

PREFERENTIAL USE OF M-WALLETS BY URBAN POPULATION (A CASE STUDY OF CHHINDWARA CITY ON M.P.)

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ABSTRACT

M-wallets have developed as the most important contributor in pushing economy towards cashless and electronic mode. The outpouring of smartphones and internet connectivity of 3G and 4G is mirrored in the healthy growth of Mobile-wallets in India. Mobile wallets are becoming the primary payment options in Tier I cities as peoples are started to shift towards cashless transactions but still the momentum is quiet slow in Tier II and III cities. The existing study is focused on preference towards mobile wallets among the urban population of Chhindwara city and effectively examined the impression of demographic variables on the usage of Mobile wallets. A total of 50 respondents were analyzed from the urban area of Chhindwara city and their responses were analyzed. This study will help in formulating appropriate strategies for Mobile wallet companies to tap the potential customers in Chhindwara city.

Keywords: Mobile Wallets, Electronic Payment, Demographic Factors.

Introduction

The Reserve Bank of India had started functioning on taking India towards a cashless economy and to create accountability and transparency in each financial transaction. The Union Cabinet passed many short and long terms measures to uphold digital and card-based payments to restraint usage of cash in the economy. Some of the measures comprise of withdrawal of surcharge, service charge or convenience fee on card and other digital transactions. With this, digital payment, which is already gaining its grip, is expected to gain momentum. The rise of the Smartphone as a payment tool is reflected in the sharp growth of mobile wallet transactions in the country, as per a the report of Reserve bank of India the trend is projected to develop with the introduction of unified payment interface and payment banks. Mobile wallets had been emerged as one of the most significant contributor in pushing cashless and electronic payments.

Mobile Wallet

Mobile wallet typically states as payment services functioned under financial standard and performed through a mobile device. As an alternative of paying via cash, cheques or card, user can use a mobile phone to pay for a varied range of transactions. Although the concept of using non coin centered currency systems has an extended history, it is the most advanced technology to prop up such systems which has become widely available.

Mainly, there are four types of Mobile wallets in India.

- **Open Wallets:** Which allow its users to redeem money and withdraw cash, apart only from paying for goods and services purchased, including financial services. These wallets are introduced by the banks e.g.: ICICI Bank Pockets..
- **Semi Open Wallet:** A semi-open wallet, which allow its user to transact with merchants at PoS that have a tie-up with Operator. There is no option of withdrawing cash form it. Another example for semi open is Gift Cards issued by banks.

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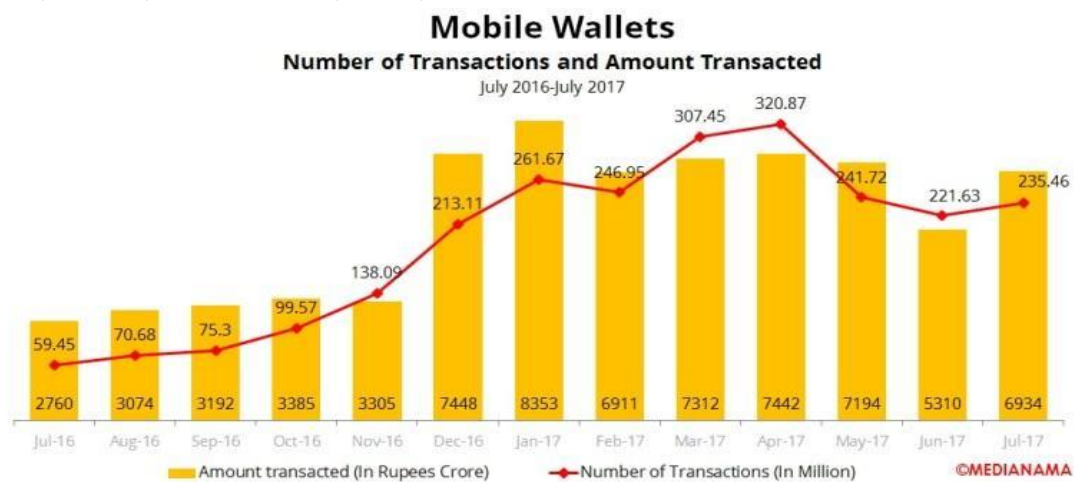
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- **Semi-Closed Wallets:** This is most popular types of wallet which can be used to buy goods and amenities, including financial amenities, at select merchant establishments. You cannot withdraw cash with them but you can transfer fund back to your bank accounts e.g.: Paytm, Mobikwik, Citrus, PayUMoney, Oxigen.
- **Closed Wallets:** It can be redeemed only for buying goods and services from a particular merchant. Refunds must be used for further dealings with same merchant. No cash withdrawals are allowed in these types of wallets. E.g.: Bookmyshow, Makemytrip.

