

Adoption & Practices of Mobile Wallet Users in Bengaluru

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ABSTRACT

In India, implementation of high speed internet and penetration of smart phones has lead to the introduction of mobile wallet as a newly available mobile payment mode. The study primarily aims to understand the key factors under the variables 'Benefit & Uses' and 'Intension to Use' influencing the adoption of mobile wallet among the users in the district of Bengaluru. Secondly the study tries to understand their practices in m-wallet among the users'. The data collected through an interview schedule was analysed using 'one sample t-test'

1. Introduction

Mobile Wallet means an intermediary payment gateway that allows the user to hold cash digitally and make wider payments via mobile platforms. When a digital wallet or e-wallet is used via mobile platform, it is known as mobile wallet. It is commonly known as 'm-wallet'. Mobile wallets or digital wallets in India are approved and licensed by RBI under the Payments and Settlements System Act, (PSS, 2007) under the category of Pre-paid Payment Instruments (PPIs). The different types of mobile wallets in India are follows:

- **Closed wallets** also know as **company specific wallet** is created by a business entity for availing the services of that issuing company which has created it. The money in the wallet cannot be transferred or withdrawn but only be redeemed against the purchase of goods and services provided. Eg: Ola Money, Freecharge, MakemyTrip, etc.
- **Semi closed / Semi Open Wallets** is created by an issuer company which has established third parties who have agreed to sell their goods and services to the users. The money in wallets can be used to buy the goods and services even payments to third parties. It allows even to transfer of unused money back to the bank account. Examples: PayTm, Mobikwik, Airtel Money, etc.
- **Open wallets** also know as **generic wallets** created by an issuer company which can be used to transfer money between various bank accounts, between persons through phone numbers and avail goods and services which are established with the third party. This wallet was seen after the introduction of Unified Payment Interface (UPI) in India as the semi open or semi closed wallets became fully open wallets and now, further taken forward to be payment banks.

Though there are several m-wallet payment processing models, it is being restricted to five i.e. QR Code, Near Field

Communication (NFC), Mobile-based billing, SMS-based transactions, and Mobile-web payments.

2. Review of Literature

Regarding to the study of (Sardar, 2016) with the title 'Preferences towards mobile wallets among urban population of Jalgaon city' was conducted among 60 respondents identified the benefit and uses of mobile wallet such as 'instant payment by less effort' was the major reason for mobile wallet adoption among them whereas according to the study of (Doan & Querrec, 2014) titled 'Consumer adoption in mobile wallet: A study of consumers in Finland' the major reason for adoption of mobile wallets is because they are more convenient than other modes of payments as well as the users believes that mobile wallet have reduced cost of transaction. The study also identified 'Paypal' the most commonly used mobile wallet.

In the study (Bhatt & Bhatt, 2016) with title 'Factors affecting customer adoption of mobile banking services' identified simple to use and mobile wallet as an alternative payment option were the considered to benefit and use for adopting mobile wallet. In the study, it is also identified that consumers considers mobile wallet to be more better & effective mode of payment and are more satisfied due to the newer technology were the reasons for the intension of using mobile wallets.

Another study titled 'Adoption of mobile payment system: A study on mobile wallets', consumers' attitude development and intension to use in Turkey was taken for adoption of mobile payment systems or on mobile wallet and according to (Aydin & Burnaz, 2016), time saving was the major reason as a benefit or use which influenced them to adopt mobile wallet. Also regarding benefits and uses of mobile wallet to adoption, as per (Business Insider, 2016) report titled 'The mobile payment report: Market Forecasts, Consumer trends and the barrier and benefits that influence adoption' identified availability of wide spread services and promotional benefits in the forms of cash discounts, cash back & other promotions in the form of coupons.

In the study (Madan & Yadav, 2016) 'Behavioural Intension to Adopt Mobile Wallet: A Developing Country Perspective' have studied various factors under the behavioural intension to adopt mobile wallet and identified the effect of social factors has no significance with performance expectancy of mobile wallet through a structural equation among 210 respondents. According to Thavilla, 2015 titled 'Consumer adoption of the Internet: The case of apparel shopping' identified psychological factors such as belief and attitude, social support factor such as social acceptance and belief along with prior experience the reasons why the consumers' going into internet channels for apparel shopping. The study identified prior experience being the strongest reason for internet shopping of apparels if they the internet medium mode used were more user and technology friendly. Where as in a study of (Thakur & Srivastava, 2014) The study on the title 'Adoption Readiness, Personal Innovativeness, Perceived Risk and Usage Intension across customer groups for Mobile Payment Services in India' identifies the users' usage intension of adapting to newer technology to be the major reason to adopt mobile wallet.

3. Statement of the problem

According to the annual reports of Reserve Bank of India (RBI), the total transactions both in terms of value and number of mobile wallets have increased tremendously. The major two factors that facilitate growth is infrastructure i.e. in the form of high speed internet and smart phone penetration. Along with these two factors, demonetization policy of Government of India was also a major encouragement for digital based payments. Though, these factors were encouraging, the mobile wallet industry has not been used as a major form of transaction. This implies that there are other major factors which make the users to adopt mobile wallet. So this intended to identify the key factors influencing adoption of mobile wallet among its users'. Along with this, the practices of mobile wallets are also studied.

