

Impact on Consumer Preference Towards Mobile Wallets Among Urban Population of Tiruchirappalli District

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ABSTRACT

Mobile wallets have emerged as the most significant contributor in pushing cashless and electronic payments. The surge of smartphones and internet connectivity of 3G and 4G is reflected in the robust growth of Mobile-walletsin India. The present study is focused on preference towards mobile wallets among the urban population of Tiruchirappalli city and effectively analyzed the impact of demographic variables on the usage of Mobile wallets. A total of 60 respondents were analyzed from the urban area of Tiruchirappalli city and their responses were analyzed. Chi-square and T test was used to analyse the data. This study will help in devising appropriate strategies for Mobile wallet companies to tap the potential customers.

Key words: Mobile Wallets, Electronic Payment, Demographic Factors.

INTRODUCTION

The Reserve Bank of India (RBI) has started working towards making India a cashless economy and to bring in accountability and transparency in each financial transaction. Last week, the Union Cabinet cleared the implementation of a few short and long term measures to promote digital and card-based payments to curb cash use in the system. Some of the measures include withdrawal of surcharge, service charge or convenience fee on card and other digital transactions. With this, digital payment, which is already gaining traction, is expected to gain momentum. Consumer preference is defined as a set of assumptions that focus on consumer choices that result in different alternatives such as happiness, satisfaction, or utility. The entire consumer preference process results in an optimal choice. As connected commerce continues to gain momentum globally, it's increasingly important that retailers make online shopping as simple as a routine trip to the store, even if consumers are browsing from the other side of the globe. Nielsen's Global Connected Commerce Survey found that 57% of online respondents in the study who made an online purchase in the last six months say they bought from an overseas retailer, so catering to the needs of consumers near and far is critical—and offering them the right method of payment is no exception. The simple truth is that the online consumer is just a click away from abandoning their virtual shopping cart. So what's in your customer's digital wallet? It depends on where you ask. Around the world, credit cards are the most commonly used payment method. More than half of online respondents who say they've shopped online during the past six months paid with a credit card (53%). In addition, roughly four-in-10 used a digital payment system like PayPal or Alipay (43%), debit card (39%) or direct debit from their bank account (38%). While these methods are the most used around the world, there are notable differences across countries. The rise of the Smartphone as

a payment tool is reflected in the brisk growth of mobile wallet transactions in the country, according to RBI data and the trend is only expected to grow with the introduction of unified

payment interface and payment banks. M-wallets have emerged as the most significant contributor in pushing cashless and electronic payments.

Open wallets allow users to redeem money and withdraw cash, apart from buying goods and services, including financial services. Only issued by banks e.g.: ICICI Bank Pockets, HDFC Bank Payzapp, SBI Buddy, Pay-Tm, Quickr, E-Bay, Mobikwik, Pay-U Money, Vodafone M-Pesa, Airtel- Payment Bank, OLA Money, Pay-Z-App.

Semi-closed wallets can be used to buy goods and services, including financial services, at select merchant establishments. You cannot withdraw or redeem cash with them e.g.: Paytm, Mobikwik, Citrus, PayUMoney, Oxigen, M-pesa.

Closed wallets can be used only for buying goods and services from a particular merchant. Refunds have to be used for further transactions with same merchant. No redemption or cash withdrawals are allowed. E.g.: Bookmyshow, Makemytrip, Flipkart, Pay-Tm.

A mobile wallet is the digital equivalent of a physical wallet in which we store cash and make payments from. It is your electronic prepaid account, which can be used to pay for anything from grocery to movie tickets without having to swipe a card. Paytm, Mobikwik, Freecharge, PayU, Oxigen and Citrus are a few leading mobile wallet companies in India. While the leading players are talking about growing market share, many smaller ones too are entering the market to grab their pie.

REVIEW OF LITERATURE

Many empirical studies have been conducted on the subject of cashless society in India and abroad. The major emphasis of research has been on various issues like frauds, security, usage pattern, new method of e-payment, etc. The previous work done on cashless society needs perusal. It has been reviewed to indicate in a general way the type of work done on this subject in India. It is expected that the critical examination of the studies would give focus to our problem and help to indicate the areas which have remained neglected at the hands of the researchers. From the review of literature, it was found that hardly there was a study which examined the preference towards cash less payments among urban youth. This study, an attempt is made to include the usage of M-wallets in the analysis.