Some of example Mobile wallets are Paytm, Mobikwik, Freecharge, ICICI Pockets, SBI Buddy, PayUmoney, Oxigen, Amazon pay, Airtel money, Ezetap, HDFC Payzapp, Jiomoney, Lime & Ola money etc.

Growth in Use of Mobile Wallets in India

Subsequently of demonetization cashless transactions displayed a magnificent growth which is majorly driven by Mobile wallet payment system.



From the above diagram we can clearly state that there is a strong growth in transaction and amount transacted via Mobile wallet throughout the year. In July 2016 the amount transacted was 2760 Crores rupees and number of transaction was 59.45 million on November 8th Demonetization took place and its clear impact is shown in December there is huge growth in amount transacted by 225% and 154% in number of transactions. After December there is steady growth in both number of transaction and amount of transaction.

Key Drivers behind the Evolution of Mobile Wallet

- **Strong Growth in Smartphone Users**
The digital payments scenery in India has saw extraordinary growth mainly energetic by enlarged Smartphone penetration. Smartphone users in India are increasing by an extraordinary rate. At present there are about 300-400 Million smartphone users in India which likely to grow up to 530 million in 2018.
- **Government Move towards Cashless Economy**
The unexpected demonetization of 1000 and 500 currency by Indian Government has made a huge shortage of paper currency in the country for a while. It leads to many people and merchants switching towards mobile wallets and other cashless transaction approaches for everyday transactions. The government afterwards introduced multiple systems to boost the use of cashless payment in India. The introduction of cashless transactions from government departments to private organizations and launching apps such as BHIM and UPI, the government is functioning hostilely towards the objective of cashless economy.
- **Improved Wireless Services**
A year ago the wireless service is restricted to 2G and 3G services only, after the introduction on 4G services the internet user penetration increased in rapid rate. With a wider coverage of network connectivity and high internet speed peoples of tier II and tier III cities are also started using Mobile wallets which is increasing the user rate at a great speed.

Benefits of Mobile Wallet

- **Benefits to Customers**
 - Anywhere, anytime transaction capability which is the essence of contiguity & liquidity.
 - No dial-up or booting requirement, as it based on wireless connectivity.
 - Availability of various offers and discounts.
 - High level of security platform adoption.
- **Benefits to Bank**
 - Added income stream through advanced user friendly services.
 - Heightened brand value through substitute sales channel in mobile payment space and thus trending towards loyalty development.
 - Encompassing value-added services through 24x7 off the table banking experience.
- **Benefits to Financial Institutions**
 - Engendering new business tips by one to one bank client relationship.
 - Empowers FIs to keep continuous connection with clients through 24x7 setups to assist their varied desires everywhere, all the time.
 - Amplified range to more customers, particularly the unbanked section due to growing mobile usage rate and thus reduced operating costs out of fewer direct teller connections in physical branches.
- **Benefits to Government**
 - Boosting government to achieve its target of Cashless India.
 - No involvement of Black money & Supporting GST indirectly.

Review of Literature

(Painuly & Rathi, May, 2016) They have analyzed that ease of transaction, secured profile and suitability in handling application put forth the benefits of wallet money and also determined that business sectors like banking, retail, hospitality etc., are making use of wallet money and mobile payment instruments comprising contactless and remote payment in the customers' business and customers to customer's areas.

(Rathore, 2016) She had analyzed about the aspects that effect consumers in adoption of digital wallet and also analyzed the risk and challenges faced by consumers in usage of digital wallet and determined that shoppers are adopting digital wallet mainly due to convenience and ease to use and in the upcoming years digital wallet will gain more widespread acceptance.

