

BARRIERS IN THE ADOPTION OF MOBILE WALLETS IN REFERENCE TO LUCKNOW CITY

Dr. Shilpi Jauhari

Faculty, School of Management Sciences, Lucknow

ABSTRACT

Technological advancements will continue to change all industries, including the financial services industry and these advancements should be utilised to the best of their abilities, so as to benefit the customers in the country as best as possible. In 2016, India crossed 1 billion mobile phone connections and surpassed the US to become the country with the second-largest number of Internet users. This opens up doors for mobile wallets to the populace of India. India is witnessing an exponential growth in the area of digital payment in recent times. With ever-increasing internet and mobile penetration, the country is all set to witness a massive surge in the adoption of digital payments in the coming years. Furthermore, flagship government initiatives such as Digital India will act as key catalysts and enablers of this transformation. However, the government's big push to boost digital payments hasn't quite gathered momentum a year after demonetisation. India is by and large cash economy (98% transactions are done in cash) and will continue to be one, unless there is radically simple mobile payment network. The primary objective of the research is to understand about the hurdles in adoption of mobile wallet among consumer within the Lucknow city.

Keywords: *digital payment, Digital India, mobile wallets, cash economy*

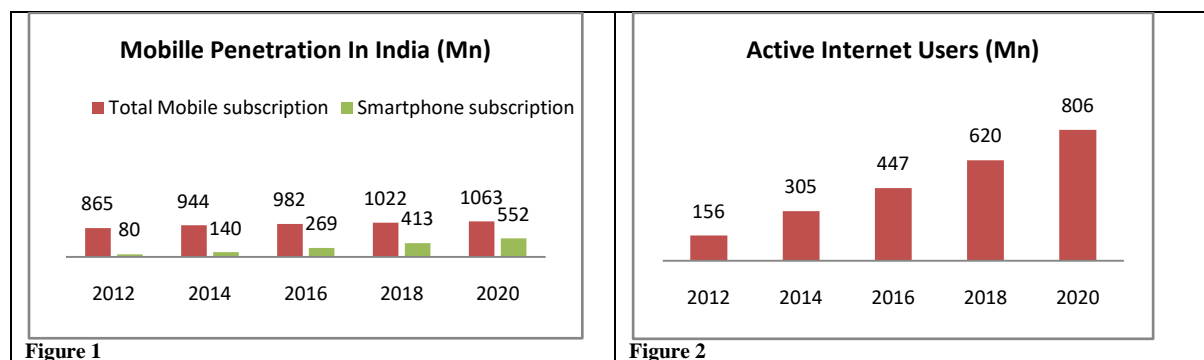
INTRODUCTION

The payments landscape in India is undergoing a transformation: traditionally a cash-based economy, it has seen an increase in card-based and mobile transactions. The technology savvy era has presented a world where the business-consumer relationship is swiftly becoming digital. From e-commerce platforms to robo-advisors to the advent of smartphones, businesses are transforming the way they operate to meet the ever-changing needs of their clients. Technology in the financial sector has not been left out of the digital transformation as an emergent group of companies known as Fintech keep coming up with disruptive tools and services that are easily accessible for low costs. One area of the financial industry that is rife with innovations is the payment sector. Using mobile technology, like smartphones, tablets or smartwatches, companies and users are adapting to emergent ways of conducting online and offline transactions using devices like a mobile wallet.

DIGITISATION OF INDIA

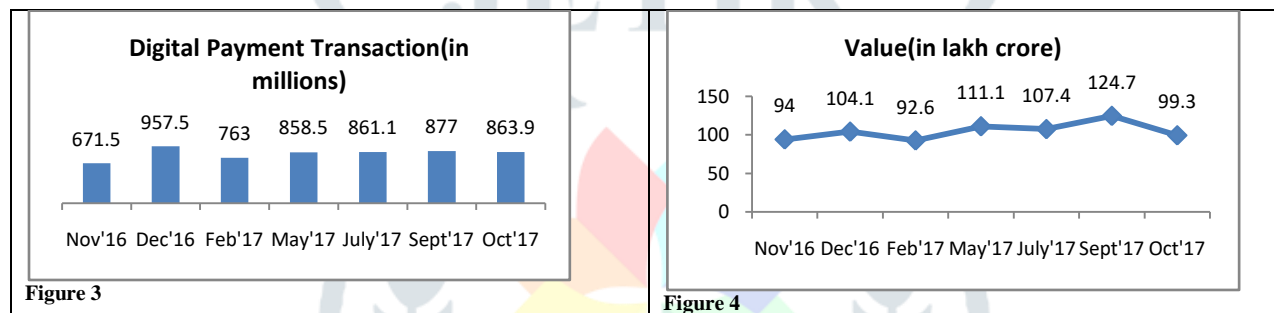
The first trend India going digital is reflected in the rising smartphone penetration and Internet access, which translates into the growth of digital banking transaction. India currently ranks second in the world with over 1 billion mobile subscriptions, out of which 240 million consumers use smartphones and this base is projected to increase to over 520 million by 2020.

