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An Analytical Study on Adoption of Digital Wallet and Its Effect on Consumer Behaviour (A Research Conducted in Delhi NCR)

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ABSTRACT
This study on adoption of digital wallets and it's effect on consumer behaviour was conducted to determine if and what has been the contribution of digital wallets in a cash-based payment system. Practically, this research will be useful for the business stakeholders of digital wallets who would like to expand the business to earn more market share. Subsequently, the author discussed the risks and challenges faced by consumers while using digital wallets and highlights remedies which successfully overcome these barriers.

Keywords: *Digital wallets, mobile payment, e-wallets, electronic payment system*

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INTRODUCTION

Since most recent few years, the use of computerized wallets has taken a significant jump. Computerized wallets have been incorporated as instalment elective by numerous e-business players alongside existing net managing an account or card-based instalment techniques. With cell phones turning into an indivisible piece of one's life and subsequently a helpful method for making digitalized instalments, the appropriation of advanced wallets has been hugely expanding. Through computerized wallets, the instalment framework with gigantic progression in innovation has moved toward becoming profoundly purchaser inviting, in fact that the success of the mobile commerce can be attributed to the personal nature of wireless devices [1]. With consistently growing level of penetration of versatile PDAs, advanced wallets have been expected to get the following reasonable walk travel to a cashless society. Till date generally a smaller number of people have been using advanced wallet, when contrasted with cell phone clients.

In a country, for example, India where bigger piece of customers still supports cash-on-delivery, it is hard to secure the pace of procedure of advancement dissemination, for example, computerized wallets. According to RBI data, m-wallets have already surpassed mobile banking in volume terms. For the year 2014–15, the volume of mobile banking transactions stood at 171.92 million, compared to 255 million m-wallet transactions. The number for credit card and debit card stood at 21.11 million and 553.45 million, respectively.

However, on April 17, 2017 RBI had issued draft guidelines for prepaid payment instrument (PPI) licence holders in March and several had flagged issues such as know your customer (KYC) norms. Mobile wallet company executives expressed their concerns to Reserve Bank of India officials over the proposed guidelines for the sector.Currently, e-wallets and other such prepaid payment instruments can only hold up to Rs 20,000 per user with minimum KYC. As per the draft guidelines, these PPIs will have to move to full KYC details within 60 days of the PPI licence being issued.

India will surpass 200 million cell phone clients, besting the US as the world's second biggest cell phone advertise before the finish of 2020 because of expanding infiltration of reasonable shrewd cell phones in the nation. As indicated by TechSci Research's report, India's versatile wallet market could reach $6.6 billion by 2020.

Kinds of wallets

There are three kinds of versatile wallets in India, i.e., open, semi-open and closed.

Open Wallets

Open wallets must be issued by the banks. They enable you to buy merchandise and enterprises, money withdrawal at ATMs and to exchange reserves. For Example: -

Vodafone M-pesa

Vodafone M-pesa cases to be India's biggest money out system, with more than 85,000 M-pesa specialists spread the nation over. The administration gives you a chance to send cash to anybody, to revive pre-paid numbers, DTH associations, post-paid Vodafone numbers, service bills and internet shopping. Cash can be exchanged to bank by means of its inbuilt IMPS benefit, or to a portable number. DTH and paid ahead of time revives should be possible through m-pesa for nothing.

Vodafone M-Pesa is the perfect advanced wallet for everybody for it is accessible both as an application and furthermore in USSD mode by means of short code *400# for all cell phone endorsers of access and utilize. It engages clients to digitize money, influence instalments for utilities, to embrace exchanges, for example, charge instalment, revives, dispatch to family and companions as well as pull back money whenever it might suit them from about 1,30,000 touch focuses the nation over.