Barker (1992) in his study, Globalization of credit card usage: The case of a developing economy” measured the attitude of Turkish consumers towards credit cards, and the approach of card issuers by surveying two samples of 200 card holders and non-holders. The respondents were categorized into better educated, middle aged members of the upper middle class. The most significant reasons for using a credit card were “ease of payment”, followed by “risk of carrying cash”, Non holders do not carry credit cards because they do not know much about it; informal sources of information appear to be more influential than mass media advertising in penetrating the market; proposes that the usage and the administration of credit cards are influenced very much by the infrastructure of the country and therefore, credit card companies have to reappropriate their marketing and administrative procedures rather than following a standardized approach. Mathur and George (1994), “Use of credit-cards by older American” shows the usage behavior pattern of older people with credit card spending. Using a large national sample of respondents from different age groups, finds that older adults use credit

cards as frequently as younger adults when circumstances for consumption in both groups are similar. Contrary to it, the commonly held belief that older people do not use credit cards, the data

suggests the need for practitioners to stop thinking about consumer targets in terms of age and focus more on circumstances that determine one's likelihood to use credit cards. Factors such as income, employment, retirement status, shopping habits should be considered. While credit card usage may overall decline with age, certain segment of mature consumers continues making use of credit cards throughout the life. The data in the present study suggests alternative criteria like income and employment status, for appealing to mature Americans. Targeting older consumers on the basis of age might not only alienate them but is also likely to reach fewer prospective customers.

Targeting older consumers on the basis of age might not only alienate them but is also likely to reach fewer potential customers. Kaynak (1995), "Correlates of credit card acceptance and usage in an advanced developing Middle Eastern Country." Study shows that with the surge of technological developments, innovation and increase in the level of socio-economic progress the acceptance of credit cards and usage has increased like anything. An empirical research study conducted in urban Turkey indicates that there are certain relationship between socio-economic and demographic characteristics of Turkish consumers and their credit card holding and usage behaviors. It was observed that one of the determinants of credit card use is related to the age of the family head and family life-cycle stage. Generally, those household heads who are in middle and upper age having large discretionary income level are more likely to use credit cards. This may be termed a social class effect of credit card usage and acceptance. Despite most of credit card users are urban dwellers, more educated with professional type of jobs, and high income earners. Authors feel that targeting more people to use credit cards is indeed a marketing challenge.

SCENARIO OF INDIAN MOBILE WALLET MARKET

According to a recent report from TechSci Research titled 'India Mobile Wallet Market Opportunities and Forecast, 2020', the mobile wallet market in India is projected to reach \$6.6 billion by 2020. As a testimony to the opportunity offered by the Indian mobile wallet, global investors are signing cheques worth millions of dollars for investing in these smart ventures.

Mobikwik raised around \$30 million from investors including Sequoia Capital, Tree Line Asia, American Express and Cisco. Chinese e-commerce major Alibaba Group and Ant Financial have invested more than \$650 million in One97 Communications that runs Paytm wallet. Citrus Payment Solutions has also raised funds from Sequoia Capital and Ascent Capital.

In April last, e-commerce major Snapdeal had made one of the biggest acquisitions in the Indian e-commerce industry by buying wallet player Freecharge for about \$400 million. As the wallets allow a user to load cash from a very small amount to a maximum of Rs 10,000, the risk associated with the loss of money through transaction is minimal. Apart from this, the wallet companies provide high security standards for customers while transacting. Cash on delivery is a popular choice in India (83%) and many other developing markets, including Nigeria (76%), the Philippines (73%), Russia (70%), United Arab Emirates (68%), Saudi Arabia (59%), Colombia (57%), Poland (57%) and Thailand (56%). Similar to India, most of these countries have below-average (self-reported) credit card ownership or below-average trust in providing credit card information online.