The number of mobile internet users in India is expected to touch 806 million by 2020, up from 450 million now. Telecom infrastructure is improving and 3G & 4G services are being offered at very affordable prices, giving a huge boost to mobile commerce in the future. Million-dollar investments are being pumped into the mobile payments industry. Some companies are also actively investing in mobile payment startups that could have strategic value for them.



After an initial surge in digital payments, largely attributed to a shortage of cash in the banking system, digital transactions have seen a dip, indicating a slow reversal in the usage of digital platforms.

The total value of transactions via electronic payment system hit a high of Rs 149 lakh crore in March 2017, up from Rs 94 lakh crore in November 2016, digital business fell to a low of Rs 107 lakh crore in July 2017 and Rs 109 lakh crore in August, according to figures available from National Payment Corporation of India (NPCI). It rose to Rs 124 lakh crore in September 2017 but was down to Rs 99.28 lakh crore in October (till 29th) despite doubling of point of sale (PoS) machines in merchant establishments across the country. The volume also declined from a high of 957.5 million in December 2016 to 863.9 million by October 2017.



Mobile wallets have seen a dip in volumes and value of transactions after the initial surge. Volumes and the value of transactions of mobile wallets initially surged from 99.57 million and Rs 3,385 crore in October 2016 to 261.67 million and Rs 8,353 crore by March 2017, according to the RBI. However, volumes and the value of transactions declined to 225.43 million and Rs 7,262 crore by August 2017.

MOBILE WALLET

Mobile wallet is the digital equivalent to the physical wallet in which we carry money. It is an online platform which allows a user to keep money in it, just like a bank account. Mobile wallet will play a significant role in day to day life as an increase in use of smartphone can be seen and people are relying on digital lifestyle to make things convenient and fast.

Mobile as a platform has a unique set of capabilities that can overcome the challenges posed by the Indian payments landscape. A user needs to make an account with a mobile wallet provider. After which money is added to the 'mobile wallet' account using a debit, credit, online transaction from bank account or via cash (a recharge kiosk). Some of the mobile wallet providers are Paytm, Citrus, Oxigen, Freecharge, Mobikwik, Zaakpay, ItzCash etc.

Mobiles offer a low-cost means to create financial access and payments. It can extend the last-mile reach of banking services either through business correspondents or directly to the end consumers. Improvements in the telecom infrastructure, access to internet connectivity and low-cost smartphones will eliminate the need for hardware based on fixed line connections. Mobile can be a platform that uniquely combines digital identity, digital value and digital authentication to create low-cost access to financial services.

Mobile Wallets or Digital Wallets or e-Wallet apps allow one to pay electricity bills, mobile recharge, get movie tickets and do a lot more right from your mobile. By linking Credit or Debit Cards or Bank accounts with these e-Wallet apps, one can easily make a payment using one's mobile.

TYPES OF DIGITAL WALLET

Electronic monetary transactions and mobile wallets have been at the centre stage since the government's announcement on demonetisation. With the government now aggressively promoting digital payments, fin-tech

players and mobile wallet companies are riding this massive business opportunity that has emerged due to the state-sponsored 'war on cash'.

The introduction of online wallets has provided consumers with a simpler and more efficient method to complete online transactions across a wide variety of merchants, and is growing at a considerable rate. RBI defined three types of payment instruments or wallets.

- **Closed wallets** can be issued by a company to a consumer for buying goods exclusively from that company, such as Flipkart or Amazon. They do not need any sort of permission or regulation from the RBI as they do not permit cash withdrawal or redemption, and hence are not classified as payment systems.
- **Semi-closed wallets** can be used to purchase goods and services at clearly identified merchant locations which have a specific contract with the issuer to accept the payment instrument. NBFCs can issue semi-closed wallets which need to be authorised by the RBI. The most commonly known online wallets (such as Paytm and Mobikwik) fall under this category.
- **Open wallets** can be used for the purchase of goods and services (including financial services) at any card accepting merchant terminal and can also be used for cash withdrawal at ATMs. However, these can only be issued by banks with approval from the RBI.

The RBI has classified three categories of pre-paid payment instruments that can be issued:

- **Up to Rs. 10,000**, by accepting the minimum details of the customer, provided that the amount outstanding at any time does not exceed Rs. 10,000 and the total value of reloads per month does not exceed Rs. 10,000. These can only be issued in electronic form.
- **From Rs. 10,001 to Rs. 50,000**, by accepting any 'officially valid document', which are amended from time to time. These are to be non-reloadable in nature.

