

A STUDY ON PREFERENCE OF CONSUMERS TOWARDS M-WALLET IN SURAT CITY

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ABSTRACT

The mobile wallet, which is also called M-wallet, digital wallet, or E-wallet, refers to a mobile technology that is used similarly to a real wallet. The Mobile Wallet provides a convenient solution for any business looking to allow customers to purchase their products online with greater ease, therefore driving sales. The Indian M-wallet market is expected to grow at a compounded growth rate (CAGR) of 141 per cent to reach Rs. 30,000 crores by the end of 2021-22. After demonetization, M-wallet has seen tremendous growth. Still a number of people of India do hesitate to do online transaction and pay via M-wallet. The researcher focuses on studying preference of consumer towards M-wallet. Further focus was also towards identifying most important factor affecting choice of M-wallet. The researcher has prepared a structured questionnaire and collected 176 samples with non-probability sampling method. The findings revealed that awareness related to m-wallet is very high in Surat city. Further researcher found that Security of transaction and privacy of information were two most important factors that affect choice of M-Wallet service provider in Surat City.

KEYWORDS: *Mobile Wallet, Technology Adoption and Consumer Preference, E-commerce.*

Introduction

According to Technopedia "A mobile wallet is a type of payment service through which businesses and individuals can receive and send money via mobile devices". It is a form of e-commerce model that is designed to be used with mobile devices which provides user to pay from any place and any time and with proper training, user can access it easily. A mobile wallet is also known as mobile money or a mobile money transfer. A mobile wallet primarily enables an individual to pay as well as receive payment using a mobile device. This includes:

- **Mobile-based Billing:** A user generally sends/receive payment via their mobile service provider.
- **SMS-based transactions:** The transaction is initiated by sending an SMS short code. In this case the payment can be credited/ debited from the configured bank account, credit card or mobile service.
- **Mobile Web Payments:** Allows a user to send/receive payments via a mobile app.
- **Near-field Communications (NFC):** This uses a mobile app and special hardware built in to the mobile device to interact with a payment-processing terminal.

Growth of M-Wallet

According to a study conducted jointly by trade body Assocham and business consulting firm RNCOS the mobile wallet market was Rs. 1.5 billion in December 2016 which is expected to grow at 1522 billion by financial year 2022, expected to grow at 190 percent. The m-wallet transactions are likely to grow at a compounded annual growth rate (CAGR) of over 160 per cent to rise from just over half a billion in FY16 to 260 billion by FY22.

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Major factors that contribute to success of M-wallet are growing use of smart phone and high penetration of internet, growth of e-commerce sector, high disposal income and increasing convenience factors from Indian Consumer. The mobile wallet market in India has been greatly benefited by demonetization and its share in the total mobile payment volume transactions is likely to rise from 20 per cent in FY16 to 57 per cent by FY22," says the report. It also revealed that post-demonetization, the average wallet spend for retail has witnessed huge jump, and is expected to increase from Rs. 500-700 to Rs. 2,000-10,000 in the near term. Major Player providing m-wallet services are Paytm, PayU Money and Mobi Kwik. Along with that, most banks also operate their own wallets, such as HDFC Chillr, ICICI Pockets and State Bank Buddy. "Paytm Karo" or "use Paytm" became the new buzz as Paytm, the country's largest mobile wallet, became an alternative for cash for many. Shopkeepers, vegetable sellers, petrol pumps and even sex workers started using m-wallet services. Paytm's traffic increased by 435%, app downloads grew 200%, and there was 250% rise in overall transactions and transaction value.

Along with convenience and easy to access, mobile wallet is also having certain challenges. The omnipresent cash continues to be a popular means of payment, despite the demonetization drive. The penetration of Digital payment have only 10 percent reach in India till July, 2017. Out of total 30 million outlet in India, only one million possess the ability for digital payment. As per the reports shared together by Google and KGMP, 68% of Indian SMEs have remained completely offline. Further cash transaction is easy and favorable especially for those who do not possess technical knowledge. Another challenge is to bring copious number of shoppers who prefer cash on delivery and other modes of payment on m-wallet platform. Along with that providing security of transaction and information of customer will be top priority of companies. Companies have received success by winning customer confidence by providing completely secure, private and reliable service, 3-D or One time Password for security, data back-up system.