Recently, the RBI had issued certain guidelines that allow the users to increase their limit to Rs 1, 00,000 based on certain KYC verification. The mobile wallet user base in India has even surpassed the total number of credit cards issued in the country. The RBI data shows that till November 2015, around 22 million credit cards have been issued by 55 banks, while a rough estimate shows there are more than 100 million wallet users in India. 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. For the financial year ended March 2016, the volume of m-wallets transactions doubled for the April 2015-February 2016 period to over 550 million. According to research firm RNCOS, the market size for mobile wallets is expected to grow at a CAGR of 30 per cent from its current size of Rs.350 crore to Rs.1,210 crore by 2019. Paytm is currently the leader in the segment has about 125 million wallet users. It sees about 60 million monthly transactions on its platform. Interestingly, a report by Nielson points out that the penetration of mobile payment apps among users is similar across towns of all sizes with 60 per cent of people in large town (with over 10 lakh population) and 58 per cent in smaller towns using the facility. However, usage is higher among small town users, with these consumers spending 109 minutes a month on such app against 91 minutes in bigger towns.

Significantly, as per an IAMAIIMRB's Digital Commerce 2016 Report, only about eight per cent of buyers pay online using m-wallets, while 27 per cent prefer to pay using debit card, 19 per cent prefer credit cards and majority 52 per cent prefer cash-on-delivery mode of payment. In a bid to garner market share, almost all players are offering cash back and discounts, which can be used for another transaction. Some players even provide offline way of wallet balance top up. Mobikwik has its 'Cash Pickup' service in select cities that will facilitate cash to be directly added to MobiKwik wallet. There is a clear indication that the wallets have moved from the big cities to smaller towns. According to reports, the early adopters of wallets were in the northern and western parts of India, but due to the drop in smart phone prices and 3G tariffs, virtual wallets are growing pan India. Leading private telecom operator Airtel too operates Airtel Money. PingPay, Payzapp, Idea Money and m-pesa are some of the wallets operated by telecom players and banks. Cab aggregator Ola has launched Ola Money, an independent wallet for mobile recharge and money transfers.

STATEMENT OF THE PROBLEM

Within the last decade or so, our world has become rapidly more digitized. For example, we now have internet purchases, and social interactions made via short message service (SMS), e-mails and social networks on the Internet. Two important factors that have contributed to this development are the use of mobile phones, and the use of the Internet. We are more 'on the go' than ever and get things done while we are on the go via our digital services turning the world to a mobile village. A part of the above mentioned digital purchases is digital payments. And when everything else is mobile, the payments have to be mobile too; we have to be able to pay for goods and services no matter where we are. Thus there is a need for an electronic wallet, an e-wallet, with which mobile payments can be made. It is therefore relevant to pay attention towards mobile payment option as cashless payment.

OBJECTIVES OF THE STUDY

1. To study the awareness and consumer preference towards the usage of Mobile wallets in Tiruchirappalli city.
2. To find out the impact of various demographic variables on the usage of mobile wallets.
3. To study the factors influencing to opt for Mobile wallets.

METHODOLOGY

SAMPLE SIZE: The sample size was determined both by qualitative and quantitative approach. This study was conducted in the urban area of Tiruchirappalli city, which is located in the Central part of Tamilnadu. The sample size of the study was 120 respondents, consisting of urban population. The respondents were the users of Mobile wallets. The questionnaires were distributed among 100 respondents, but we received only 120 valid responses.

HYPOTHESIS

RESEARCH HYPOTHESIS: There is a significant association between age of the respondents and their opinion about the usage of Mobile wallets

NULL HYPOTHESIS: There is no significant association between age of the respondents and their opinion about the usage of Mobile wallets

RESEARCH HYPOTHESIS: There is a significant association between age of the respondents and their opinion about the usage of Mobile wallets.

TOOLS OF ANALYSIS

Primary data and secondary data have been used. Primary data was collected through the structured questionnaire and the secondary data was collected from various Books, Journals, Articles, Newspapers, Magazines and Websites. The data collected were further analyzed by using statistical tools like percentages, T test and Chi-square test.

LIMITATIONS OF THE STUDY

The main limitations of the study are as follows.

1. Sampling approach has been used in this study. As such the study suffers from the limitations of sampling in general. The specific limitation of this study has been the non-inclusion of rural respondents and respondents of cities other than Jalgaon due to time constraints.
2. The study being part of behavioural research and primary data was collected through Questionnaire as such suffers from the subjectivity biases of the respondents.
3. Again this study is limited to the Tiruchirappalli so the generalization of conclusions of the study may therefore not have universal applicability.

