

E-wallet service, an Initiative Towards Payment Digitalization

K Rajagopal¹, Vaishali Mahajan², Shashi Bhatt³

^{1,2,3}Symbiosis Centre for Management and Human Resource Development, SCMHRD, Symbiosis International (Deemed University), SIU, Hinjewadi, Pune, Maharashtra, India

ABSTRACT

In the last few years, there has been immense growth of wireless technologies in India thereby giving a boost to digitization. Many people are switching over to the E-commerce platform to attain instant and safe transactions. E-commerce has become distinguished and preferred transaction platform among Indian people especially the youth and educated elite crowd. However, the usage of these wireless technologies in Rural is little sluggish but is definitely catching up and the momentum is really gearing up.

On the contrary the penetration of mobile phones and increased usage of Internet in tier-2 and tier-3 cities has been growing multifold which has given a big boost for E-wallets industry. With the ever-increasing mobile phone subscriber base and with the consistent slash in the tariff rates the usage of mobile, mobile data cards by the customers have increased drastically. Under these circumstances, the opportunities are ever increasing for players in the E-wallet industry.

Understanding the perception of E-wallets among the consumers and non-users will give a glimpse into the current market situation as well as the future trend. Demonetization has made the E-wallet industry one to look forward to as an exceptionally good option. Hence, one of the objectives of this research is to find the impact of demonetization on e-wallet usage among consumers. The research also aims to identify the reasons for popularity of Paytm as an E-wallet service, the factors responsible for satisfaction and perception of consumers about Paytm as a brand. The research also identifies the expectations of consumer from an E-Wallet Service and as well Paytm's initiative to position the brand as a preferred E-Wallet Service today.

Keywords

E-Commerce, E-wallet, Consumer Buying behavior, Perception, Expectation, Brand, Plastic money, Paytm

Article Received: 10 August 2020, Revised: 25 October 2020, Accepted: 18 November 2020

Introduction

Exchange of goods and services are the most important part of Human Society. Humans have evolved the whole notion of transaction from barter to coins to paper money and to plastic cards. Further moving ahead will be to revolutionizing the transactions with Digital Wallets or E-wallets. The E-wallet has become essential part of each and every purchase of service or product. In this era of computerization, the buying of goods or service be it a booking a movie ticket or making an on line Banking transaction, the buying behavior is getting coupled with the vivid forms of the devices more related to the digital. The E-wallet is playing a significant role in day to day life as customers are relying on digital lifestyle to make things both convenient and fast. The ease of loading some amount into digital wallet and to pay utility bills, recharge mobile and DTH accounts, book train, bus or airline tickets, transfer money to another wallet or bank account, get cash from agents and retailers, apart from online as well as offline shopping has provided the customers the real convenience. In a nutshell, it is a one-touch payments solution for all the needs of the customers. Though there is humongous number of options while selecting the digital E-wallets, the prime brand which comes to 150 million plus users is Paytm. The company which was just started as a small startup has grown up in market stature and customer acceptance and has proudly achieved the 1 Billion valuation mark within a very short span of time. The reports of Hindustan Times indicate the steep rise in the Paytm traffic which has surged to 435% while the download of Paytm App has scaled by 200% plus

the transaction value has reached a 250% increase after the demonetization.

Government's demonetization of Rs.500 and Rs.1000 notes in one way or the other compelled people to resort to digital wallets for payments of their daily necessities. The impact of demonetization has been very favorable to the E-wallet players in the market, since the announcement date of demonetization the 8th November 2016; the E-wallets market growth has been growingly considerably steep. As per the recent financial research report of the Government, the Mobile Wallet market is expected to have a multifold increase from 35 Crore in 2016 to Rs 1210 crore latest by 2019.

The researchers (Sen & Shaula 2017) in their research explain the Government initiatives taken through Digital India Mission to train people and provide them the opportunity to lean on the process of digital transaction which are useful for their daily life. The Government has just not preached the importance of digitization it has also initiated the Payment App named BHIM which is an acronym for the Bharat Interface for Money. The Government has marched ahead with times to not only bring detailed guidelines on the transactions through card and digital process but also have got the guidelines approved through the cabinet. This is one of the best initiative done through the Department of Economic Affairs (DEA 2016). The Department has also listed short and medium terms of efforts recorded in the office memorandum of DEA. The vision on the aspects of digital payment system which is the directive released by the Reserve Bank of India which has laid a clear frame work regarding the smooth

payment and as well settlement system through the digital platform.

