A STUDY ON CONSUMER PREFERENCE TOWARDS PAYTM E-WALLETS IN COIMBATORE CITY

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Abstract

The present social scenario there has seen tremendous growth in use of internet and mobile phone in India. The present government is continuously giving more initiative towards digital mode of dealing cash transactions. Specifically after demonetization the percentage of usage has gone rapidity. E-wallet is a type of electronic card which is used for transaction made online through a computer or smart phone. The consumer preference on e-wallets has a significant and positive impact on adoption of digital payment. The structured questionnaire was framed to collect the information for the study. Moreover, personal visit was made to know the interest and easiness of using the wallets both by the shopkeeper and the payer. Coimbatore is the city which has more educational institutions next to Chennai in Tamil Nadu. Primary data have been selected from 150 respondents.

Key words: E-wallet, digital payment, online payment, etc.

1. Introduction

Any technological changes should be the welfare improvement of the society otherwise it won't be permanent. The Government of India has been taking several measures to promote and encourage digital payments in the country. As part of the 'Digital India' campaign, the government aims to create a 'digitally empowered' economy that is 'Faceless, Paperless, and Cashless'. There are various types and modes of digital payments. Some of these include the use of debit/credit cards, internet banking, mobile wallets, digital payment apps, unified payments interface service, unstructured supplementary service data, bank prepaid cards, mobile banking, etc. Digital payment methods are often easy to make more convenient and provide customers the flexibility to make payments from anywhere and at anytime. These are a good alternative to traditional methods of payment and speed up transaction cycles. After demonetization, people slowly started embracing digital payments and even small merchants and shop owners started accepting payments through the digital mode.

2. Role of Digital India in banking

After demonetization, Indian government has taken various steps for cashless transactions. In December 2016, the prime minister introduced Bharat Interface for Money for the smart phone users to link all their account and transfer their money. Over 30 leading public sector and private sector banks were connected. Over seventeen million times it was downloaded within one year. E-wallets PayTM, GoogleTez, Airtel Money, Citrus Pay and many e-wallets were rolled out in India.

A massive increase in transaction found it from 0.3 million in November 2016 to 82 million in October 2017. It is a positive sign in the Indian economy. It paves away for cashless economy and bring all transactions are brought into accountability.

3. Review of literature

The literature review provides a description of social networks globally as well as in India. The review of literature related to online payment system and e-wallet were collected and presented below:

Shamsher Singh and Ravish Rana (2014)[i] studied the consumer perception of digital payment mode. The structured questionnaire was used as research tool for understanding consumer perception of digital payment. Primary data were collected from 150 respondents in Delhi. F test and frequency analysis was used to analyze the responses. The results showed that there is no significant variance in consumer perception based on the demographic factors such as gender, age, profession and annual income of the respondents. However education was found to significant influence for adoption of digital payment

Banarsidas Chandiwala (2017) made an attempt to understand customer perception regarding digital payment. It was found that demographic factor except education does not have much impact on the adoption of the digital payment.

4. Objective of the study

Both merchants and customers have been analyzed separately to understand their perceptions of various payment modes and pain points of using Paytm and other competitors.
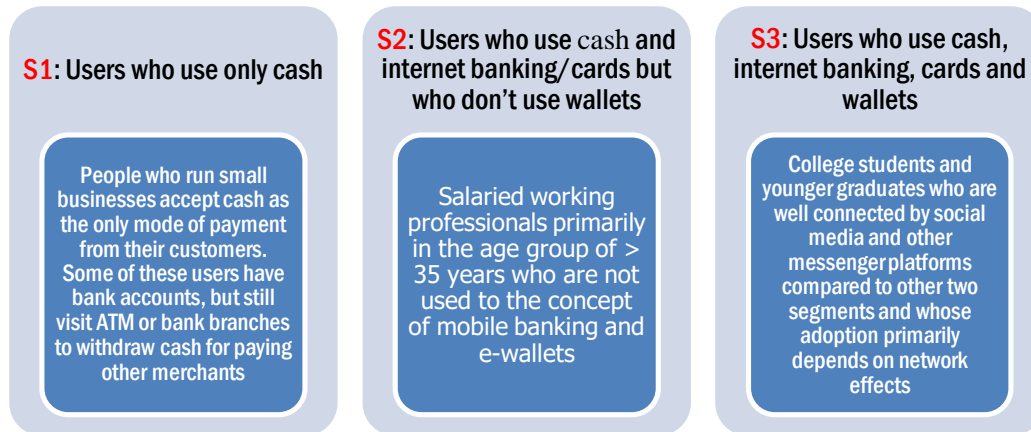
5. Methodology

The study is a survey method based on both primary and secondary data. Primary data were collected using structured questionnaire. Secondary data were gathered from magazines, published reports, internet, etc. Area of the study is restricted to Coimbatore city. The respondents for the study are from all categories using digital payment system.