4. The time constraint has been a major limitation of this study.

DISCUSSION AND RESULTS

TABLE 1 DEMOGRAPHIC PROFILE OF THE RESPONDENTS

	CATEGORIES	COUNT	PERCENTAGE
Age	21-30 Years	90	75.0
	33-40 Years	18	15.0
	41 to 50 Years	6	10.0
	51 & above	6	10.0
Gender	Male	64	53.3
	Female	56	46.7
	Intermediate	20	16.6
Education Level	Graduate	34	28.4
	Post Graduate	66	55.0
Annual Income	Rs.100000 to Rs.200000	58	48.3
	Rs.200001 to Rs.300000	34	28.3
	Rs.300001 to Rs.400000	16	13.4
	Above Rs.400001	12	10.0
	Service	60	50.0
Profession	Business	20	16.6
	Professional	30	25.0
	Any other	10	8.34

Source: Primary data

75% of the respondents are in the age group of 21 to 30, 53.3% of the respondents are Male, 55% of the respondents are post-graduates, 50% of the respondents have been working in service area and 48.3% of the respondents earn annual income ranging from 100001 to 200000.

TABLE 2 PREFERENCE REGARDING USAGE OF M-WALLET FOR PURCHASING PRODUCTS/SERVICES.

PRODUCTS /SERVICES	NO. OF RESPONDENTS	PERCENTAGE
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Books	8	6.7
Movie Tickets	12	10.0
To pay bills	20	16.7
Railway/Bus reservation	10	8.3
Cloths	4	3.3
Recharge Mobile or DTH	24	20.0
To transfer money	34	28.3
Electronic products	8	6.7

Source: Primary data

As per the above table, 28.3% majority of the respondents preferred to use Mobile wallet payment to transfer money followed by Recharging mobile or DTH payment and so on.

TABLE 3 FACTORS INFLUENCING THE OPTION FOR MOBILE WALLETS

FACTORS INFLUENCING TO OPT FOR M-WALLETS	STRONGLY DISAGREE	DISAGREE	UNDECIDED	AGREE	STRONGLY AGREE
Instant Payments	0	0	0	12(10%)	108(90%)
Reputation of the company	0	0	4(3.3%)	32(26.7)	84(70%)
One stop shop	0	2(1.7%)	16(13.3%)	42(35%)	60(50%)
Seamless process	0	4(3.3%)	14(11.6%)	38(31.6)	64(53.3)
Instant Refunds	0	0	0	29(16.6%)	100(83.3%)
Rewards and offers	0	0	16(13.3%)	24(20%)	80(60.6%)

Source: Primary data

From the above table it is clear that 90% of the respondents believe that instant payments is an important factor to opt for Mobile payments and 84% of the respondents look over the instant refund one of the factor provided by the Mobile wallet companies.

TABLE 4 FACTORS REFRAINING THE USAGE OF MOBILE-WALLETS

FACTORS REFRAINING THE USAGE OF M-WALLETS	STRONGLY AGREE	DISAGREE	UNDECIDED	AGREE	STRONGLY AGREE
Prefer to use other cashless	0	12(10%)	18(15%)	40(33.3%)	50(41.7%)
Payment option concerned about the security of mobile	10(8.3%)	14(11.7%)	16(13.3%)	20(16.7%)	60(50%)

payments					
Don't see value of using mobile payments	10(8.3%)	18(15%)	48(40%)	24(20%)	20(16.67%)
The cost of data access on wireless plan is too high	16(13.3%)	8(6.7%)	18(15%)	34(28.3%)	44(36.7%)
Prefer to use other cashless payment option	10(8.3%)	10(8.3%)	14(11.7%)	46(38.3%)	40(33.4%)

Source: Primary data

From the above table No.4 it shows that 50% of the respondents are strongly agrees that they are concerned about the security of Mobile payments and 42% prefer strongly agree that they prefer to use other cashless payment option.

TABLE 5 OVERALL PREFERENCES TOWARDS M-WALLETS

PARTICULARS	NO. OF RESPONDENTS (N=60)	PERCENTAGE
Low	66	55.0
High	54	45.0

Source: primary data

The overall preference towards M-wallets with reference to Tiruchirappalli city is low.