(Bindiya, 2017) They highlight the exploding m-wallets in India underlining the major players in mobile payment landscape and also explain how m-wallets have stepped into mobile payment industry as an advanced technology thereby giving close competition to other payment methods over the recent past. They had shown a special focus of launching of payment systems like UPI and BHIM app which may eat up the market share of these m-wallets.

(Mrs. R.R. Aparna, 2015) They had observed that the security issues, less technical knowledge and unavailability of internet in many places are still a major drawback for major uses of Digital Wallets in India. Development in the field of offline payment schemes for digital wallets can be beneficial. Better security against hackers is needed so that fraudulent activities do not take place.

(Amal Nair, 2016) They had concluded that, Digital wallets are swiftly going to be standard mode of online installment. Customers are getting advanced wallets at an extremely quick speed, largely because of convenience and ease of use. Technically well-informed customers are gradually demanding consistent and searching for arrangement that convey this. Upcoming years going to see rapid boost in value of Digital wallets.

Objectives of the Study

- To study the awareness and preference towards the usage of Mobile wallets in Chhindwara city.
- To study the factors influencing to opt for Mobile wallets.
- To examine the factors refraining the usage of Mobile wallets.

Statement of the Problem

Within the last few years, India has rapidly shifted towards digitalization. For example, we now have online purchases, and social communications made via short message service (SMS), e-mails and social networks on the Internet. Two significant factors that have contributed to this development are the

use of smartphone, and the use of the wireless Internet service. We are more 'on the go' than ever and get things done while we are on the go via our digital services rotating the world to become a mobile village. And when the whole thing else is mobile, the payments have to be mobile too; we must be able to pay for goods and services no matter where we are. Thus there is a necessity for an electronic wallet, an e-wallet, with which mobile payments can be made. It is therefore significant to pay devotion towards mobile payment option as cashless payment.

Methodology

Sample Size

This study was conducted in the urban area of Chhindwara city, which is located in the southern part of Madhya Pradesh. The sample size of the study was 50 respondents, consisting of urban population i.e. from urban ward of Chhindwara city. The respondents are the users of Mobile wallets. The questionnaire was distributed among 75 respondents, but we received only 50 valid responses.

Data Collection

Primary data and secondary data have been used. Primary data was collected through the structured questionnaire and the secondary data was collected from various Books, Journals, Articles, Newspapers, Magazines and Websites. The data collected were further analyzed by using statistical tools like percentages and Chi-square test.

Period of the Study

The data were collected from January 2017 to December 2017.

Hypothesis

H₀: There is no significant association between age of the respondents and their opinion about the usage of Mobile wallets

H₁: There is a significant association between age of the respondents and their opinion about the usage of Mobile wallets

Table 1: Demographic Profile of the Respondents

	Age	15-25		25-35		35-45		45-Above	
	Total Respondent	12		24		09		05	
Gender		Male	Female	Male	Female	Male	Female	Male	Female
Education level	Highschool	00	02	02	00	01	00	00	00
	Graduate	02	04	07	05	02	01	01	00
	Post Graduate	02	02	04	06	04	01	03	01
Profession	Business	02	01	11	00	03	00	04	00
	Service	00	00	00	00	02	00	00	00
	Professional	00	00	01	06	00	00	00	01
	Others	02	07	01	05	02	02	00	00
Annual Income	Lakhs	03	07	03	05	00	02	00	00
	1-2 Lakhs	00	01	04	02	00	00	00	00
	2-3 Lakhs	00	00	00	03	00	00	01	00
	3-4 Lakhs	00	00	02	01	01	00	00	00
	4 Lakhs and Above	01	00	04	00	06	00	03	01

Source: Collected Dat

The above data shows the demographic profile of M-wallet users in Chhindwara city out of total respondent's (50) out of them 28 are males and remaining 22 are females. Further they are categorized as per their age, education level, profession and annual income.

12 Users belong to age group of 15-25 years out of them 4 are male and remaining are female. Total numbers of high school are 02, graduate are 06 and post graduate are 04. 03 belong to business class and 09 belong to other class of profession. And annual income of 10 users belongs to 0-1 Lakhs, 01 from 1-2 Lakhs and 01 from 4Lakhs and above.