Semi-open Wallets

They have a particular contract with the backer to acknowledge the instalment instruments. They will enable you to purchase products and enterprises or perform money related administrations at unmistakably distinguished dealer areas. For Example:

Paytm

Paytm began with portable energizes, DTH designs, and bill instalments, and afterward propelled a web-based business commercial center in February 2014. Its wallet accomplices incorporate Uber, Book-my-show, and Makemy-trip, alongside others in classes, for example, shopping, travel, excitement, and sustenance. It has a permit from RBI to set up an instalments bank, empowering it to offer current and investment account stores, issuing check cards and offering Internet managing an account administration.

Paytm in under 15 months of dispatch has accomplished 50 million portable wallet clients with more than 16 million remarkable executing wallets in a month. What's more, it intends to procure 100 million portable wallets before the finish of 2015. Amit Lakhotia, Vice President, Paytm stated, "Versatile wallet appropriation is developing quickly in India and individuals are ending up increasingly open to utilizing the same. Purchasers are getting to be open to sparing their cards and keeping cash in these wallets. We now have in excess of 20000 traders where the client can pay with paytm wallet."

Closed Wallets

They are accounts issued by an organization to a customer for purchasing products and ventures only from that organization. Here a specific measure of cash is secured with the organization instance of a cancelation or return of the request, or gift vouchers. For Example:

Ola Money

Ola, India's most famous portable application for transportation, incorporated with Unified Payment Interface (UPI); to additionally streamline computerized instalment alternatives for many clients. This reconciliation will enable Ola clients to utilize their one of a kind UPI IDs to pay for every one of their rides on the Ola stage. UPI reconciliation will prompt one of the speediest methods of instalment for many Ola clients.

While making instalments for their Ola rides, a client will now have an alternative called 'Pay by UPI' alongside money, charge/Mastercard choice and the most favoured Ola Money wallet. Once the clients enter their extraordinary UPI handle on the instalment page, an 'influence instalment' to ask for shows up on the screen. The clients would then be able to enter their 4-6-digit extraordinary UPI exchange stick and the exchange is finished.

Benefit of using digital wallet to various parties

Advanced wallet seems, by all accounts, to be helpful in producing genuine income stream to every one of the partners of versatile biological system like-clients, banks, portable administrators, money related organizations.

Advantages of Clients

- *Easy Accessibility:* Using a mobile wallet for day to day transactions is really simple to begin with. Downloading the app and creating a user ID and password is all you need to do here. It is as simple as logging in to your Gmail or Facebook account from your smart phone.
- *Incentives and Promotions:* Each wallet comes with its own set of incentives. E-wallets give plenty of money saving avenues through discounts, cashbacks, offers and free gifts
- *Fast:* Like other mobile payment methods, an e-wallet payment is almost instantaneous, requiring just a simple wave of your phone. Once a payment has been made, the transaction is automatically recorded for later viewing. Time convenience was found to be an important factor in adoption of digital wallets and its intention to use [2].

Advantages to Bank

- Ensuring improved consumer loyalties and their maintenance together with guide showcasing promos for custom-made offerings to customers [3].
- Generating new business leads by coordinated bank customer relationship.
- Enables FIs to keep consistent association with customers through 24x7 configurations to serve their different needs all over, constantly.
- Increased reach to more clients, uniquely the unbanked section because of expanding portable utilization rate and in this way fewer working expenses out of less immediate teller co-operations happened physical branches.

OBJECTIVES OF THE STUDY

- To study the factors that influence consumer adoption of digital wallets.
- To study the risk and challenges faced by consumers while using digital wallets.

- To identify the consumer preference and usage pattern with respect to digital wallets.
- Identify the impact of demographic shift towards digital wallets.

ANALYTICAL TOOLS

Simple statistical tools have been used in the present study to analyse and interpret the data collected from the field. The study has used percentiles method and the data are presented in the form of tables and diagrams.

DATA ANALYSIS AND INTREPRETATION

Interpretation

From the Figure 1 and Table 1, we can say that 37% of our respondents are more than 40 years of age, 14% of our respondents are less than 20 years of age and most of the respondents are between the age of 20–30 years.

Therefore, we can conclude that our target population is diverse in age and relevant to our study from Delhi NCR region.

