

## Digital Wallets – Reinforcing the New India?

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### Abstract

*Adoption of the cashless transactions has been significantly pressed by the Prime Minister, Mr.NarendraModi, as a part of government reforms after demonetization of high-value currency of Rs.500 & 1000. The demonetization resulted in unprecedented growth in digital payments. On 8th November 2016 demonetization was announced and within a short period of three months, digital wallet companies had shown a growth of 271 percent for a total value of US \$ 2.8 Billion (Rs. 191crores). Digital transfers using apps has brought behavioural change and helped in the adoption of digital payment. E-wallet is a type of prepaid account in which a user can store his or her money for any future online transaction. Due to the growth of smartphone ownership and internet usage, the majority of these payments are done through mobile devices; stakeholders being the youth. Hence a study on the perception of the youth on digital wallets is highly imperative in the Indian context. The present study administers the perception of youth towards the various services provided by digital wallets, the factors influencing their perception, their level of satisfaction and the problems encountered. A sample of 100 respondents from the Kottayam district of Kerala was selected for conducting the study. The study depicts that post demonetization e-wallet usage has become more popular in India. Internet connectivity issues and payment restrictions for huge amounts are the common problems faced by the respondents. Digital wallets have become the most convenient mode of payment in the New India. The country needs to move away from the conventional cash-based towards a cashless payment system. This will provide multiple advantages including reduction of currency management cost, transaction costs, avoidance of scam and embezzlement of cash.*

*Keywords: demonetisation, digital wallets, embezzlement*

### 1. Introduction

Implementation of the cashless transactions has been significantly pushed by the Prime Minister, Mr.NarendraModi, as a part of government reforms after demonetization of high-value currency of Rs.500 & 1000 (86% of cash circulation). The demonetization resulted in unprecedented growth in digital payments. On 8th November 2016

demonetization was announced and within a short period of three months, digital wallet companies had shown a growth of 271 percent for a total value of US \$ 2.8 Billion (Rs. 191crores). The Indian government and private sector companies such as Paytm, free charge and MobiKwik had been aggressively pushing several digital payment applications, including the UPI app and the National Payment Corporation of India (NPCI) developed by the Bharat Interface for Money (BHIM) app. Digital transfers using apps has brought behavioural change and helped in the adoption of digital payment. M-Payment services were first introduced in Japan during the year 2004.

E-wallet is a type of prepaid account in which a user can store his or her money for any future online transaction. An E-wallet is protected with a password. With the help of an e-wallet, one can make payments for groceries, online purchases, and flight tickets, among others. There are a number of facilitators that are leading to the growth of digital payments and transition from a cash economy to a cashless economy. These facilitators include penetration of internet connectivity on smartphones, non – banking financial institutions facilitating digital payment, one-touch payment, the rise of the financial technology sector and push by the government either by giving incentives or tax breaks. These factors are creating a positive atmosphere for the growth of digital payments in India. For setting up an e-wallet account, the user needs to install the software on his / her device and enter the relevant information required. The transactions are made online through a computer or a smartphone with the help of internet connectivity. A digital wallet aims to eliminate the need of carrying a physical wallet. It is also more difficult to steal an E-wallet than a physical one. An E-wallet, mostly known as digital wallet, is a secure platform that contains one or more currency purses. Your shoppers can fund an e-wallet in several different ways. Once funded, shoppers can use e-wallets online to buy goods or services. A shopper must register with the provider, and may have to complete a full KYC (Know Your Customer) process before they are allowed to use an e-wallet.

## **2. Statement of the Problem**

According to the data of Government and RBI, demonetization and the subsequent cash crunch has led to a surge in digital payments in India. Due to the growth of smartphone ownership and internet usage, the majority of these payments are done through mobile devices. RBI report on trend and progress of banking in India 2015-2016 indicates that the use of mobile wallets has been increased considerably over the last two years in terms of the

value of transactions. There lies a significant scope in the present study so as to find out the effect and perception of the youth towards e-wallets.

In the present study, the following research questions are addressed:

- What are the various services provided by e-wallets?
- What are the factors encouraging users for selecting e-wallets?
- What is the level of satisfaction of youth towards e-wallets?
- What are the problems faced by the users during the e-transactions?

### **3. Objectives of the Study**

The study is conducted with the following specific objectives:

- To study the various services provided by e-wallets
- To find out the factors encouraging the users for selecting e-wallets.
- To study the level of satisfaction of youth on e-wallets.
- To examine the problems faced while using e-wallets.

### **4. Research Methodology**

Both primary and secondary data are used to collect information. The main source of collecting data from the respondents is through the questionnaire method. The overall objective of the questionnaire method is to obtain a better understanding of the perception of the youth towards e-wallets. The type of sampling that is used in the study is the convenient sampling technique. The survey is targeted only on the youths in Kottayam district, Kerala.

