

Research Article

**Doorway for Spending Autonomy: A Study on Usage of E-Wallets in Gujarat**

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**Abstract**

With the expansion of internet network the economy has boost in e-commerce together with the digitization of the payment process. Now a day, there is an increased use of various online payment methods in financial transactions like debit / credit cards, Mobile Banking, E-wallets, electronic cash, etc. Amongst all the available options, Mobile / Smart phones have facilitated doing many activities online. Mobile payments have been in use for several years and have gained its position among users as a result Mobile payments are a top most priority for banks. The E-Wallet is a new function of mobile payment that supplements a conventional wallet with many additional services. E-Wallet offers services related to banking transactions, inter account fund transfer, value-added services such as recharge, shopping, bookings and bill payments. This paper is aimed at evaluating usage and growth of E-Wallets. Moreover study analyze factors influencing and challenging while usage of E-Wallets.

**Key words:** E-wallet, Digital Wallet, Online payment, Customer adoption

**Introduction**

Smartphone has become an integral part of every individual's life. There is rapid rise in number of smart phone users as it has become more affordable. In addition to the basic function of communication, Smartphone provides range of services. This includes internet browsing for email or information excess, entertainment activities (music, movies, games etc.), socialization (like facebook, twitter and messenger like whatsapp), and even payment services. For using digital payment services on mobile phones, an application for the same is required to be installed in the devise. This application is called the digital wallet or electronic wallet or popularly mobile wallet.

Nielsen in association with Internet and Mobile Association of India (IAMI) published a report on INDIA INTERNET 2019. It has reported that India has 451 million active internet users. Nearly 2/3<sup>rd</sup> of the internet population in India is daily users. Given the affordability of Smartphone along with the availability of cheaper data plan (85% of the internet users with 4G connections), accessing internet through a mobile device has clearly become first choice for more than 98% of the internet users.

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As reported by Indian Brand Equity Foundation (IBEF) in January 2020, E-commerce has changed the business model in India. It is expected that, Indian E-Commerce market will reach US\$ 200 billion by 2026 from US\$ 38.5 billion as of 2017. With the increase in internet and Smartphone users the economy is digitally transformed. In June 2019, there were 665.31 million Internet subscribers in India. India's total internet user base is expected to rise 829 million by 2021 from 636.73 million in FY19. As a result, Indian e-commerce market is expected to grow to US\$ 200 billion by 2026 from US\$ 38.5 billion in 2017.

The recent technological advancements in designing mobile applications together with the rising Internet speed have made it possible for users to make use of those devices at any location and time for performing E-commerce transactions. Globally there is an enormous growth in Mobile payment methods over debit and credit card, because of convenience and improved security measures. However, various obstacles have been observed in the usage of Mobile payment methods; hence, some measures have to be taken for its promising future.

### **Literature Review**

As per the article published **Nitesh Behani** on Magneto on May 2019, India has more than 15 mobile wallet or e-wallet companies out of which 14 are Indian based mobile wallet companies. Amongst all of them, Oxigen Wallet was launched in July 2004 and is considered as the first ever e-wallet or mobile wallet company in India according to the date of launching.

According to the study conducted by **ASSOCHAM** in association with business consulting firm RNCOS on 'M-wallet: Scenario post-demonetization,' "The mobile wallet market in India has been greatly benefited after demonetization. M-wallet's share in the total mobile payment volume transactions was likely to rise from 20 per cent in FY16 to 57 per cent by FY22." As against the traditional methods of payment, the M-Wallet usage in India will grow at over 190 per cent and reach Rs 1,512 billion by FY22 which was just about Rs 1.5 billion in FY16.

**Taheam et al., (2016)** have studied on the usage of digital wallet among youth in the state of Punjab. The study identified societal influence, controllability & security, usefulness and need for performance enhancement are the factors that drive the usage of digital wallets.

