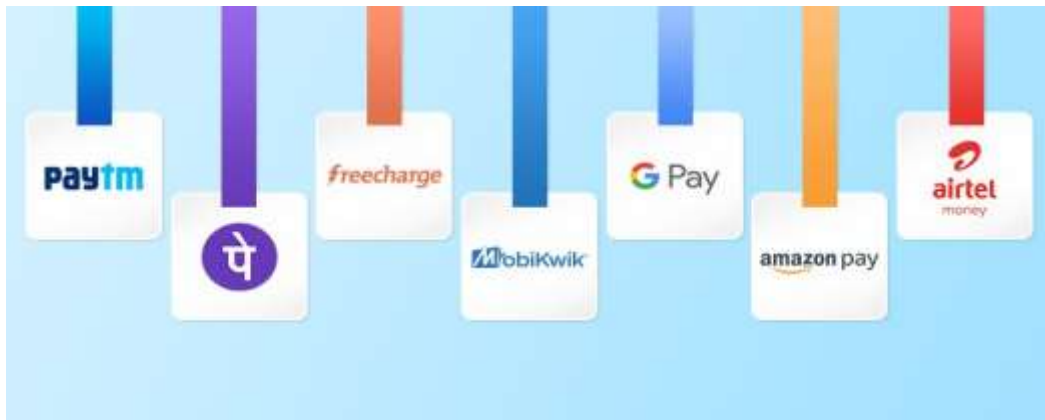
Due to time and money constraint, it was not possible to study the whole universe for the purpose of this study. As the study was conducted only in selected areas, hence results cannot be generalised.

## SCENARIO OF INDIAN MOBILE WALLET MARKET

According to a recent report from TechSci Research titled 'India Mobile Wallet Market Opportunities and Forecast, 2020', the mobile wallet market in India is projected to reach \$6.6 billion by 2020. As a testimony to the opportunity offered by the Indian mobile wallet, global investors are signing cheques worth millions of dollars for investing in these smart ventures. Mr. Rai also said that online transaction in India was growing 1.5 times faster than the global average. It is because the digital transaction in India is the first and the favorite choice of youths in India, and they are helping mobile wallet companies to set up an active market in India. Mobikwik raised around \$30 million from investors including Sequoia Capital, Tree Line Asia, American Express and Cisco. Chinese e-commerce major Alibaba Group and Ant Financial have invested more than \$650 million in One97 Communications that runs Paytm wallet. Citrus Payment Solutions has also raised funds from Sequoia Capital and Ascent Capital. In April last year, e-commerce major Snapdeal had made one of the biggest acquisitions in the Indian e-commerce industry by buying wallet player Freecharge for about \$400 million. As the wallets allow a user to load cash from a very small amount to a maximum of Rs 10,000, the risk associated with the loss of money through transaction is minimal. Apart from this, the wallet companies provide high security standards for customers while transacting. Paytm is currently the leader in the segment has about 125 million wallet users. It sees about 60 million monthly transactions on its platform. In India, Mobile wallets are becoming favorite day by day. And people are making a great habit of using mobile wallets in their daily life. However, India still has to cover a significant distance to achieve the target of Cashless India. The Indian mobile wallet market is projected to grow from around \$ 16 billion in 2018 to \$ 184 billion by 2024, exhibiting growth at a staggering CAGR of 44% during 2019 – 2024.

## Best Mobile Wallets in India 2019

There are many mobile wallets that exist in India, but only a few mobile wallets are the choices of Indian citizens.



## FINDINGS OF THE STUDY

- There is significant relationship between age and gender of the consumers and their opinion about the use of mobile wallets.
- Almost all the respondents were aware about the mobile wallets and its usage.
- Spending capacity of an individual has influence on the preference for a particular type of mobile wallet.
- Safety/security in using the mobile wallet is a major obstacle in its usage.
- There is significant relationship between demographic and socio-economic profile of consumers and awareness level towards mobile wallet.
- Discounts and offers offered to the consumers plays an important role in selection of mobile wallet service provider.
- Consumers prefer only small day to day payments via mobile wallets. They do not prefer to use mobile wallets for bigger amount transactions.
- Only few mobile wallets are the choices of Indian citizens and Paytm is used by the most respondents.
- Young consumers prefers to do payments through Mobile wallets instead of using cash and they also seen interested in promoting Digital India campaign by spreading awareness regarding benefits of using digital mode of payments.

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