4. Significance of the Study

Modern technology has been redefining each and every sector of the modern world to make the life style advanced and easier. In the modern period, new financial payments modes is been digitalising from traditional paper currencies and metal coins. With the vision of Digital India, mobile based payments are more encouraged even by Government of India. Mobile wallets being a new area that has been growing tremendously in the years since its incorporation, makes it more relevant to a new area of study and will also be helpful for other researchers to know area on this field.

5. Objective of the Study

1. To identify the influencing factors of 'Benefits & Uses' and 'Intention to Use' on the adoption of mobile wallets among users'.
2. To understand the practices of the mobile wallet users.

6. Research Methodology

The study titled "Adoption & Practices of Mobile Wallet Users' in Bengaluru" is based on both primary and secondary data. The primary data was collected from 78 respondents by using a pre structured interview schedule. The data was collected using simple random sampling among the m-wallet users. After collecting data from the respondents it was fed into the computer using Microsoft Excel. Then the analysis of the data was done by using the application package SPSS. In the analysis, simple mathematical and statistical tools & techniques like tables, graphs, averages, percentage, rank analysis and 'one sample *t*-test' are used.

The secondary data used for the study was collected from various sources like websites, journals, magazines and newspapers.

7. Data Analysis & Interpretations

Table 1: Demographic Profile of the Respondents

Gender	Frequency	Percentage
Male	45	57.7
Female	33	42.3
Total	78	100

Source: Primary Data

From the above Table – 1, the demographic profile of respondents, it is inferred that there is total respondents for the study was 78. Out of the total respondents, 45 respondents were male constituting 57.7% and rest 42.3% i.e. 33 respondents were female.

Table 2: Preferred Mode of Payment

Mode of Payment	Sum of Ranks	Rank
Mobile Wallet	205	3
Mobile Banking	216	4
Internet Banking	203	2
Debit Card	155	1
Credit Card	228	5

Source: Primary Data

Table – 2, shows the results of the best preferred mode of digital payment among the respondents on selected five (5) modes of payment. For identifying the most preferred mode of payment among the users' of mobile wallet, other four modes such as mobile banking, internet banking, debit card and credit card were also made to rank. The respondents were allowed to Rank 1 for the most preferred mode of their choice, Rank 2 for the second most preferred mode and similarly Rank 5 for the least preferred mode. From the above Table – 2, it is understood that Debit Card is the most preferred mode followed by Internet Banking as second most preferred mode. Whereas, mobile wallet were ranked as the third preferred mode and mobile Banking ranked as fourth preferred mode of payment among the users'. The least preferred mode of payment is considered to be credit card.

Table 3: Average Monthly Income Spent through Mobile Wallet transactions

Particulars	Frequency	Percentage
Less than Rs. 10,000/-	75	96.2
Rs. 10,000/- & Above	3	3.8
Total	78	100

Source: Primary Data

From above Table - 3, the average monthly Income of the respondents spent through mobile wallet is described. It is understood from the above Table 3, majority of the respondents i.e. 96.2% (75 respondents) spent less than Rs. 10,000/- per month whereas only 3 respondents i.e. 3.80% spent Rs. 10,000/- & above per month through mobile wallets.

Table 4: Usage Period of Mobile Wallet

Period	Frequency	Percentage
Less Than 1 Year	27	34.6
1 year – 2 years	39	50
More Than 2 years	12	15.4
Total	78	100

Source: Primary Data

From the above Table - 4, regarding the usage period of mobile wallets among the users' 50% half of the respondents i.e. 39 respondents started using for a period between 1 to 2 years along with 34.60% respondents i.e. 27 respondents have started using for a period less than one year. Whereas, only 15.40% (12) respondents have started to use for a period more than 2 years explains the digital and mobile payment methods have triggered Indian economy after demonetization of high value currencies.

Table 5: Number of Mobile Wallet used by the Users'

Number of m-Wallet	Frequency	Percentage
1	36	46.2
2	25	32
3	10	12.8

Table 7: Analyses of Benefits & Uses on Adoption of Mobile Wallet

Benefits & Uses	One Sample 't' Test (Test value = 3)			
	Mean ± S.E.	t – value	d f	P value
Simple & easy to use	3.69 ± 0.152	4.557	77	.000
Convenient mode of payment	3.60 ± 0.143	4.216	77	.000
Time saving	3.55 ± 0.150	3.673	77	.000
Instant payment by less effort	3.60 ± 0.145	4.149	77	.000
Alternative payment option	3.54 ± 0.146	3.697	77	.000
Availability of service	3.42 ± 0.141	3.005	77	.040
Reduced transaction cost	3.24 ± 0.128	1.903	77	.061
Discount, Promotions & Cash Back	3.46 ± 0.144	3.194	77	.002

Source: Primary Data

From the above Table - 7, it is inferred that the factors under the variable 'Benefits & Uses' with Mean value more than the test value 3 and is in strongly consistent means with the Standard Error (S.E.) implies that these variables are factors influencing users' in the adoption of mobile wallet.