**Roopali et al. (2016)** conducted study to find out how digitalization of payments can be considered as a boon to growth of a country's economy. Study concluded that other than security issue, respondents frequently use digital payments as it is convenient as well as time saver. Respondents are unable to use it for international transactions and also suggested to advance security mechanisms.

**Shulka, T. (2016)** carried out study on present and future of M-Wallets. Study discussed four types of E-wallets in India: open, closed, semi-open and semi-closed. Study evaluated how government agencies digital India movement and work of Telecom companies by providing 3G & 4G network, reinforced people for using smart phones.

**Kalyani, P. (2016)** in his study focuses upon presents usage, scope, advantages and disadvantages of virtual wallets specifically in India. The major issues of concern for the

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respondents are data security, phone battery, dispute resolution, market penetration and user acceptance etc. Technology adaptation among people is essential to get rise in the existing customer base.

**Salodkar et al. (2015)** have evaluated various applications like Paytm, freecharge, mobiquick etc. These applications were used for different purposes like making bill payments, doing online shopping and recharging phones etc. Some of these applications have enabled to perform all the financial transactions via app itself through their own portals it is required to link users' credit / debit card number with the application to make use of services provided by app. The paper further studies different characteristics, needs and risks of electronic payments. The researchers were of the opinion that E-wallets provide comfort and ease to shop and pay online in least possible time.

**Manikandan, S. & Jayakodi, J. (2017)**, conducted study on consumer adoption of mobile wallet in Chennai city. Study identified users are satisfied with the mobile wallet services and will alter other mode of online payment in near future. Security and safety are major challenge in usage of Mobile wallets.

**Padiya, J. & Bantwa, A. (2018)**, deliberated adoption of E-Wallets in post demonetization period and found that E-wallets are used as mainstream for mode of payment by the respondents. Study also indicated that tendency of people that not to move out of their comfort is the main reason for less usage. In addition to this, long processing time, security breach & pricing are important issues in deciding the adoption of E-Wallets.

**P. Sarika & S. Vasantha (2019)**, studied impact of Mobile wallets on cashless transaction and concluded that usage of e-payment among users have drastically increased after demonetization and suggested to strengthen & improve internet security to overcome cyber fraud.

**M. Nandhini & K. Girija (2019)**, evaluated customer perception regarding E-Wallets. The studies revealed that people adopted E-Wallet as an alternative payment method and are utilizing only few services available in application. Study suggested to add more value added services to increase the usage of E-Wallets among people.

### **Research Methodology**

**Research Gap:** Many researchers have studied digital payment methods and its impact on Indian economy; however majority studies were made either on selected mobile wallet channels or the challenges faced in usage. Nevertheless, study on E-wallet covering preference over other payment methods, factors influencing and challenging faced while usage on E-Wallets have not been conducted.

Here, for concentrated result, researcher has focused on most used 7 E-Wallets in Gujarat: Paytm, Google Pay, PhonePe, Amazon Pay, Mobikwick, Oxigen, BHIM. This concentrated selection is made to drive out a meaningful conclusion.

### **Objectives of Study**

1. To identify the customer perception, preferences and usage pattern with respect to E-Wallets.

2. To examine the reasons for acceptance of E-Wallets.
3. To analyze factors influencing and challenging faced in adoption of E-Wallets

**Research Sample:**

Study is exploratory in nature. Primary data were collected during April 2021 using non-probabilistic convenience sampling technique. To collect responses from E-Wallet users across the state of Gujarat, structured online questionnaire was send to large mass. Out of which, during the research period 549 valid responses were received and considered for this study.