- Which mode of payment do you use for online transactions?

(Since respondents could choose multiple options hence each option has count in totality)

From the Figure 2 and Table 2, we can say that 93% of the people use digital wallets for online transactions, 84% of the people use online banking methods and 79% of the respondents use debit cards while only 67% of the respondents use credit cards which is the lowest of all the modes of online payment.

So, we can say that digital wallets have the highest percentage of users followed by online banking and debit cards.

- How often do you use digital wallets?

From the Figure 3 and Table 3, we can say that 26% of the respondents use digital wallets daily for online transactions, 42% of the respondents use digital wallets 2–3 times in a week and 23% of the respondents use digital wallets only once a week while the rest 9% of the respondents rarely use digital wallets for online payment.So, we can say that majority of the people use digital wallets either daily or at least once a week.

According to you, what are the advantages of using digital wallets?

(Since respondents could choose multiple options hence each option has count in totality)

From the Figure 4 and Table 4, we can say that 87% of the respondents feel that digital wallets are easy to use, 72% of the respondents prefer digital wallets because of its 27*7 availability, 67% of the respondents prefer digital wallets because of the discounts it has to offer and 76% of the respondents feel that digital wallets transactions are more secure than traditional transaction methods.

So, we can say that due to a variety of features offered by digital wallets our respondents in Delhi NCR prefer to use digital wallets.

- Rate your satisfaction level with the digital wallet that you use?

From the Figure 5 and Table 5, we can say all the respondents only most of the respondents are satisfied from trust, safety, acceptability and customer care benefits of the digital wallets, i.e., 36%, 42%,41%, and 46% respectively. Many of the respondents are dissatisfied and do not find digital wallets fulfilling on grounds of trust, safety, acceptability and customer care which is the second highest number of respondents in totality. Rest of the respondents are either highly dissatisfied or