Review of Literature

Sardar, R.(2016) Studied "Preference Towards Mobile Wallets Among Urban Population Of Jalgaon City". The objective of the study were to find awareness and preference towards the usage of Mobile wallets in Jalgaon. Study also focused on impact of various demographic factors on the usage of mobile wallets. Further researcher has also found out reasons for refraining the usage of mobile wallet. For the study purpose, the researcher has used both primary and secondary data. For collecting primary data, the researcher has conducted survey of 60 respondents of urban area of Jalgaon. The researcher found that majority respondents preferred to use Mobile wallet payment to transfer money followed by recharging mobile or DTH payment. The hypothesis testing revealed that there is no significant difference between age, gender of the respondents and their opinion about overall usage of Mobile payments. The major reason for refraining the usage of mobile wallet was security of transaction while purchasing online. Though there were limitations related to time of study as sample size was limited.

Rathod, H.(n.d) studied "Adoption of Digital Wallet By Consumer" from Bharati Vidyapeeth's Institute of Management Studies & Research, Navi Mumbai. The study focuses on identifying factors that affect customer decision to adopt digital wallet as a mode of online payment. The study also identified various factors related to risk and challenges faced by consumers in using digital wallet. To collect data, the researcher has prepared a structured questionnaire and conducted survey of 150 smart users. The researcher has taken 9 factors that affect selection of m-wallet namely pricing, convenience, ease of use, Brand loyalty, Security, Privacy, utility of innovation, usefulness of digital wallet and discount offer. The researcher found that the most important factor that affect consumer to use m-wallet was convenience in buying product online followed by Brand loyalty. While security and safety of fund at the time of transaction found to be challenging issue for users.

Doan, N. (2014).studied "Consumer Adoption In Mobile Wallet: A Study Of Consumers In Finland". The main objective of the study was to identify factors influent the adoption of mobile wallet from the mobile users in Finland. The researcher has collected primary data with the help of structured questionnaire and conducted a survey of 100 respondents. For the study purpose, the researcher has identified eight factors that influence the adoption of mobile wallet which were Transaction fees, convenience, ease of use, Brand loyalty, Secured Privacy, utility of innovation and usefulness of m-wallet. The researcher has found that security was the most influence factor for the adoption of m-wallet.

Gap Analysis

The above literature review study revealed that very limited related to M-Wallet as payment option has been done in India and especially in Gujarat Region. Further no study has been observed regarding preference of consumer with respect to Age related to M-wallet in Surat City. Researcher has also

focused on identifying factors that affect decision of using M-wallet Service in Surat City. Previous literature reviews revealed factors but this kind of study has not been conducted in Surat City.

Research Methodology

• Objective of Study

- To study the awareness of M-Wallet in Surat City.
- To study preferred mode of payment for products purchased online by people of Surat City
- To study factor affecting decision of using Mobile Wallet in Surat City.
- To study preference related to M-Wallet with respect to Age in Surat City.
- To study preference of M-Wallet company in Surat City.

• Limitations of Study

- The study is based on Surat city so it reflects the preference of people of Surat city only. The preference of consumer towards m-wallet may vary with other geographic location
- The sample size is limited so the conclusions may not be wholly applicable to the total market.
- The limitations of non-probability sampling are worth to mention.
- The study was conducted after demonetization which has impact on using m-wallet.
- The researcher has not included Cash on Delivery as payment option for online purchase.

Methodology

This study has been undertaken with the objective of studying preference of consumer towards M-Wallet in Surat City. The researcher has collected both primary data as well as secondary data to conduct the study. The primary data has been collected with the help of structured questionnaire on the basis of five point scales, while secondary data has been collected from various books, magazines and websites. The researcher has collected data with the help of non-probability convenience sampling and survey has been conducted. Due care has been taken to include people of various age groups hailing from different socioeconomic background. The factors included to study the preference related to M-wallet were Pricing, Convenience, Privacy, Brand Loyalty, and Security of Transaction, Try out New Technology and Usefulness M-Wallet. The researcher has used 5 point Likert scale where 1 reveals extremely favorable situation and 5 reveals extremely unfavorable situation. The researcher has also done pilot testing of 25 respondents and required changes have been done. The researcher has circulated 200 questionnaires in Surat City. The sample size of study was 176. The various statistical tools used to analyze data were Weighted Average Mean, Kruskal-wallis Test.