**Data Analysis & Interpretation**

**Table 1 Demographic Profile of the Respondents is as follows:**

Demographic Variables	Categories	No. of Respondents	(In %)
<b>Gender</b>	Male	378	68.85 %
	Female	171	31.15 %
<b>Age</b>	15-25 years	102	18.58 %
	26-40 years	363	66.12 %
	41-60 years	78	14.21 %
	More than 60 years	6	1.09 %
<b>Occupation</b>	Student	177	32.24 %
	Service	171	31.15 %
	Professionals	117	21.31 %
	Business	42	7.65 %
	Housewife	30	5.46 %
	Retired	12	2.19 %
<b>Monthly / Family Income (in Rs.)</b>	Below 25,000	99	18.03 %
	25,000 - 50,000	147	26.78 %
	51,000 - 75,000	93	16.94 %
	76,000 - 1,00,000	96	17.49 %
	Above 1,00,000	114	20.77 %

Table 1 represents Demographic profile wherein 69% are male & 31% are female respondents. Most of the respondents (85%) fall in the age group of below 40 Years, which clearly demonstrates that young generation is techno-savvy and ready to adapt new trends. Occupational data of E-Wallet users shows 32% are Students followed by Service (31%) and Professionals (21%) on the other hand retired and House wife comprises very less participation in E-Wallet users. This may be result of less number of financial transactions to deal with. Around 27% of the respondents fall in the monthly / family income group of Rs. 25,000 – 50,000 followed by 21% of the respondents in the income group of above Rs. 1,00,000.

**Chart 1 E-Wallets Utilization**

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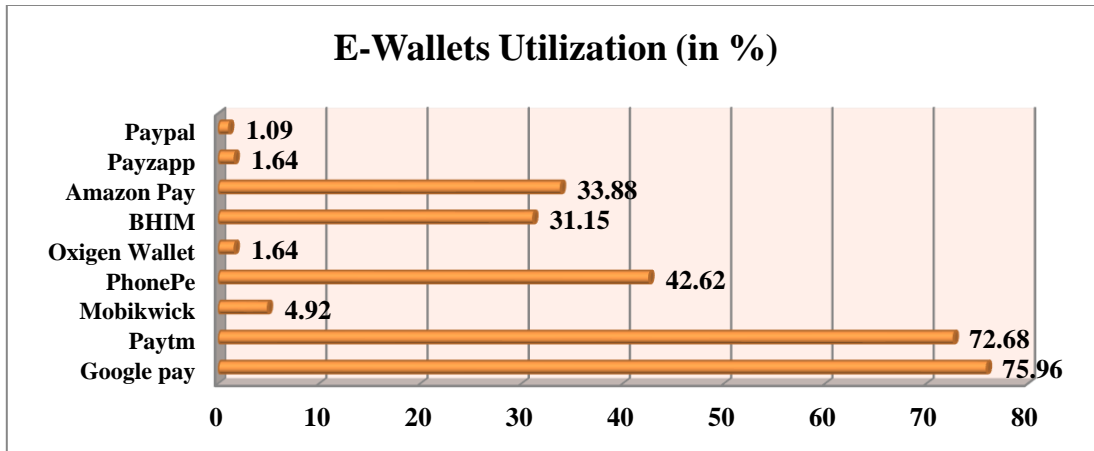


Chart 1 above shows various E-Wallets utilized by the respondents. Google Pay is highest utilized with around 76% respondents followed by Paytm with 73%, PhonePe (43%) and Amazon Pay (34%). Other E-wallets are least popular and used by the respondents.