Population: The population of the study consists of the youth in Kottayam district.

Sample: A Sample of youth from the population was selected based on a convenient sampling technique.

Sample size: The selected sample size is 100 respondents from the Kottayam district.

Data collection: Both Primary and Secondary Data have been used for the collection of data.

The data from the 100 sample respondents were collected with the help of the Questionnaire (Primary data).

### **5. Review of Previous Studies**

Praiseye and Florence (2018) find out the factors that affect consumers' preferences towards the mobile wallet. Using a structured questionnaire primary data was collected from 100

respondents. ANOVA and frequency analysis were used to find out the factor that affects consumer preference and Impact of demographic factors on consumer preference towards mobile wallet were also analysed.

Yuvaraj and Sheila (2018) discuss that digital payments are bound to have security issues that might hinder the growth of digital payments. Hence, this paper helps to identify the consumers' perception of cashless transactions, factors influencing cashless transactions and also identify the level of awareness of the consumers concerning the information securities. The findings reveal that the majority of the consumers prefer credit/debit cards as the most comfortable mode of payment followed by mobile wallets. Privacy and security, convenience were the factors that influence consumers towards cashless transactions and it was also found that consumers have enough awareness of the information security in cashless transactions. Therefore, digital payments will take a long time to become a key payment option but this might benefit the economy in the near future.

Shamsher (2017), the consumer perception of digital payment has a significant and positive impact on the adoption of digital payment. The structured questionnaire was used as a research tool for understanding consumer perception of digital payment. Primary data was collected from 150 respondents in Delhi. ANOVA and frequency analysis was used to analyse the responses. ANOVA indicates that there is no significant variance in consumer perception based on demographic factors such as gender, age, profession and annual income of the patients. However, education was found to significantly influence the adoption of digital payment.

Sumathy and Vipin (2017), the current study is focused on urban consumers' attitudes, perceptions towards digital payment systems. For the purpose of the study, a convenient sampling survey was conducted among 100 urban respondents in Malappuram District of Kerala with the help of an interview schedule. The tools used for this study are Percentage analysis; one-way Anova, independent sample t-test, ranking method, etc.

## **6. Data Analysis and Interpretation**

The data collected is analysed using simple percent analysis based on the responses of the respondents.

**Table no.1 shows the Functions of Digital Wallets**

Interaction Alternatives	Information Access	Security, Payment and Financial Services	Shopping	Customer Relationship Building
Social Media	Web/App Search	In-store/Proximity-NFC	Promotions, digital coupons	Loyalty program
Text Message	Mapping-Direction	In-app/Mobile web	Ticketing-entertainment, travel, sports events	Targeted advertising
Email	In-store navigation, product discovery	Access control-security-account management, Identity storage (National ID Cards, etc)	Transport-parking, transits tolls	Location based marketing
Voice	Shopping companion-price comparison, product information, shopping lists	Mobile banking, financial services, P2P payments	Giftcards, vouchers	

Source: Secondary data

**Table no. 2 shows the various services provided by Digital Wallets**

Statements	Strongly Aware		Aware		Neutral		Unaware		Strongly Unaware	
	F	P	F	P	F	P	F	P	F	P
<b>2.a) Payment Services</b>										
Electricity bill Payment	39	39	40	40	17	17	2	2	2	2
DTH bill Payment	22	22	52	52	18	18	5	5	3	3
Municipal Tax	15	15	30	30	36	36	16	16	3	3
Broadband	21	21	48	48	22	22	7	7	2	2
Water bill Payment	16	16	47	47	17	17	19	19	1	1
Gas cylinder Payments	21	21	42	42	21	21	12	12	4	4
Insurance Premium Payments	27	27	49	49	14	14	9	9	1	1
Cable TV Payments	23	23	46	46	21	21	8	8	2	2