Data Analysis

• Hypothesis Testing

H_0 : There is no association between Payment Related Application installed across various age groups.

H_A : There is association between Payment Related Application installed across various age group.

Table 1: Cross-Tabulation Related Installation of Payment Related Application with Respect to Age

		Application Installation		Total
		Yes	No	
Age	18-25	96	16	112
	26-35	12	14	26
	36-45	14	18	32
	above 45	4	2	6
Total		126	50	176

Kruskal Wallis Test Statistics

Here, Chi-square is 31.344. Value of p is 0.000 which is less than 0.05. So we reject null hypothesis. Thus there is an association between Payment Related applications installed across Age. From the cross-tabulation, it can be concluded that people having age group of 18 to 25 install payment related application most compare to other Age Group.

H_0 : There is no association between awareness related to Mobile Wallet and Age.

H_A : There is association between awareness related to Mobile Wallet and Age.

Table 2: Cross-Tabulation Related to Awareness of M-Wallet with respect to Age

		Awareness Related M-Wallet		
		Yes	No	Total
Age	18-25	88	6	102
	26-35	14	2	24
	36-45	13	2	31
	Above 45	4	0	4
Total		119	10	161

Kruskal Wallis Test Statistics

Chi-square is 21.855

Value of p is 0.000 which is less than 0.05. So we reject null hypothesis.

Thus there is an association between awareness related to Mobile Wallet and Age. From the cross-tabulation, it can be concluded that people having age group of 18 to 25 are aware more about M-wallet compare to any other age group.

To Study the Most Preferred Mode of Payment to Purchase Product Online, the Researcher has used WAM

Table 3: WAM related to Mode of Payment to Purchase online

Mode of Payment	WAM
Debit Card	3.30
Credit Card	1.54
Online Banking	1.95
Mobile Wallet	2.66

From the WAM statistics, it can be concluded that the most preferred method to pay while purchasing online is Debit Card followed by Mobile Wallet.

To Study the Most Important Factor Affecting Decision of Using Mobile Wallet, the Researcher has done WAM.

Table 4: WAM Related to Most Important Factor Affecting Decision of using Mobile Wallet

Factor	WAM
Pricing	3.32
Convenience	3.44
Brand Loyalty	3.39
Privacy	4.19
Security Of Transaction	4.14
Try Out New Technology	3.67
Usefulness M-Wallet	3.72

From WAM, it can be concluded that Privacy of Transaction is most important factor affecting decision using M-Wallet, followed by Security of Transaction.

Finding

Out of total respondents, 72 percent of respondents have payment related application in their mobile phone while 68 percent of respondents were aware about M-Wallet. Majority respondents prefer to pay via debit card while purchasing online followed by M-wallet. Data analysis also revealed that Television was the main source of information related to M-wallet service providers. WAM revealed that privacy of transaction (WAM value 4.19) and security of transaction (WAM value 4.19) were most important factors that affect decision related using M-wallet. Data analysis also revealed that more than 50 percent of M-Wallet users prefer PayTm as most preferred service provider to make online payment. 60 percent of M-wallet service users agree that in future also they will continue using M-Wallet service.

Conclusion

From the data analysis, it can be concluded that:

- The awareness related to M-Wallet is high in Surat City
- Debit card has been emerged as most preferred mode of payment while purchasing products online followed by M-Wallet in Surat City.

- Security of Transaction and privacy of information were two most important factors that affect choice of M-Wallet service provider in Surat City.
- People with age group of 18 to 25 were having maximum knowledge about M-wallet in Surat City.
- Majority of respondents agreed to continue M-Wallet service in future also which indicates that M-wallet high M-Wallet usage was not influenced by demonetization.
- Paytm was the most preferred M-Wallet service provider among people of Surat City.

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