**Chart 2 Source of information about E-Wallets**

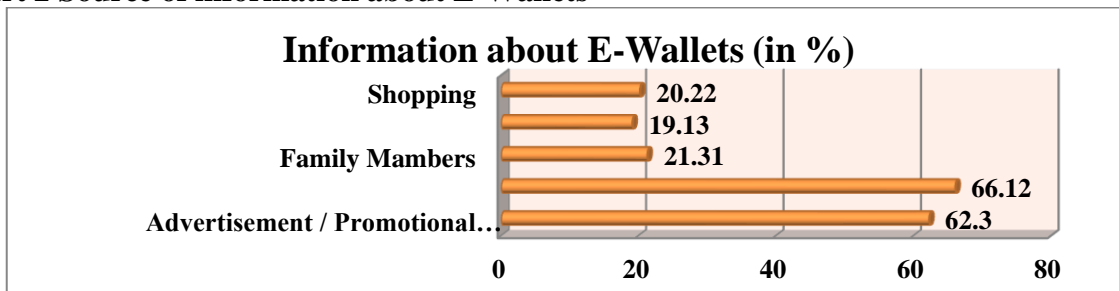
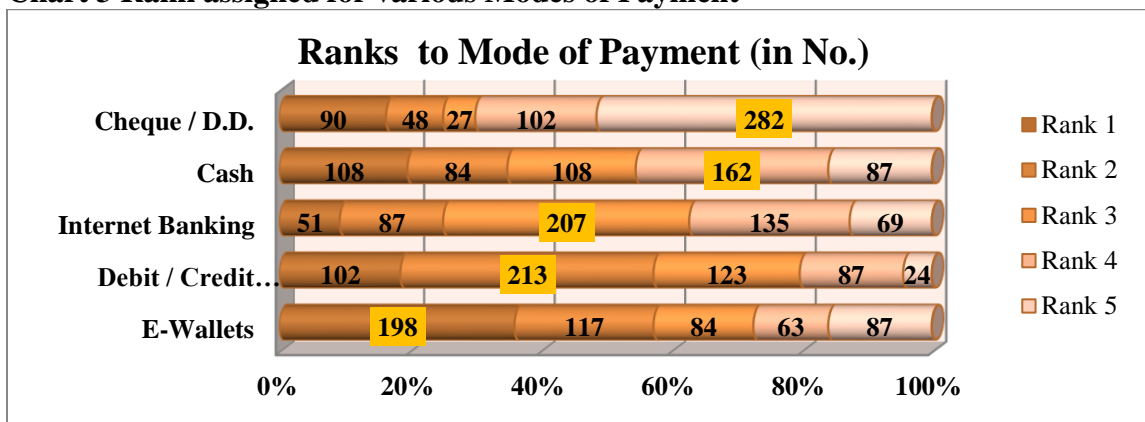


Chart 2 displays the information source of E-Wallets. Friends (with 66%) found to be most likely source of information followed by Advertisement / promotional activities (62%). Banks, shopping destination and family members (with nearly 20%) found to be less likely to provide information about E-Wallets. Here also people receive information from multiple sources.

**Chart 3 Rank assigned for various Modes of Payment**



Respondents were asked to rank the given Mode of payment from Rank 1 (Most Preferred) to Rank 5 (Least Preferred). Chart 3 shows among given 5 modes of payment, out of 549

respondents, majority assigned Rank 1 to E-Wallets (198), Rank 2 to Debit / Credit Card (213), Rank 3 to Internet Banking (207), followed by Rank 4 to Cash (162) and Rank 5 is assigned to Cheque / D.D. (282).