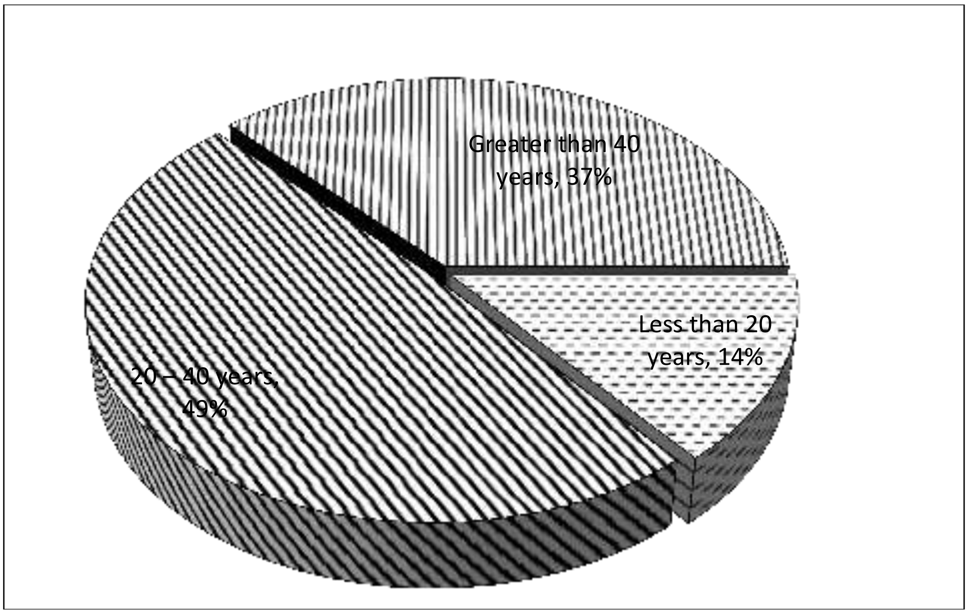

Fig. 1. *Age of respondents.*

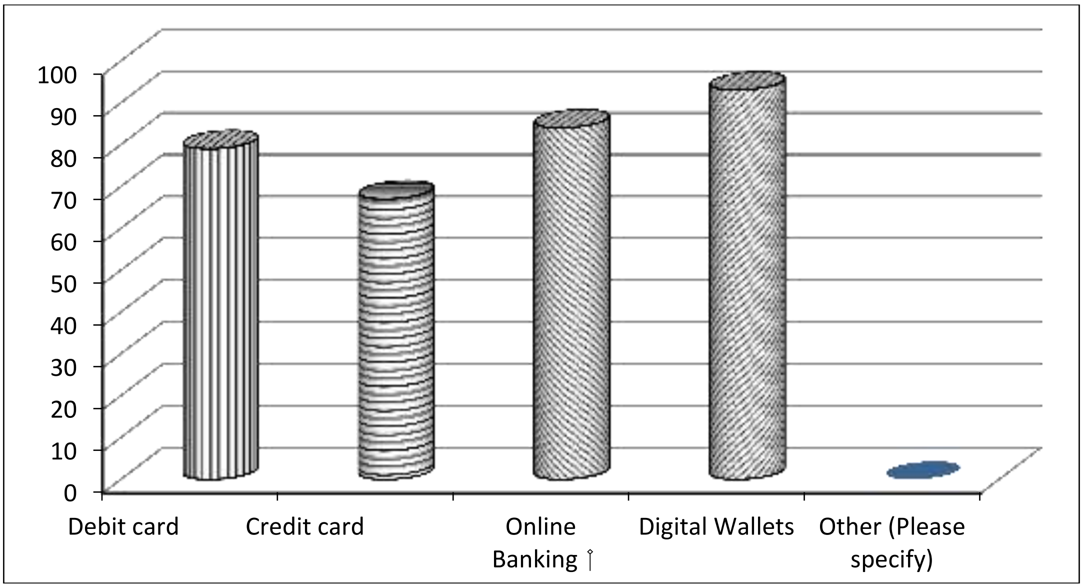

Fig. 2. *Respondents preference towards mode of online payment.*

Table 1. *Age of respondents.*

Age	Percentage
Less than 20 years	14
20–40 years	49
Greater than 40 years	37
Total	100

Table 2. *Respondents preference towards mode of online payment.*

Option	Frequency based on count
Debit card	79
Credit card	67
Online Banking	84
Digital Wallets	93
Other (Please specify)	0