Literature Review

The findings of the research study (**Nirmala. R, Sonu, 2015**), on the E-wallet usage has indicated that, over the past few decades, a small splinter of plastic has revolutionized the way consumers pay. Further the usage of E-wallet has been enhanced by the changing life styles of the customers. The study adds further that the rise in disposable income, introduction of new services and products, increased travel and growth of the entertainment sector has made a real impact on the use of E-wallet. The study by (**Subhani, 2011**) intended at finding out the preference and acceptance of the plastic money. The research results indicates that the use of credit and debit cards though has some advantages like safety, ease of use, the limitations or shortcomings like acceptance in all shops and establishments is also equally felt by the customers which is considered as the pain points of these services. (**Deniz, et al 2011**) pointed out that the usage of the Mobile and internet services for the day to day banking transactions and other financial transactions has enhanced the process of financial inclusion and helped individuals and Business to connect globally. The research findings of **Fozia 2013** explains that the integration of the Electronic devices, the Tele communication systems, computer system network and the information technology has paved way for the birth of a new Economy which is popularly known as 'Digital Economy'

The research study (**Rani 2016**) details the various situations and crisis encountered by the small and medium business people especially the shopkeepers who lost business out of demonetization. The paper also discusses the quick measures like switching over to the cash less and plastic money and E-wallet transactions adopted by the shopkeepers to avert the crisis. The paper also explain on the transformation and shift of the consumers towards Paytm, and internet banking. The various difficulties and hurdles faced in the market by the seller and customer is dealt in the research study undertaken by **Carment Leonga 2017**.

The study made by the researcher (**Madureira, 2017**) has indicated the roles of the NFC that is the Near Field Communication services to replace the plastic cards like the credit and debit cards by other digitalized services like E-wallets and Internet Banking services through Mobile and Non Mobile based services. The study undertaken by **Solat, 2017** details on the various limitations and shortcomings faced by the customer while using the electronic payment methods. The flaw, the various weaknesses, the exposing of the user identity, sharing of the user profile to other vendors, the user privacy, and disclosure of the identity problems were identified and discussed. The study conducted by **Swaminathan, 2016** reveals the level of satisfaction of the customer towards the Banking services especially the E-Banking services and also evidently discussed that the users are just moderately satisfied with these internet based services offered by the Banks.

(**Ramasubbu 2009**) in the study on the E-wallet discussed the importance of the E-wallet and the advantages one

derives out of usage. (**M.F.Mridha 2017**) stresses the need for the quality improvements to be brought in the E-Banking and E-wallet transactions to ensure safety and security. The research study performed by Shin 2009, offers an inclusive model towards the approval of the customers when it comes to Mobile payments. The research utilizes the holistic and integrated concept while approving the usage of the Technology in the context of safety, self-efficacy, trust and the aspect of social power. The research further indicates that the two major factors say the perceived safety and the convictions are influencing on the user's attitude and intents of using the Electronic platforms for financial transactions. (**Cadwell 2012**) The researcher indicates that there is very big scope for the usage of E-wallet in both the developed and developing countries and the only aspect that has to be taken care seriously is the safety and security standards while adopting the technology. The findings of the study conducted by **Upadhayaya 2012** reveals and vouches E-wallet as a very easy and user friendly way of payment transaction system. (**Swilley 2010**) researched the reasons for the acceptance and rejection of the E wallet system by adopting the Technology acceptance Model. The study findings of the research undertaken by **R.Varsha and Thulasiram 2016** indicates that the customers feel that the acceptance and usage of the E-wallet have been considered and felt to be more comfortable and safe. (**Ramesh Sardar 2016**) in his research has indicated that the usage of the M-wallet in the long run will not only be a tool for the payment and business transaction, it would become a tool to understand the buying behavior of the customers and will also help in a big way to make an estimate of the individual consumptions of the buyers.