**Chart 4 Frequency of usage of various Modes of Payment**

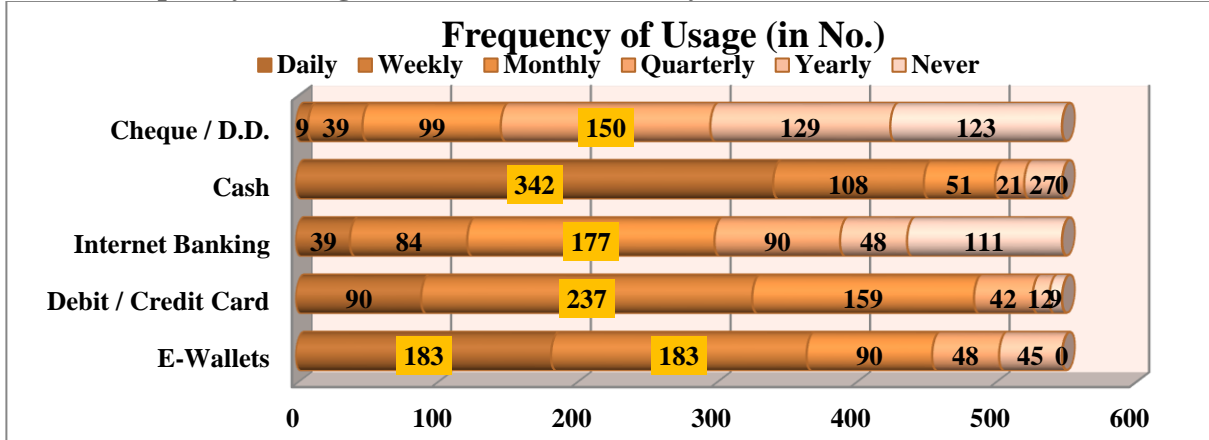


Chart 4 represents the frequency of usage of given modes of payment. In the contrast to the preferred mode of payment wherein majority of the respondents rated Cash at 4<sup>th</sup> Rank, in frequency of usage more than 62% respondents use Cash on daily basis. More than 65% of the respondents are using E-Wallets either daily or weekly. This clearly indicates the steady rise in the usage of E-Wallets. Then after, more than 50% respondents use Debit / Credit Card weekly. Cheque / D.D. is least common mode of payment among respondents.

**Chart 5 Monthly amounts spent through E-Wallet (in Rs.)**

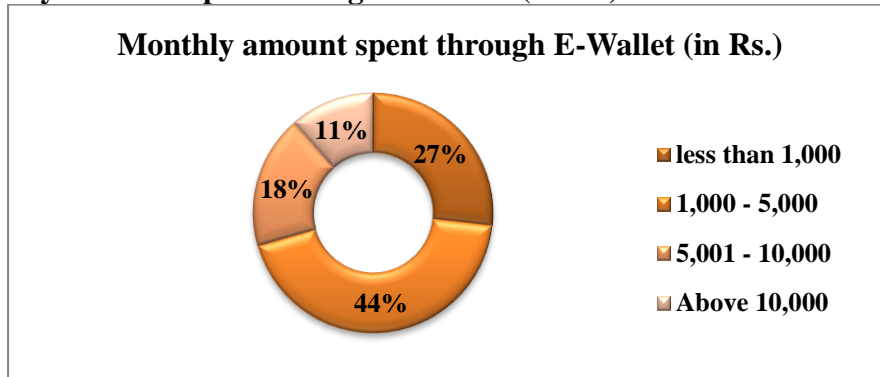


Chart 5 given above displays the monthly amount spent via E-Wallet, in which 44% respondents spend less than Rs. 1,000. This may be because significant number of respondents falls in Students category. Followed by it, 27% of the respondents monthly spend Rs. 1,000 – 5,000 through E-Wallets. There are very few (11%) people who spend more than Rs. 10,000 via E-Wallets. This indicates that customers use E-Wallets frequently for daily transactions but for transactions involving larger amount usage of E-Wallet is limited.