Up to Rs. 1,00,000 with full KYC, and these can be reloadable in nature. The balance in the PPI should not exceed this amount at any time.

RESEARCH PROBLEM

India aims to become cashless now. Mobile wallet adoption in India has risen significantly after demonetisation as smartphones and mobile internet have become an inseparable part of our daily lives. In spite of advances made in the recent years by the Government and regulators to popularize cashless transactions, India continued to be a high-cash-usage economy. Cash is still the king of payments, and that is a hurdle mobile wallets have to overcome in order to drive mobile payments into mainstream consciousness. The need of the study is to know the factors which have negative impact in the adoption of mobile wallet. This study is also carried out to know the future outlook of e wallet in india.

RESEARCH METHODOLOGY

The given study is carried out to know the adoptability of digital wallet in Lucknow city. Data collected is both primary and secondary. The secondary data is collected from websites, magazines and various published and unpublished articles. Primary data is collected by getting the questionnaire filled from the youth who are using digital wallet as a mode of payment. The questionnaire consists of several questions having five options Strongly agree, Agree, Neutral, Disagree and Strongly disagree. The age group considered for collection of data is 20 to 35 years. 150 questionnaires were distributed but only 145 were fully complete. Analysis was done on the filled questionnaires for the entire sample.

Objective Of Study

1. To study the consumers perception towards mobile wallet.
2. To study the factors that influence consumers in adoption of mobile wallet.
3. To study the problems faced by consumers in the use of mobile wallet.

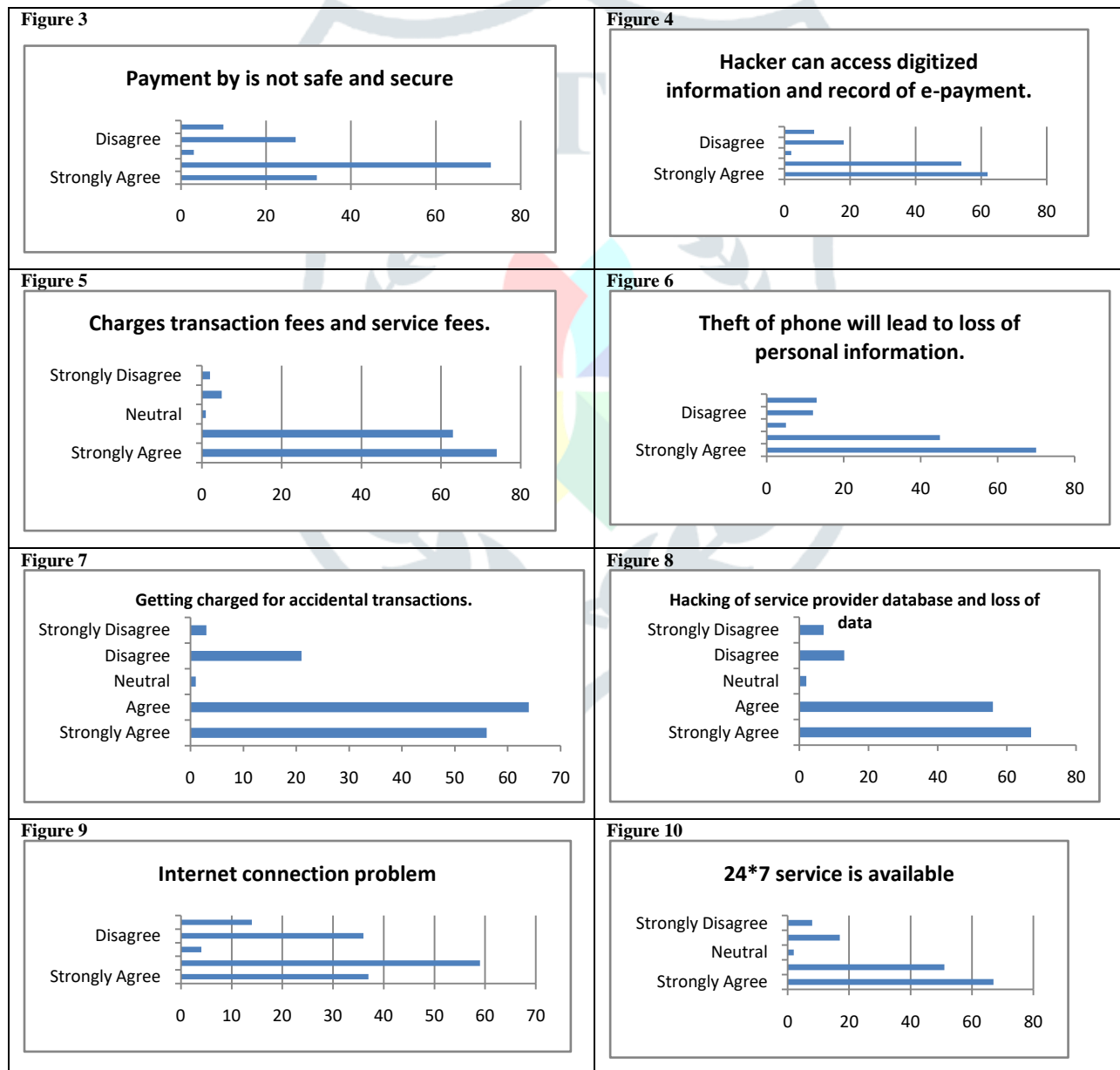
DATA ANALYSIS

The data collected was analyzed for the whole sample.