Research Methodology

The researcher has applied the Exploratory research design in this research and used both secondary data and reports from the research reports previously conducted, inputs from the journals, magazines and newspaper review. The articles and reviews in particular towards the trends, preferences, the acceptance and the levels of satisfaction of the customers on the E wallets is revived in particular and E Commerce and E banking services in general. The issues related to the demonetization and the impact it has made on the cash less transactions in general and E-wallet in particular were also revised in detail. The Primary data was collected through structured questionnaire which was administered on 350 respondents of various age groups and different educational backgrounds and occupation. 176 respondents chose to fill in the questionnaire. Out of the 164 questionnaires which were appropriately completed, 74 persons were users of Paytm and 90 were non users. The data was analyzed with the help of Factor Analysis, Correlation, Chi Square test, and Principle Component Analysis using the statistical tool SPSS and Microsoft Excel to find out the trends and factors influencing payment decisions.

Objectives Of The Study

- To find the market leader in the e-wallet category and reasons for its success
- To find the consumer satisfaction levels towards the e-wallet services
- To find the consumer expectations from the market leader in the e-wallet market.
- To find the impact of demonetization on e-wallet usage among consumers.

Hypotheses

Paytm is the market leader in e-wallets category

H₀₁: Majority of the E-wallet users do not use Paytm.
H_{a1}: Majority of the E-wallet users use Paytm.

Paytm consumers are satisfied with the services provided.

H₀₂: Majority of the Paytm consumers are not satisfied with services provided.
H_{a2}: Majority of the Paytm consumers are satisfied with services provided.

There is no significant change in usage of Paytm post demonetization

H₀₃: The usage of Paytm has not increased significantly (>double) post demonetization.
H_{a3}: The usage of Paytm has increased significantly (>double) post demonetization.

Results And Discussions

The data was analysed with the SPSS tool. Cronbach's alpha score was seen to be **0.887**.

CRONBACH'S ALPHA (A) USING SPSS STATISTICS

a) Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.887	.885	23

KMO = 0.692 which is greater than 0.6 and Sig. (P-Value) < 0.05 which is an indication that component or factor analysis could be used to understand the variable with highest factor loadings.

FACTOR ANALYSIS

a. Result

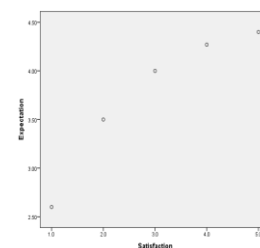
KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.682
Bartlett's Test of Sphericity	Approx. Chi-Square	710.069
	Df	253
	Sig.	.000

b) Extraction Method: Principal Component Analysis

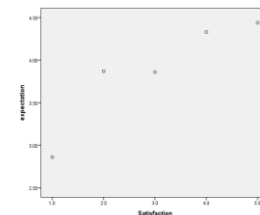
b) Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.825	34.022	34.022	7.825	34.022	34.022
2	2.029	8.824	42.846	2.029	8.824	42.846
3	1.958	8.515	51.361	1.958	8.515	51.361
4	1.558	6.776	58.136	1.558	6.776	58.136
5	1.266	5.505	63.641	1.266	5.505	63.641
6	1.142	4.963	68.604	1.142	4.963	68.604
7	.982	4.271	72.875			

Preliminary findings thoroughly indicate the dominance of Paytm in the e-wallet market. The Hypothesis was tested using the Chi Square Test. The Brand has captured more than 85% of the market which is 3 folds of all other players put together. Most respondents were highly satisfied with Paytm's services.

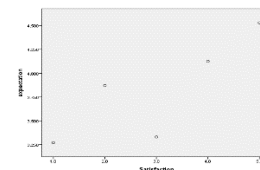
a) Offers



b) Discounts



c) Cash Back



Major concern area is Customer care where significant numbers of respondents were highly unsatisfied. Few respondents were relatively less satisfied with offers and discounts provided by Paytm. Transaction success rate and Mobile App were clear winners in favour of Paytm as far as customer satisfaction factors are considered. Effect of demonetization has shown a move towards digitization with more than 50% respondents not changing their transaction process (still using the cash transaction process) and have not changed the quantum amount of spending, more than a quarter of the respondents have doubled the spending and have shifted the transaction process utilizing both the process of internet banking and E-wallet transactions and more than 8% have increased spending by 10 folds and most of their transactions are through E wallets and plastic cards.