**Chart 6 Purpose of using E-Wallets**

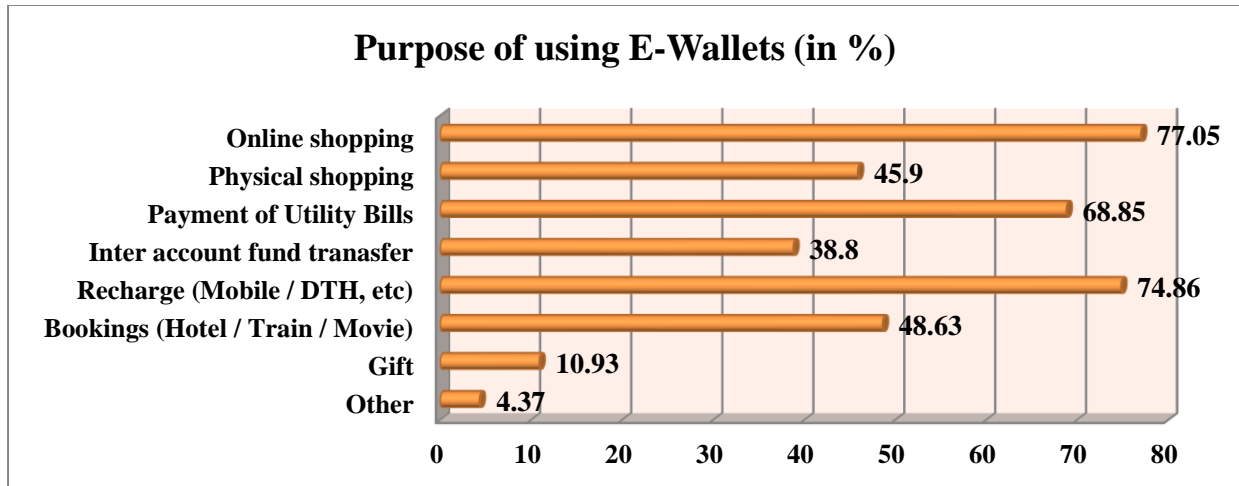
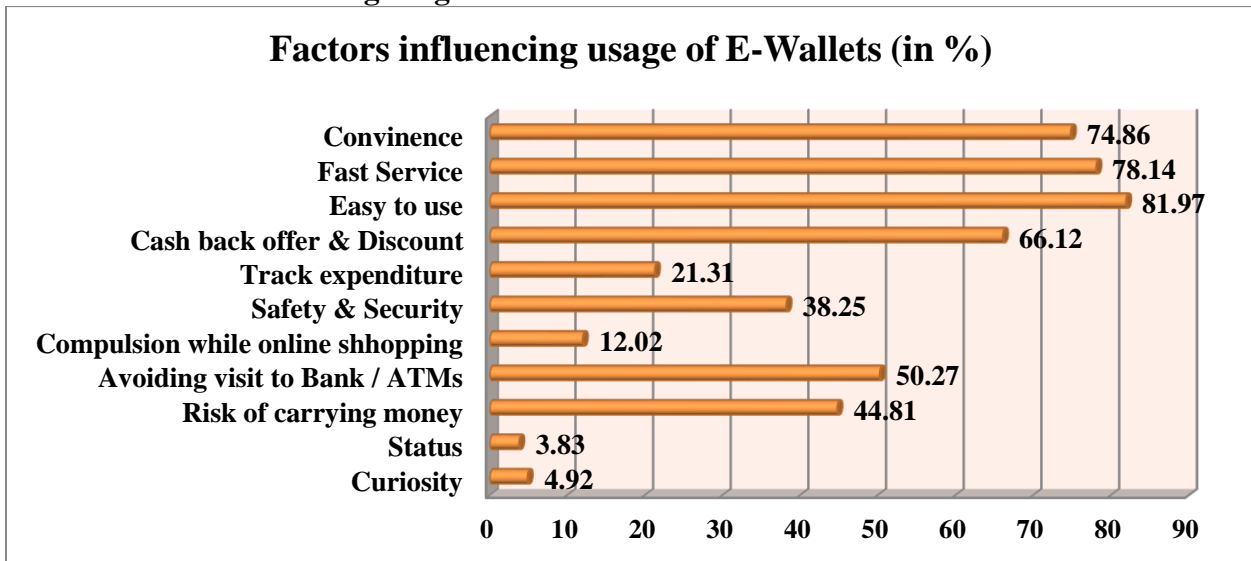


Chart 6 above discloses the purpose for which respondents prefer E-Wallets. Online shopping (77%), Recharge (75%), and Payment of utility bills (69%) found extensively prefer activity through E-Wallets. Very few respondents use it as gift or for any other purpose like payment of rent, local taxes and in cash of emergency.