Other Payments	26	26	42	42	21	21	8	8	3	3
<b>2.b) Mobile Recharge</b>										
Mobile Prepaid	56	56	34	34	10	10	0	0	0	0
Mobile Post-paid	24	24	38	38	32	32	4	4	2	2
Data Recharge	57	57	33	33	7	7	2	2	1	1
<b>2.c) Travel, Entertainment and Food</b>										
Bus ticket booking	49	49	40	40	7	7	4	4	0	0
Movie tickets	47	47	45	45	5	5	3	3	0	0
Flight tickets	30	30	43	43	21	21	5	5	1	1
Hotels	32	32	49	49	16	16	1	1	2	2
Events	29	29	43	43	21	21	4	4	3	3
Train ticket	35	35	52	52	11	11	2	2	0	0
Food delivery	32	32	43	43	19	19	5	5	1	1
Amusement parks	27	27	40	40	25	25	5	5	3	3
Others	21	21	37	37	33	33	8	8	1	1
<b>2.d) Financial services</b>										
Loan facility	13	13	36	36	39	39	10	10	2	2
Gold	12	12	42	42	32	32	11	11	3	3
Mutual funds	15	15	37	37	37	37	9	9	2	2
Credit score	13	13	39	39	38	38	7	7	3	3
<b>2.e) Online Purchases</b>										
Electronics	46	46	44	44	10	10	0	0	0	0
Personal care and Health care	32	32	48	48	16	16	2	2	2	2
Household Appliances	30	30	43	43	20	20	6	6	1	1
Fashion	41	41	38	38	19	19	2	2	0	0
Others	25	25	47	47	22	22	5	5	1	1

Source: Primary data F- Frequency, P- Percent

**Table no. 3 shows the factors encouraging the users for selecting Digital Wallets**

Statements	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
	F	P	F	P	F	P	F	P	F	P
<b>3.a) Convenience</b>										
Time saving	54	54	36	36	10	10	0	0	0	0
<b>3.b) Economical</b>										
Transaction Cost	45	45	40	40	14	14	0	0	1	1
<b>3.c) Security</b>										
Safe login	21	21	53	53	23	23	3	3	0	0
Payment gateway	29	29	54	54	14	14	1	1	2	2
<b>3.d) Ease of Use</b>										
Language	45	45	49	49	6	6	0	0	0	0
Technology	47	47	42	42	9	9	2	2	0	0
<b>3.e) Privacy</b>										
Personal information	33	33	47	47	14	14	5	5	1	1
<b>3.f) Promotional offer</b>										
Cashback	32	32	54	54	12	12	2	2	0	0
Coupons	32	32	52	52	12	12	2	2	2	2

Source: Primary data F- Frequency, P- Percent

**Table no. 4 shows the Level of Satisfaction of youth towards Digital Wallets**

Statements	Highly Satisfied		Satisfied		Neutral		Dissatisfied		Highly Dissatisfied	
	F	P	F	P	F	P	F	P	F	P
Convenience	42	42	50	50	6	6	1	1	1	1
Economical	36	36	51	51	10	10	2	2	1	1
Security	32	32	44	44	17	17	5	5	2	2
Ease of Use	36	36	34	34	17	17	11	11	2	2
Privacy	27	27	47	47	18	18	6	6	2	2

Source: Primary data F- Frequency, P- Percent

**Table no. 5 shows the problems faced by the users during the transactions**

Statements	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
	F	P	F	P	F	P	F	P	F	P
Network issue	41	41	42	42	15	15	2	2	0	0
Software update	26	26	53	53	20	20	1	1	0	0
Payment restrictions	36	36	41	41	17	17	6	6	0	0
No cashback offers	31	31	38	38	23	23	8	8	0	0
Expiry of Promo code	32	32	41	41	22	22	4	4	1	1

Source: Primary data F- Frequency, P- Percent

## 7. Findings

The respondents are primarily aware about the various payment-related, recharge, and entertainment, financial, online purchases and related services offered by the digital wallets. Also, the major factors that influence their choice of selection of digital wallets include convenience, safety, economy, privacy, promotional offers and ease of use. They are highly satisfied with the convenience and safety elements in digital transactions. However, they are worried about the privacy of such transactions. Internet connectivity issues and payment restrictions for huge amounts are the common problems faced by the respondents.

## 8. Suggestions

The study makes the following recommendations:

- Secure your device: Use strong passwords and never let your device out of your sight. Change your password often.
- Carefully choose the apps you want to link: mobile wallet apps should be used only with trusted apps. Look at the number of downloads and reviews.
- Reduce Overspending of Money: Digital wallet give you the benefit of spending a set amount of money that is in your wallet. It is helpful as you don't have to expose your entire bank balance when shopping. This, however, means that mobile wallets are best for relatively small purchases.
- Choose your wallet provider carefully: There are many payment apps and mobile wallets out there. Select one which suits your needs and compatible with your most-used apps.



## 9. Conclusion

After Demonetisation, the cashless transaction were promoted with the help of IT infrastructure in India. Since demonetisation on 8th November 2016 people tend to use cashless transactions to meet their payments. Different ways of keeping your money always emerge along with time. Hitherto people mostly relied on cash and plastic money. Now, you would hear the trend of digital money as most of the people might be using digital wallets. A Digital payment is a transformation in the way you pay for things, many digital wallets services work through the application on your smartphone/electronic device.

A digital wallet system can be the best system to organize your finances and it definitely paves way for the New India.

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