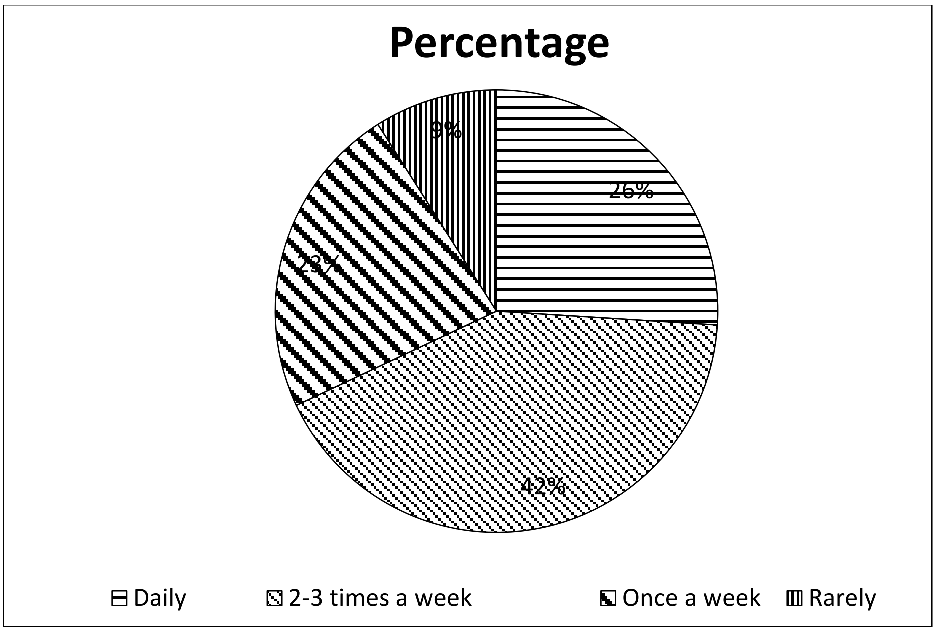

Fig. 3. *Respondents frequency of using digital wallets.*

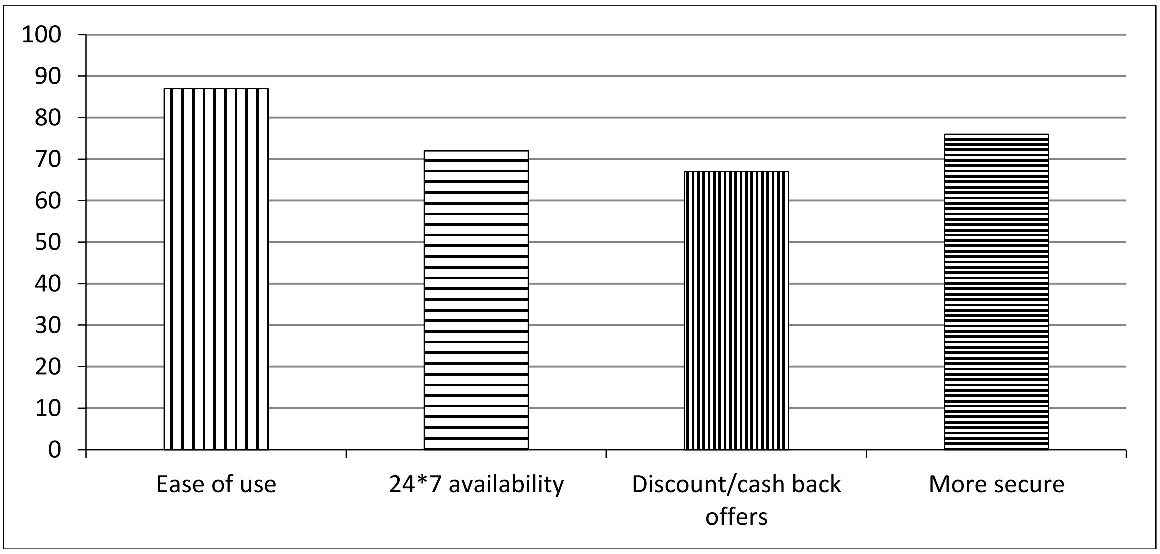

Fig. 4. *Respondents perceived advantages of using digital wallets*

Table 3. *Respondents frequency of using digital wallets.*

Option	Percentage
Daily	26
2–3 times a week	42
Once a week	23
Rarely	9
Total	100

Table 4. *Respondents perceived advantages of using digital wallets.*

Option	Frequency based on count
Ease of use	87
24*7 availability	72
Discount/cash back offers	67
More secure	76
Total	100