**Chart 7 Factors influencing usage of E-Wallets**



Respondents are of the opinion that (Chart 7) ease in usage (82%), fast service (78%) and convenience (75%) are influencing them to use E-Wallet Services. Significant numbers of the respondents are considering cash back & discounts offered as driving force for using E-Wallet. Status and curiosity does not affect their intension to use E-Wallet services.

**Chart 8 Challenges faced while using of E-Wallets**

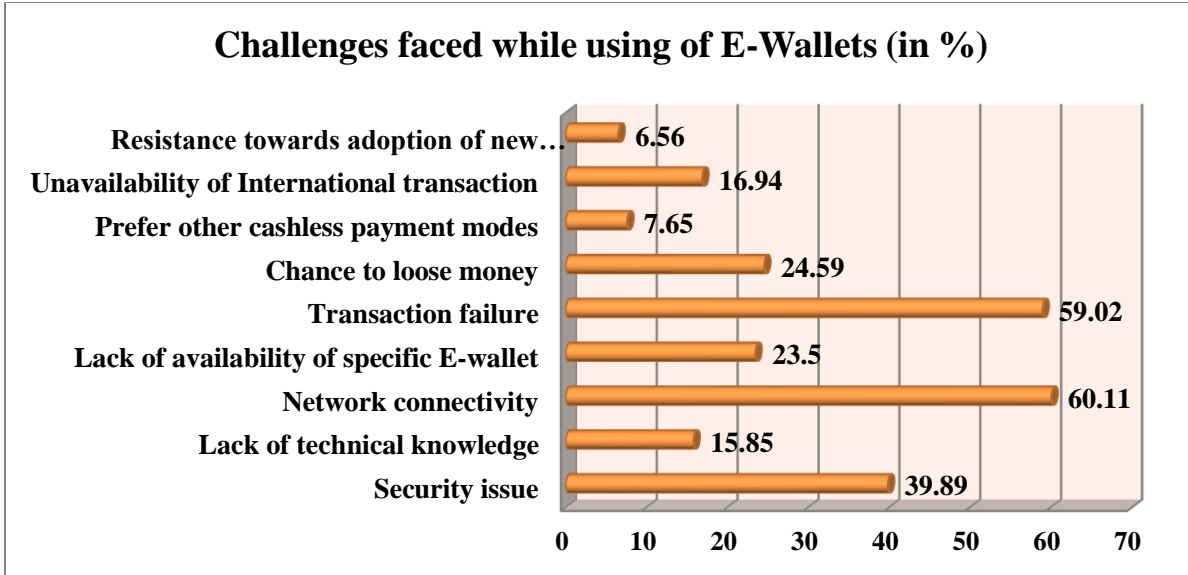


Chart 8 shows various challenges encountered by the respondents while using E-Wallets. Network connectivity (60%) and Transaction failure (59%) are major problems encountered in E-Wallet usage. Other challenge faced by user is security issues (40%). Resistance in adoption of new technology and other cashless payment mode least concern while using E-Wallets.

### Conclusion

In the era of digital transactions, E-Wallets provide mobility to customers as well as vendors. As per data of RBI in last three years volume of E-Wallet transaction increased by more than 5 times, while Value of E-wallet transactions increased by more than 10 times in India. This rise is seen due to increase in smart phone users and reduction in data charges by telecom companies, another driving force behind this E-wallet usage is growth of E-Commerce industry. According to predictive studies made by various institutional researches this rapid growth will continue. As Gujarat is hub for manufacturing and retail sectors of India, similar trend will be observed in near future.

In this scenario, the key challenge is continues high-speed data which can confirm transaction in real time, another hinder aspect for E-Wallet transaction is weak Cyber Crime Regulations in India. In India, still majority of market is operating through traditional method therefore frequency of cash transaction is very high. However, as more and more companies are coming on E-Commerce platform, E-Wallet transactions are anticipated to grow at the fastest pace during future period as people find it easier to transact online rather than standing in queue.

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