Suggestions

- The expectations of these new generation digital customers towards fresh and innovative offers, discounts and cash backs is always on the rise. Therefore the promoters of the E-wallet have to every now and then devise schemes and promos aggressively with respect to Offers/Discounts/cash backs to satisfy the existing loyal customers as well as to attract new ones.
- The market leader Paytm will have to increase its reach with more sellers to widen its customer base.
- The private brands need to roll up their sleeves and work hard to counter the threat that is mounting out of the unique services of (UPI) initiated and promoted by Government and banks post the demonetization exercise.
- In order to enhance their market share and grow rapidly, the established players like Paytm should work to include more product and offer variety within the segments. Higher variety in low cost products will be a good way to increase their sales volume.
- CRM execution needs to improve in this industry so as to raise the customer satisfaction levels.
- While Paytm already has an aggressive advertising strategy it should have IMC strategy to focus and promote and publicize the aspects of good security and safety measures of the services provided by them.

Conclusion

The success and failure of the change or transformation depends on its adoption, in the same line the success of the digitization depends on how fast it is catching up and the pace at which it could bring transformation and growth to the country. In this process the government's initiative of demonetization and exercising a cashless transaction process has helped in enhancing the usage of the E-wallets and E-Banking. However the E-Wallet brand like Paytm has utilized its first mover advantage and has secured wide acceptance from the customers. The Brand has to take strict initiatives to enhance the customer satisfaction and provide customer delight through their unique promotional and business strategy. However steps need to be taken by both the service providers and the Government to ensure that the Digitization is not just for the urbanites, it should also percolate down to the rural villages and semi urban areas to reap the fullest benefits.

References

- [1] Amoroso, D. L., & Magnier-Watanabe, R. (2012). Building a research model for mobile wallet consumer adoption: the case of mobile Suica in Japan. *Journal of theoretical and applied electronic commerce research*, 7(1), 94-110.
- [2] Amoroso, D. L., & Magnier-Watanabe, R. (2012). Building a research model for mobile wallet consumer adoption: the case of mobile Suica in Japan. *Journal of theoretical and applied electronic commerce research*, 7(1), 94-110.
- [3] Balaji, K. C., & Balaji, K. (2017). A study on demonetization and its impact on cashless transactions. *International Journal of Advanced Scientific Research & Development*, 4(3), 58-64.
- [4] Balan, R. K., & RAMASUBBU, N. (2009). The digital wallet: Opportunities and prototypes. *IEEE Computer*, 42(4), 100.
- [5] Bisht, A., Nair, P., Dubey, R., & Hajela, T. (2015). Analysis of the use of plastic money: A boon or a bane. *SIMS Journal of Management Research*, 1(2), 34-51.
- [6] Chauhan, S. (2015). Acceptance of mobile money by poor citizens of India: Integrating trust into the technology acceptance model. *info*.
- [7] Dennehy, D., & Sammon, D. (2015). Trends in mobile payments research: A literature review. *Journal of Innovation Management*, 3(1), 49-61.
- [8] Diniz, E., Porto de Albuquerque, J., & Cernev, A. (2011). Mobile Money and Payment: a literature review based on academic and practitioner-oriented publications (2001-2011). *Oriented Publications (2001-2011)* (December 3, 2011). *Proceedings of SIG GlobDev Fourth Annual Workshop*, Shanghai, China December.
- [9] Dospinescu, O. (2012). E-Wallet. A new technical approach. *Acta Universitatis Danubius. Economica*, 8(5), 84-94.
- [10] Fozia, M. (2013). A comparative study of customers' perception towards E-banking services provided by selected private & public sector bank in India. *International Journal of Scientific and Research Publications*, 3(9), 1-5.
- [11] Hasan, S. A., Subhani, M. I., & Osman, M. (2011). plastic money/credit cards charisma for now and then (A thin line between easy money and risky money).