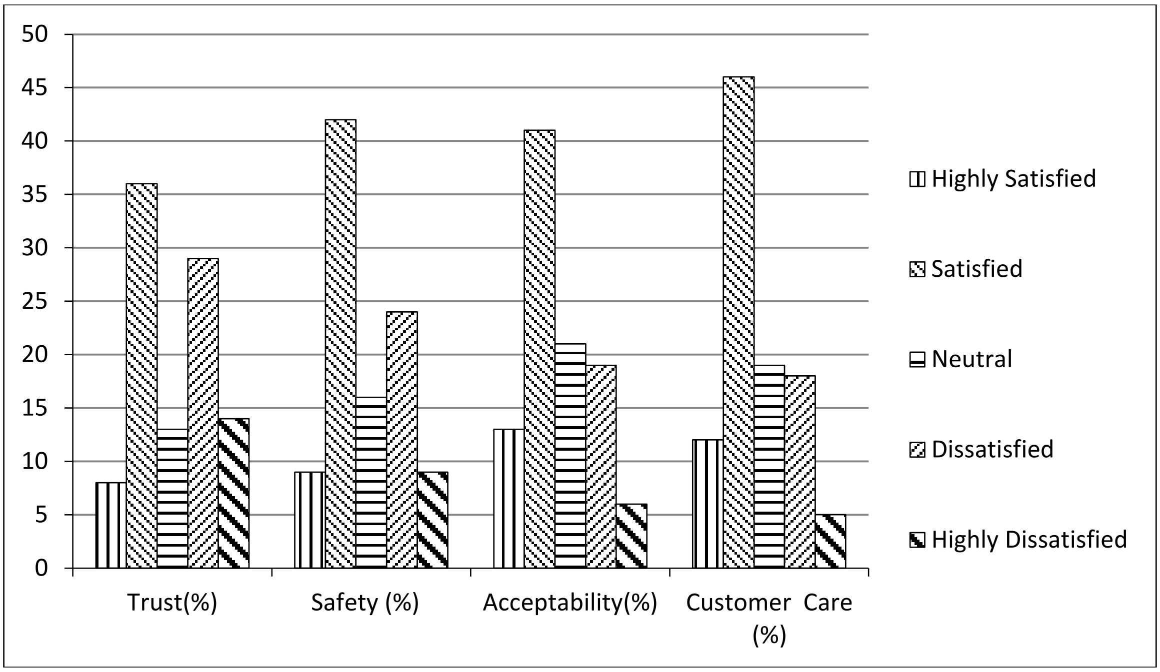

Fig. 5. *Respondents level of satisfaction towards digital wallet based on trust.*

Table 5. *Respondents level of satisfaction towards digital wallet based on trust, safety, acceptability and customer care.*

Satisfaction Level	Trust (%)	Safety (%)	Acceptability (%)	Customer Care (%)	Total
Highly Satisfied	8	9	13	12	42
Satisfied	36	42	41	46	165
Neutral	13	16	21	19	69
Dissatisfied	29	24	19	18	90
Highly Dissatisfied	14	9	6	5	34
Total	100	100	100	100	400

highly satisfied about the trust, safety, acceptability and customer care factor of digital wallets, i.e., 34 and 42 respectively.

What are the challenges you face while using digital wallets?

(Since respondents could choose multiple options hence each option has count in totality)

From the Figure 6 and Table 6, we can say that majority of our respondents are concerned about the problems with poor internet connectivity and cybercrimes on the digital platforms i.e. 41% and 67% respectively whereas only a few respondents face problems such as lack of technical knowledge or low acceptability rate of these digital payment system, i.e., 11% and10%. So, we can say internet connectivity and cybercrime remain the areas of problem for the consumers in Delhi NCR.

Do you think that the digital wallets can be an alternative of payment & can substitute the cash-based payment system?

From the Figure 7 and Table 7, we can easily comprehend that majority of our respondents, i.e., 58% (Agree) and 14% (Strongly Agree) from Delhi NCR region believe that digital wallets can be an alternative choice of payment and can replace the already existing cash economy