6. Current market Scenario

Salaried employees use e-wallets to a good extent. However, currently many merchants in the city do not accept e-wallets as mode of payment. Cash is the major mode of payments. With banking outlets of Paytm in the city at a very nascent stage, users are not aware of facilities to deposit/withdraw cash in wallets, and hence end up having the necessity to use internet banking/credit/debit cards for using e-wallets. However, majority of the population still uses cash as

the only mode of payments. Hence, it was necessary to profile the users into three segments based on their common traits.

S1: Users who use only cash	**S2**: Users who use cash and internet banking/ cards but who don't use wallets	**S3**: Users who use cash, internet banking, cards and wallets
People who run small businesses accept cash as the only mode of payment from their customers. Some of these users have bank accounts, but still visit ATM or bank branches to withdraw cash for paying other merchants	Salaried working professionals primarily in the age group of > 35 years who are not used to the concept of mobile banking and e-wallets	College students and younger graduates who are well connected by social media and other messenger platforms compared to other two segments and whose adoption primarily depends on network effects

7. Reasons for S1 not to use digital banking

- Most of them in S1 category are businessmen who accept cash as the only method of payment and hence prefer to use the same for their purchases without having to deposit it frequently in their bank accounts

- They also have a habit of checking their expenditure at the end of the day by counting the cash and currency and they have less trust with digital ledger

- Adoption of technology is relatively low. Many don't use smart phones.

- There is a high fear of fraudulent activities primarily because of the various reports of frauds they get to know from news articles/channels which they happen to trust a lot.

- These customers do not transact or shop online because they prefer to check the product physically before the purchase.

8. Reasons for S2 not to use wallets

- Wallets are construed as third party apps and hence they prefer using net banking facilities or apps of their own bank for transfers because they perceive them to be safer than wallets.

- They don't want to keep money parked in the wallet as they don't find many use cases that can only be paid by using wallets.

- For online payment of bills, they prefer going to the portal of a particular utility and then make a payment using internet banking as they believe transactions are more likely to be successful in such cases in comparison to payment through a third party app.

- There is a perception that KYC is not secure and there is only a limited awareness of KYC being not required for bank to bank transfer.

9. Perceptions and usage of various wallets/payment apps by S3

- Transaction failures specially while adding money to wallet while the customer is in the process of paying a merchant.

- Few customers perceive that saving card details in app is not secure and hence prefer to use internet banking for adding money to the wallet. Paytm does not support internet banking of State Bank of India and users with accounts in SBI are not able to load money.

- Some customers booking travel tickets face issues while cancelling. They had to call customer care to get it cancelled.

- Many do not read terms of the cash back offer and claim that they do not get complete cash back.

- Many users who forget their passwords do not restore their passwords by using the toll free number. Users want an easy way to reset their password.

- The app is heavy and has frequent updates which make it difficult for users to get very familiar with the user interface.

- There is a perception that transaction of large amount is not safe.

- Small merchants use their daily turnover for product procurement for the next day sales. The earliest that they can get to use the money they accept through Paytm or card transfers is the next day. So, far reasons of seamless cash flow, they prefer cash as mode of payment.

- Some believe that there could be technical errors which might result in some of the transactions not getting recorded.

- Fear of fraudulent transactions using spoof apps is another reason for merchants not to accept Paytm.

- Some merchants are worried about possible hidden charges they might have to incur.

- Income gained through Paytm becomes taxable.

- Some merchants get suspicious about fraudulent activities when multiple FSEs from different verticals approach them for on-boarding.

- There is no physical proof of payment.

10. Presence at retail points

Kiranas: Because of the absence of sales force, the competitors are not widely used by small scale merchants. Some shop owners accept payment in PhonePe wallet if customer specifically requests for it. Few shops around colleges accept Tez but there is no visibility. Paytm has good visibility and the sales promotions garner traction.