Questions	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Payment by digital wallet is not safe and secure	32	73	3	27	10
Hacker can access digitized information and record of e-payment.	62	54	2	18	9
Theft of phone will lead to loss of personal information.	70	45	5	12	13
Getting charged for accidental transactions.	56	64	1	21	3

Hacking of service provider database and loss of data	67	56	2	13	7
Charges transaction fees and service fees.	74	63	1	5	2
Difficult to understand all mobile payment options	33	67	5	27	13
Internet connection problem	37	59	4	36	14
24*7 service is available	67	51	2	17	8
Shopping offers and discounts are attractive factors	52	47	3	26	17
It is anytime and anywhere accessible.	43	72	2	21	7

Table 1



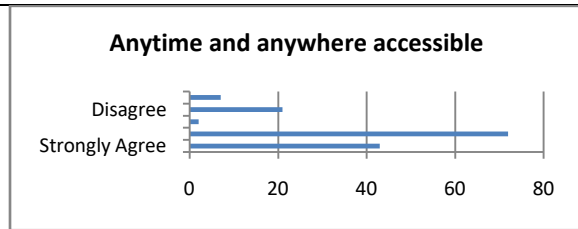


Figure 11

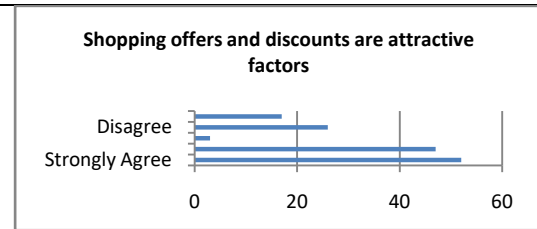


Figure 12

DISCUSSION

The researcher found that people are not sure about the safety and security of digital wallets. 72% of respondents showed their doubts on security. Consumers are skeptical about safety and security issues. They worry that their devices could be hacked or attacked by some kind of viruses. They are very apprehensive about security and around 80% of them consider that hackers can access their digitized information and know the details of e-payments done. Approx 92% of respondents feel that wallet companies take transaction and service charges from customer which is one of the major factors that stop people from using digital wallets. 72% of respondents feel that theft of phone will lead to personal information. Network problem is also faced by people. Approx. 66% gave their opinion for facing internet connection problem. People are also being charged for accidental transaction. Many a times money more than the actual payment amount is transferred in accounts. Service charges are very high. Transfer of money in account takes time and several times it is being transferred to some others account.

The factors that have positive impact on adoption of mobile wallet are - its availability 24*7 and can be accessible anytime and anywhere. Around 81% of respondents agree that its services are available for the whole day. Convenience is the major point which attracts consumers to adopt mobile wallet. Companies have even opened offline stores where people who do not have credit/debit cards can pay and recharge their accounts. It will be available at retail mobile recharge and telephone accessory shops.

The shopping offers, cashback and discounts given by these companies attract and appreciated by the respondents. Approx 68% of respondents agree with the statement.

CONCLUSION

The digital payments landscape in India is still nascent though it has been significant activity in the past 2-3 years. The opportunity that lies ahead is enormous. With better phones and faster data connections, transacting through a mobile wallet is an easy affair. However, cash is ubiquitous, requires no form of electronic equipment or technical know-how to transact with, and is more popular in both urban and rural areas.

Technology will be the key enabler for mass adoption of digital payments. The right product has to cater to the heterogeneous needs of the customer solved in a customized manner. Mobile Wallet players should put emphasis on following points to win trust of customers.

- Widespread financial education
- The payment method have to be simple, fast, efficient and secure.
- Data Pack up system.
- Awareness about security, usage and benefits should be created.
- Expand Reach by offering services through agents and distributors.
- Introduce lucrative schemes and offers to strengthen customer base.
- Tapping into the untapped market

Given the proliferation of smartphones, wallets can surely become mainstream, but will it be a game changer or money minting giant for wallet providers - probably no. Standardization also converts almost all service into commodity. So, if they are thinking of game-changer move, don't bet as much on wallet providers, instead bet on a mobile only payment network.

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