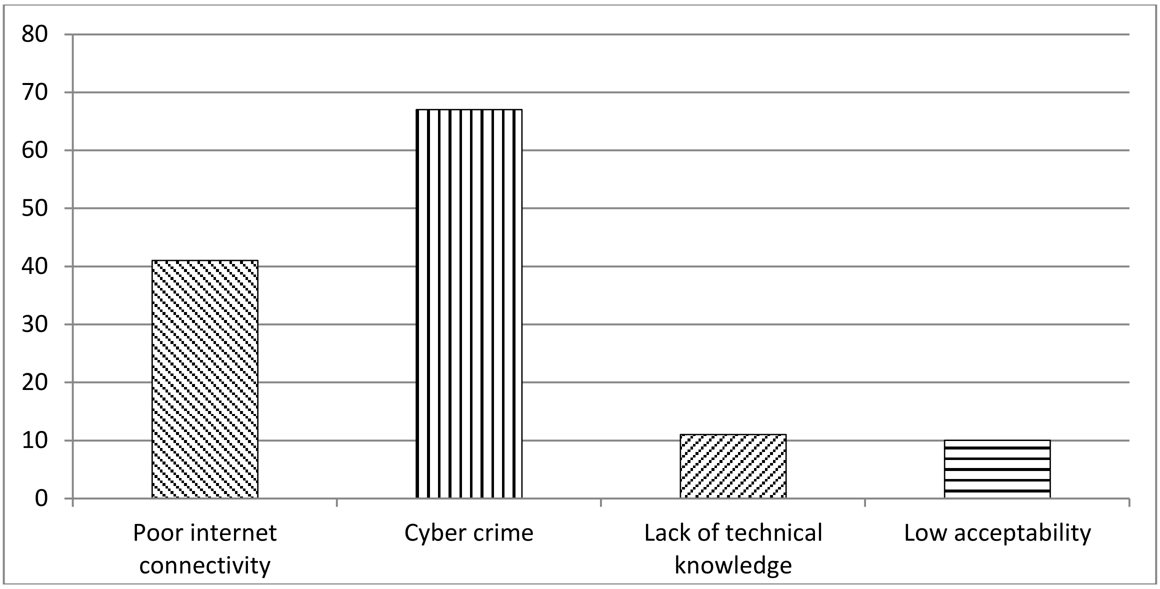

Fig. 6. *Respondents perceived challenges of using digital wallets.*

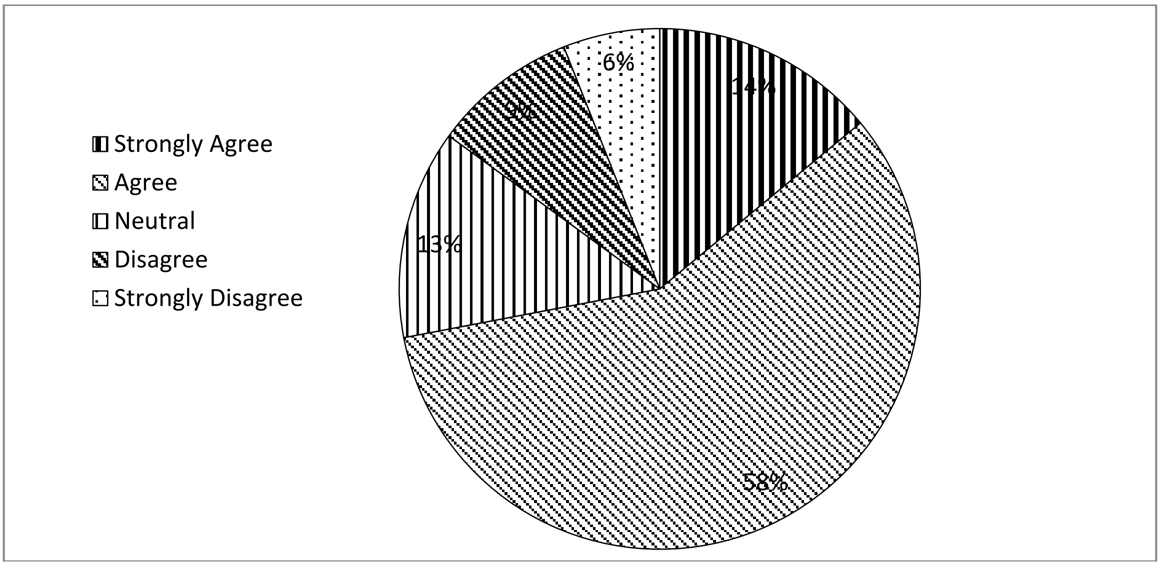

Table 6. *Respondents perceived challenges of using digital wallets.*

Option	Frequency based on Count
Poor internet connectivity	41
Cyber crime	67
Lack of technical knowledge	11
Low acceptability	10

Table 7. *Respondents opinion whether digital wallet will replace cash-based payment system.*

Option	Percentage
Strongly Agree	14
Agree	58
Neutral	13
Disagree	9
Strongly Disagree	6
Total	100

while only a few respondents, i.e., 9% (Disagree) and 6% (Strongly Disagree) that digital wallets will be able to substitute to the cash based economy.