Petrol pumps: In spite of PhonePe and Mobikwik offering cash back for petrol, because of absence of sales force, their presence is not felt. Free charge which was used earlier has been phased out. Few Bharat Petroleum outlets accept Fino. HDFC Bank has tied up with Indian Oil in the outskirts of the city and offers high commission to outlets for transactions made through HDFC Bank thus competing with Paytm. Paytm has presence in most of the petrol outlets. In some outlets, the pump boys have QR code affixed to the backside of the ID card so that the customers coming in cars need not step outside for scanning.

Food outlets and restaurants: A new team for focusing on food outlets has been deployed recently. Paytm is accepted in both branded and non-branded outlets. There are brand specific offers for chain restaurants like KFC and CCD. PhonePe is accepted only in branded food chain outlets.

Pharmacies: Paytm is accepted in all Apollo and Medplus pharmacies, apart from few other local pharmacies. There are promotions run in Apollo and Medplus which stimulates customers to pay using Paytm. One of the leading hospitals in the city and few diagnostic centres also accept Paytm. PhonePe is also accepted in Apollo Pharmacies but because of absence of local sales force, the complete onus of displaying merchandise is on the franchise manager and as a result, very few pharmacies have displayed the merchandise, subsequently resulting in poor adoption by customers.

Local fests: Paytm sales force targets local events like food fests for large scale on boarding of merchants. By citing the adoption of other merchants in the nearby stalls, convincing shopkeepers to adopt Paytm becomes easier with almost all shops accepting Paytm in the confined area, the customer visibility of the brand is enhanced.

Auto/taxi: Only a handful of autos in the city accept Paytm as a mode of payment. Apart from Uber, few Ola cabs and almost all cabs of Red Taxi accept Paytm. The visibility is prominent as there are big acceptance stickers affixed to the front glass of the car/auto.

Entertainment: Seats in nearly 80 per cent of the theatres in the city can be booked via Paytm. In some theatres, payment for purchasing tickets at the counter can be done through Paytm.

11. Issues cited by merchants accepting Paytm

- Some merchants cite settlement issues where it takes more than one working day for settlement.

- Few merchants complain that there is no reliable avenue to raise the issues and they also complain that the FSEs do not revisit after on-boarding.

- Many merchants forget passwords and they are not aware about the process to reset the password.

- The address of local sales office is not listed in Google which makes the merchants worry about reliability.

- Merchants of Paytm mall complain about transaction errors where money is deducted from user wallet but the transaction is not recorded in the merchant's system. Making the customer till the issue is resolved takes a hit on their customer experience.

- In most of the cases, only the owner of the shop receives messages when the customer makes a transaction which makes verification of payment difficult when the owner is not present.

- Even if the cashier's mobile is configured to receive the messages, sometimes, there is a delay in reception of messages. This delay is not suited for few merchants like petrol bunks where there is a queue of customers waiting and delay in servicing is not preferable.

- Though these issues can be avoided by setting up secondary accounts for cashiers to receive messages and usage of Paytm for business app for checking transactions real time, many of the merchants are not aware about these facilities because some FSEs do not explain the use cases of having secondary accounts and P4B app.

- One of the main use cases for merchants who receive money in wallet was electricity bill payments. Recently, the failure rate has been high in EB payments and hence they are skeptical about the possible failures when customer pays them.

- Scanning of QR codes sometimes takes long time and hence it becomes difficult to serve the customers efficiently during peak hours.

12. Suggestions

1. Paytm is not selling tickets for many local events whereas competitors like BookMyShow are selling tickets for various local popular events like stand up comedies, magic shows and food walks. Partnering with these events as exclusive online ticketing platform will bring good traffic and increase customer stickiness.

2. Many merchants using Paytm are not happy with the current level of customer support. To stimulate more adoption and usage, the customer service levels should be enhanced.

3. Though the extent of displaying merchandise in shops has improved because of allocating a FSE dedicated for the purpose, the location of the merchandising materials in few shops are not prominent.

4. With threats from multiple competitors, negative mentality of some users towards digital payments and some pain points faced by the users in Paytm eco system, there is a scope for improvement to solidify our position in the market.

13. Conclusion

Currently, Paytm is the leader in digital wallets market in Coimbatore and is waging a strong battle against Tez in the UPI based bank transfer segment. Cash and debit cards will continue be the major competitors. With competitors like PhonePe expected to deploy a sales force soon, it is important that Paytm ensures that its eco system is operating well, addressing both merchant and customer grievances so as to give no reason for them to switch over to competition .

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