TABLE NO. 6 CHI-SQUARE TEST ASSOCIATION BETWEEN AGE OF THE RESPONDENTS AND THEIR USAGE OF MOBILE WALLETS

AGE	OVERALL USAGE OF MOBILE WALLETS		TOTAL	STATISTICAL INFERENCE
	LOW (N=33)	HIGH (N=27)		
21 to 30 years	44(66.7%)	46(85.2%)	90(75%)	χ^2 Value = 5.589 Df=3 133>0.05 not significant
31 to 40 years	10(15.2%)	8(14.8%)	18(15%)	
41 to 50 years	6(9.1%)	0	6(5%)	
51 years & above	6(9.1%)	0	6(5%)	

Source: primary data

INFERENCE

The above table reveals that there is no significant association between age of the respondents and their usage of Mobile wallets. Hence, the calculated value is greater than table value ($p>0.05$). So the research hypothesis is rejected and the null hypothesis is accepted.

TABLE 7 CHI-SQUARE TEST ASSOCIATION BETWEEN PREFERABLE PRODUCTS/SERVICES OVERALL USAGE OF MOBILE PAYMENTS

Preference regarding usage of M-Wallet for purchasing Products/services	Overall usage of mobile wallets		Total	Statistical Inference
	Low (n=33)	High (n=27)		
Books	8 (12.1%)	0	8 (6.7%)	χ^2 Value =8.073
Movie tickets	6 (3.1%)	6 (11.1%)	12 (10%)	
Bill payments	8(12.1%)	12 (22.2%)	20 (16.7%)	

Bus / Train Ticket	2 (3%)	8(14.8%)	10 (8.3%)	
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TABLE -8 PREFERENCES TOWARDS MOBILE WALLETS AMONG URBAN POPULATION OF TIRUCHIRAPPALLI CITY

PREFERENCE REGARDING USAGE OF M-WALLET FOR PURCHASING PRODUCTS/SERVICES	OVERALL USAGE OF MOBILE WALLETS		TOTAL (N=60)	STATISTICAL INFERENCE
	LOW (N=33)	HIGH (N=27)		
Cloths	2(3%)	2 (3.7%)	4 (3.3%)	χ^2 Value =8.073
Recharge Mobile DTH	16 (24.2%)	8 (14.8%)	24 (20%)	
To transfer money	18 (27.3%)	16 (29.6%)	34 (28.3%)	
Electronic money	6 (9.1%)	2 (3.7%)	8 (6.7%)	

Source: primary data

FINDINGS

1. Majority (29%) of the respondents are preferred to use Mobile wallet payment to transfer money followed by recharging mobile or DTH payment and so on.
2. 90% of the respondents believe that an instant payment is an important factor to opt for Mobile payments.
3. 50% of the respondents are strongly agree that they are concerned about the security of Mobile payments and 42% prefer strongly agree that they prefer to use other cashless payment option.
4. Majority (81.7%) of the respondents are said that security is very important while purchase the product through online.
5. The null hypothesis is accepted-there is no significant association between age of the respondents and their usage of Mobile wallets.
6. The null hypothesis is accepted- that there is no significant association between preferable products/services by the respondents and their opinion about overall usage of Mobile payments.
7. The null hypothesis is accepted that there is no significant difference between gender of the respondents and their opinion about overall usage of Mobile payments.

CONCLUDING REMARK AND RECOMMENDATION

Cash as a mode of payment is an expensive proposition for the Government. The country needs to move away from cash-based towards a cashless (electronic) payment system. This will help reduce currency management cost, track transactions, check tax avoidance fraud etc., enhance financial inclusion and integrate the parallel economy with main stream. Additionally as the Mobile wallets usage crosses the boundaries of big cities and gains popularity into the hinterland, the electronic payment system will generate huge volumes of data on the spending behavior of persons in these areas. Most of the ecommerce companies are offering discounts on digital wallets. All big players have their own e-wallets - Flipkart has FX Mart and Snapdeal

has Freecharge, adoption of digital wallets is steadily increasing. Some of the existing players may need to revamp their operational structures to meet these norms. M-wallets have emerged

as the most significant contributor in pushing cashless and electronic payments. Over time when Mobile payments grow and represent a significant part of retail sales, the mobile payments data could also be used as a quick estimate of private consumption.

Finally, considering the advantages the Mobile payment system generates over the paper based payment system, the study looks into few of the impediments and recommends some measures so as to promote the growth of the Mobile payments:

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