FINDINGS

- The respondents in our sample are aware about the online transaction and payment system offered by various platforms.
- 49% of the sample participants use digital wallets either daily or at least once in a week.
- Majority of the respondents are assured about the various advantages of using digital wallets such as ease of use, 24*7 availability and the security offered by these digital payment methods.
- Most of the respondents are satisfied with the trust, safety and acceptability and customer care experience while many other respondents are dissatisfied most of whom belong to an age group of above 40 years.
- Out of the total respondents, 41% of the respondents in Delhi NCR are concerned about the issue of Internet connectivity and 67% of the respondents about the threat of cybercrimes on these digital platforms.
- Majority of the respondents either strongly agree or agree that digital wallets can be an alternative of payment system to replace the existing cash-based system.

RECOMMENDATIONS

Following were the recommendations of the study

- Those marketers should conduct marketing and promotion programmes so as to create awareness among the non-users of digital wallets.
- Those marketers should offer discounts and reward points to its customers for making payments through digital wallets so as to increase its popularity and adoption by the customers.
- That efforts should be made to educate the customers of digital wallets about the benefits it has to offer while simplifying the payment method and providing a hassle-free experience to its customers [4].
- That the service providers should provide additional security to its customers while doing transactions for billing and purchase.
- That the service providers of digital wallets should advertise more about their product in the mass media.
- That service providers should find solutions to provide their services in areas of poor internet connectivity to provide a better experience to its customers of digital wallet.

LIMITATIONS OF THE STUDY

- The time available to conduct the study was limited. Being a wide topic, I had limited time to conduct my research.
- Limited resources were available to collect the information from the respondents.
- The primary data has been collected through a structured questionnaire with a sample size of 100 respondents, which may not reflect the opinion of the entire population.
- This study was conducted in a limited region of Delhi NCR. A study in a different region may have a different conclusion.
- It is a difficult task to understand consumer behaviour as consumer behaviour in dynamic in nature and keeps on changing [5].

CONCLUSION

This study highlights different factors that motivate people to use digital wallets and other electronic modes for making payments. The respondent s in Delhi NCR have been found to be satisfied using digital wallets due to its advantageous features such as ease of use, security, acceptability and customer care response among others. The study indicates that the respondents would prefer using any type of digital wallet due to one or more of these identical features. Hence, marketers should base their policy for promoting their digital wallets around these features that people consider important while using their products and services. Digital wallets are quickly becoming mainstream mode of online payment. Shoppers are adopting digital wallets at an increasing rapid rate, largely due to its convenience and ease of use. As a result, there has been a shift in payment method from the traditional system of cash-based payment to electronic modes of payment like debit cards, credit cards, online banking transactions and increasing use of digital wallets.

Further, 58% of the respondents have acknowledged the fact that digital payment methods can substitute the cash-based payment system in India. This result leads to a generalised conclusion that there is a market for getting customers in India using digital wallets.

- Various factors that influence customer adoption of digital wallets are Ease of use, 24*7 availability, growing market acceptance, internet connectivity and the customers trust in security of online transactions.
- That consumers in Delhi NCR still face some challenges like poor internet connectivity and lack of technical knowledge further they feel that the increasing rate of cybercrime makes them prone to higher risk.
- That 26% of the respondents in Delhi NCR use digital wallet payment system daily, 23% of the respondents use digital wallets once a week and 42% of the respondents use digital wallets 2-3 times in a week.
- That majority of the respondents from different age, gender, occupation and income level in Delhi NCR either strongly agree or agree that digital wallets can be an alternative of payments and can substitute the cash-based payment system.

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