4 or more	7	9
Total	78	100

Source: Primary Data

From the Table – 5 above, the majority of the respondents i.e. 46.2% (36) use just one mobile wallet. Whereas, 32% (25) respondents uses 2 different wallets and 12.8% (10) respondents uses 3 different mobile wallets as per their needs. 4 or more mobile wallets were used by least respondents i.e. 9% (7).

Table 6: Source of Motivation to Use Mobile Wallets

Source	Frequency	Percentage
Internet	30	38.5
Demonetization	28	35.9
Family & Friends	15	19.2
Vendors	2	2.6
Media Ads	3	3.8
Total	78	100

Source: Primary Data

Table – 6 above describes that Internet was their major source of motivation to use mobile wallets for 38.5% (30) respondents, followed by 35.9% (28) respondents for Demonetization as their major source of motivation. 19.2% (15) respondents believe that family & friends were their major source motivated to use mobile wallets. Whereas, Media Ads and Vendors could only be source of motivation for 3.8% (03) and 2.6% (02) respondents respectively was the least.

Table 8: Analyses of Intension to Use on Adoption of Mobile Wallet

Intension to Use	One Sample 't' Test (Test value = 3)			
	Mean ± S.E.	t – value	d f	P value
Social recognition and status	2.87 ± 0.137	-1.804	77	.352
Peer group influence	2.96 ± 0.140	.282	77	.784
Better and effective performance of payment	3.28 ± 0.135	5.994	77	.040
Better satisfaction due to	3.51 ± 0.145	7.346	77	.001

Further, 'one sample t-test' is required to check at 5% significance level. From the Table 7, it is also understood that, the various factors of variable 'Benefit & Uses' where df = 77 is significant i.e. 'p' value is less than 0.05 except for "Reduced transaction cost" which is 0.061 > 0.05.

technological advancement				
User friendly apps	3.56 ± 0.144	8.964	77	.000
Readiness to accept new technology	3.60 ± 0.143	9.359	77	.000
Better connectivity of network providers	3.44 ± 0.132	7.080	77	.001
Previous experience	3.38 ± 0.140	6.294	77	.008
Impulsive Decisions	3.35 ± 0.118	3.627	77	.004

Source: Primary Data

From the above Table - 8, it is concluded that the factors under the variable 'Intension to Use' with Mean value more than the test value 3 and is in strongly consistent with the Standard Error (S.E.) except for two factors 'Social Recognition & Status' and 'Peer Group Influence' where the mean value is less than the test value 3 having consistent standard error. So on the other 7 factors except for two factors Social Recognition & Status and Peer Group Influence, 'one sample t-test' is required to check significance level at 5%. Again from Table 8, it is understood that as the significance value, 'p' is less than 0.05, seven factors of the variable 'Intension to Use' influence in the adoption of mobile wallets.

8. Findings

- Simple & easy to use, Convenience and Instant payment by less effort are the key factors under the variable 'Benefits & Uses' on the adoption of mobile wallets.
- Readiness to accept technology, User Friendly Apps, Previous experience, Better connectivity of network providers and Better satisfaction due to technology advancement were the key factors under the variable 'Intension to use' influenced adoption of mobile wallet among the users'.
- Reduced cost of transaction of mobile wallet was not an influencing Benefit & Use among the respondents.
- Peer group influence and Social recognition & status were also not considered as an Intension to Use factor on adopting mobile wallet.
- Majority of the respondents use either one or two mobile wallets probably according to their acceptance at various places.
- PayTm is the most commonly used mobile wallet among the users' followed by Phonepe and Tez. Mobile recharge is most frequently availed service.
- The commonly used mobile wallet by the majority of the respondents depicts they either use open mobile wallets or semi-open mobile wallets than closed

mobile wallets. This is because of open and semi open mobile wallet transactions are accepted at various vendors than a closed mobile wallet which is accepted only for transactions related to a single vendor who created the mobile wallet for selling her/his own products.

- Demonetization policy has increased the usage of mobile wallet among people but internet seems to be the highest motivating source for the usage of mobile wallets. Whereas vendors were the least motivating factor to encourage usage of mobile wallets.
- The mobile wallets are only the third preferred mode of payment and majority of them spending an average amount of less than Rs. 10,000/- amongst the users after debit card and internet banking.

9. Conclusion

Within a short period of time, mobile wallet has been more preferred mode than mobile banking and credit card payments but still less preferred than internet banking. Debit card is the most preferred mode among the respondents. Though the amount spends through mobile wallet and other digital modes are still very less compared to the cash transactions in the Indian economy. 'Intension to Use' has more influence on the adoption of mobile wallets than 'Benefits & Uses' factors. Social status, peer group influence and reduced cost are not the factors that influence the adoption of mobile wallet among the users. Mobile wallet users' are more found of using open wallets and semi-open wallets than closed wallets. High speed internet revolution along with the demonetization policy has increased the users' of mobile wallet. But the new regulations of KYC norms will not be positive for existing users' of mobile wallet and might decrease the existing users' or amount spend.

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