24 Users belong to age group of 25-35 years out of them 13 are male and remaining are female. Total numbers of high school are 02, graduate are 12 and post graduate are 10. 11 belong to business class, 07 are professional and 06 belong to other class of profession. And annual income of 08 users belongs to 0-1 Lakhs, 06 from 1-2 Lakhs, 03 from 2-3 Lakhs, 03 from 3-4 Lakhs and 04 from 4Lakhs and above.

09 Users belong to age group of 35-45 years out of them 07 are male and remaining are female. Total numbers of high school are 01, graduate are 03 and post graduate are 05. 03 belong to business class, 02 are from service class and 04 belong to other class of profession. And annual income of 02 users belongs to 0-1 Lakhs, 01 from 3-4 Lakhs and 06 from 4Lakhs and above.

05 Users belong to age group of 45 years and above out of them 04 are male and 01 is female. Total numbers of graduate are 01 and post graduate are 04. 04 belong to business class, only 01 is professional. And annual income of 01 user belongs to 2-3 Lakhs and remaining belongs to 4Lakhs and above category.

Table 2: Preference Regarding Usage of M-Wallet for Purchasing Products/Services

Products /Services	No. of Respondents	Percentage
To Transfer Money for Offline Transactions	10	20 %
To Book Air, Rail or Bus Tickets	11	22 %
To Pay Utility Bills	07	14 %
To Purchase Online Products	18	36 %
To Book Movie Tickets	01	02 %
Other	03	06 %

Source: Collected Data

As per the above table, 36% widely held of the respondents favored to use Mobile wallet payment to purchase online products followed by to book air, rail or bus tickets and so on. Least number of user's i.e. 2% only prefers to use mobile wallet for booking movie tickets.

Table 3: Related Factors influencing to opt for Mobile Wallets

Factors Influencing to opt for M-wallets	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
Instant Payment	0%(0)	0%(0)	0%(0)	16%(08)	84%(42)
Instant Refund	0%(0)	2%(1)	4%(2)	24%(12)	70%(35)
Offers and Rewards	0%(0)	0%(0)	08%(4)	42%(21)	50%(25)
Seamless Process	0%(0)	10%(5)	16%(8)	48%(24)	26%(13)
One Stop Shop	4%(2)	12%(6)	20%(10)	32%(16)	32%(16)

Source: Collected Data

From the above data it is clear that 84% of the respondents consider that instant payments is an important factor to opt for Mobile payments and 70% of the respondents believe that instant refund is one of the major factor to opt Mobile wallet and so on. Least number of users i.e. 26% consider seamless process for opting mobile wallets & 4% are strongly disagrees to use mobile wallet as one stop shop.

Table 4: Factors Refraining the Usage of Mobile-Wallets

Factors Refraining the usage of m-Wallets	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
Prefer to Use Other Cashless Payment Option (Debit/Credit Cards Etc.)	4%(2)	10%(5)	12%(6)	26%(13)	48%(24)
Concerned about the Security of Mobile Payments (Unauthorized Use, Transaction Error Etc.)	6%(3)	14%(7)	14%(7)	38%(19)	28%(14)
Complexity (Complex User Interface, Payment Option Format Etc.)	46%(23)	26%(13)	10%(5)	14%(7)	4%(2)
Don't See Value of Using Mobile Wallet Payment Option	16%(8)	24%(12)	12%(6)	20%(10)	28%(14)
Distrust (On Merchant, Telecom Operator, Financial Intermediary)	12%(6)	18%(9)	8%(4)	30%(15)	32%(16)

Source: Collected Data

From the above table it shows that 48% of the respondents are strongly agree that they prefer to use other cashless payment option (debit/credit cards etc.) over mobile wallets and 32% prefer strongly agree that they have distrust(on merchant, telecom operator, financial intermediary). One of the major outcomes was this that 46% of users are strongly disagreeing on complexity (complex user interface, payment option format etc.) i.e. they feel it's uniform to use mobile wallet.