- [12] Kadhiwal, S., & Zulfiqar, A. U. S. (2007). Analysis of mobile payment security measures and different standards. *Computer Fraud & Security*, 2007(6), 12-16.
- [13] Kim, E. B., & Eom, S. B. (2002). Designing effective cyber store user interface. *Industrial Management & Data Systems*.
- [14] Kotnal, J. (2017). Demonetization impact the Indian economy: A descriptive study. *International Journal of Applied Research*, 3(3), 599-603.
- [15] Kumar, S. K., & Sarvepalli, N. R. (2016). A Study on the Scope of the Virtual Wallets in Indian Market-Issues and Challenges. *International Journal of Multifaceted and Multilingual Studies*, 10.
- [16] Lai, Y. H. (2012). The study of technology acceptance for e-wallets application of clinic fees payment.
- [17] Leong, C., Tan, B., Xiao, X., Tan, F. T. C., & Sun, Y. (2017). Nurturing a FinTech ecosystem: The case of a youth microloan startup in China. *International Journal of Information Management*, 37(2), 92-97.
- [18] Madureira, A. (2017). Factors that hinder the success of SIM-based mobile NFC service deployments. *Telematics and Informatics*, 34(1), 133-150.
- [19] Mahajan, P., & Singla, A. (2017). Effect of demonetization on financial inclusion in India. *International Journal of Science Technology and Management*, 6(1), 338-343.
- [20] Markendahl, J., Andersson, P., & Mattsson, L. G. (2011). Can mobile ecosystems for technical innovations be standardized?: The case of mobile wallets and contactless communication. In *22nd European Regional ITS Conference*, Budapest, 18-21 September, 2011.
- [21] Meera, M. R., Padmaja, R., & Siddique, R. (2017). A Study on Customer Attitude towards Usage of Plastic Money in Sivakasi. *Asian Journal of Management*, 8(2), 137-150.
- [22] Mridha, M. F., Nur, K., Saha, A. K., & Adnan, M. A. (2017). A new approach to enhance internet banking security. *International Journal of Computer Applications*, 160(8).
- [23] Rani, G. (2016). Effects of demonetization on retail outlets. *International journal of applied research*, 2(12), 400-401.
- [24] Salodkar, A., Morey, K., & Shirbhate, M. (2015). Electronic wallet. *International Research Journal of Engineering and Technology (IRJET)*, 2(09), 975-977.
- [25] Sardar, D. R. (2016). Preference towards mobile wallets among urban population of jalgaon city. Dr. Ramesh Sardar, *Preference Towards Mobile Wallets Among Urban Population of Jalgaon City. Journal of Management*, 3(2).
- [26] Shin, D. H. (2009). Towards an understanding of the consumer acceptance of mobile wallet. *Computers in Human Behavior*, 25(6), 1343-1354.
- [27] Shin, D. H. (2009). Towards an understanding of the consumer acceptance of mobile wallet. *Computers in Human Behavior*, 25(6), 1343-1354.
- [28] Singh, P., Sawhney, R. S., & Kahlon, K. S. (2018). Sentiment analysis of demonetization of 500 & 1000 rupee banknotes by Indian government. *ICT Express*, 4(3), 124-129.
- [29] Swaminathan, S. (2016). Technology enabled banking facilities and satisfaction-customers' view. *Names International Journal of Management Research*, 139-143.
- [30] Swilley, E. (2010). Technology rejection: the case of the wallet phone. *Journal of Consumer Marketing*.
- [31] Tandon, D., & Kulkarni, B. (2017). Demonetization in India: the good, bad and ugly facets. *Asian Journal of Research in Business Economics and Management*, 7(1), 41-47.
- [32] Upadhayaya, A. (2012). Electronic Commerce and E-wallet. *International*

Journal of Recent Research and Review,
1(1), 37-41.

- [33] Varsha, R., & Thulasiram, M. (2016). Acceptance of e-wallet services: a study of consumer behavior. *International Journal of Innovative Research in Management Studies*, 1(4), 133-141.
- [34] Wan, J., Zeng, M., & Liang, L. (2013). Empirical Study on Usability Impact Factors of Electronic Wallet-One Card Solution within College Students. *iBusiness*, 5(03), 77.