Table 5: Overall Preference towards Mobile Wallet

Particulars	No. of Respondents (N=50)	Percentage
Low	22	44%
High	28	56%

Source: Collected Data

The overall preference towards M-wallets with reference to Chhindwara city is high as out of 50 users 28 users highly prefer mobile wallet.

Table 6: Chi-Square Test on Association between Age of the Respondents and their Opinion about Usage of Mobile Wallets

Age	Overall usage of m-Wallets			Statistical Inference		
	Low 22	High 28	Total 50	Chi Square Value	Table Value	Remarks
15-25 Years	2	10	12	15.24	14.07	X²=15.24 Df=7 TV=14.07 Significant
25-35 Years	8	16	24			
35-45 Years	7	2	9			
45- Above	5	0	5			

Source: Collected Data

*Level of Significance = 5%

Interpretation of the Table**Findings**

The above table reveals there is a significant association between age of the respondents and their opinion about the usage of Mobile wallets. Hence, the calculated value greater than table value ($p > 0.05$). So the NULL hypothesis is rejected and the alternate hypothesis is accepted.

Conclusion

Cash approach of payment is an expensive scheme for the Government. The economy needs to shift from cash-based economy to a cashless economy. This going to provide assistance for reducing currency management cost, track transactions, check tax avoidance, enhance financial inclusion and integrate the parallel economy with main stream. Movement towards being cashless is mainly going to be driven by the youth population of the country as 72% users of mobile wallet belong to that sector only. Transactions like online shopping, ticketing and paying at local shop is increasing in a significant way which is pushing economy towards cashless scheme. Users are attracted by instant payment options as 84% users strongly agree on that and more than 50% users are strongly agree on opting mobile wallet due to instant refund, offers and rewards. But still some users are not satisfied by one stop shop as it seems to curb their money to particular site only. There are various factors which are restricting the adoption of mobile wallets. As about 48% of users still prefer to use cards as a mode of payment even this is also a part of shifting towards cashless but it's restricting the growth or mobile wallet. Many users are still concerned about the security and distrust on mobile payment which must be resolved and clarify by the operator. Complexity to user was being one of the main reason of refraining to opt mobile wallet is now one of the main factors influencing to opt mobile wallets as refine and improved user interface helping old as well as new users to adopt the system properly and easily. The data shows that there is a significant association between the age of respondent and their opinion about the usage of mobile wallets. Overall there is a positive preference among the urban population of Chhindwara city towards mobile wallet. Mobile wallet is mounting at a speedy rate even now in small cities like chhindwara; peoples are shifting towards using mobile wallets as a mode of payment. There is going to be bright future for mobile wallets in small cities like Chhindwara.

Suggestions

As mobile wallet is spreading its popularity throughout the country still it need to focus on some aspects to capture more users like:

- Proper training must be given to new users as this will help them to opt mobile wallet instead of cards.
- One of the most common concerns is about the security of mobile payments; the security system must be strengthening so that people won't be scare about their money and transactions.

- The numbers of dealers presently listed are limited; therefore the mobile wallets companies should enlarge their prospects towards other untapped merchants.
- The KYC must be done frequently as it seen that Mobile wallet companies are taking a long period to complete the KYC of customer.
- Transaction limit of sending money to other user must be increase.
- Mobile Wallets Company has to create relationship with local sellers and also provide some offers with their collaboration.

Limitations of the Study and Scope for Further Research

In the real world, researchers in every arena of knowledge make the way for additional researches and this procedure drives on but all studies and researches have its own boundaries. The researchers have to face many glitches, some related to conditions or circumstances. The key limitations of the study are as follows:

- Sampling approach has been used in this study. As such the study suffers from the limitations of sampling in general. The specific limitation of this study is that it only includes response of urban population of Chhindwara city only.
- The study being part of behavioral research and primary data was collected through Questionnaire as such suffers from the subjectivity biases of the respondents.
- Again, the study is restricted to the Chhindwara city so the generalization of conclusions of the study may therefore not have universal applicability.
- The time restraint has been a key limitation of this study
- The current study is restricted to only 50 respondents of Chhindwara city. Though the care has been taken in picking the samples in the current study. But it may not be representative of the actual population.
- Further Similar studies can be undertaken for other emerging economies in the world and further, a comparison could be done.

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