

A STUDY OF RELATIONSHIP BETWEEN DEMOGRAPHIC VARIABLES AND USAGE OF E-WALLETS

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PURPOSE

IN the era of digitalization, E-Wallets is a growing concept. Especially, after demonetization in India, the demand for the different kinds of E-Wallets has seen a surge. The government's idea to make India cashless is also a prominent factor for the increase of E-wallets in India. Some of the most important E-wallets are Paytm, Google pay, Tez, Mobikwik, Freecharge, etc. The present study focuses on different parameters for the use of E-Wallets, identifies the current status and future challenges for E-Wallets in India.

Design/Methodology/Approach: *The study has used a descriptive methodology and data have been collected by using a structured questionnaire from 153 respondents. Chi Square test has been used to find out the association between features of the respondents and its impact on the usage of E-wallets.*

Findings: *It was found out that age had a considerable impact in adoption of E-Wallets. Younger generation is a more avid user of E-Wallets.*

Research Limitations: *Not much people were very open in sharing their medium of payments and were hesitant.*

Practical Implications: *The major issue in India at this point is the trust of people on E-Wallets due to increased cyber crimes in the recent past. This research study also highlights fact that the younger generation is more flexible in changing the traditional payment method to Electronic payments, but this is not the case with a bit older generation.*

Originality/Value: *This research study is an original analysis of what people think about E-wallets and why people who are not using E-Wallets don't want to use it in the future as well.*

Key Words: *E-Wallets, Demonetisation, PayTm, Mobikwik, Freecharge, Tez.*

Introduction

Now-a-days, most of the payment transactions are done through online modes by the use of electronic mode called E-Wallets through smart phones. The concept of currency has changed a lot i.e., from barter system to banknotes. Paper currency now, finds itself being rapidly substituted by its digital form. E-Wallets have benefited greatly from the demonetization drive, with even roadside vendors

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accepting E-Wallet payments. Leading E-Wallets companies have declared abnormal usage and the industry looks set to grow into a \$6 billion giant by 2020. These E-Wallets provide the same level of satisfaction as was provided by traditional plastic cards. These wallets are required to link with the individual's bank account so that it can be used to make payments. It can be called as a prepaid account in which a user can keep his or her money in order to use it for any future online transaction. Most of the E-Wallets are secured with passwords that is beneficial for the users to keep their money safe in the wallets. Payment for groceries, purchasing online, flight tickets, and many other transactions are done with the help of E-Wallets. E-Wallets are considered as fast mode of digital transactions compared to the transactions done through bank accounts. The use of E-Wallets eliminates the need to carry physical wallet by storing all the payment information of customer securely.

Software and information are the two units of E-Wallets. The former unit stores the personal information & provides safety and encryption of data. The latter unit is the knowledge of details that the user provides which includes name, address, payment method, amount to be paid, debit/credit card details, etc. Even though it is supposed to be more secure, E-Wallets owners lose some of their privacy because traditional wallets do not track our purchases. They do not store information regarding our shopping habits. E-Wallets do keep records of what you bought.

Types of E-Wallets

The RBI has allowed for the following three kinds of E-Wallets:

Closed: These types of E-Wallets are issued by the companies to their clients for buying goods and services. These wallets allow clients to do transactions only with that particular service provider. However, they don't allow withdrawing cash.

Semi-Closed: These types of E-Wallets are used to buy goods and services (including financial ones) at specified establishments. These merchant sites have contracts with the E-Wallets issuer to accept payment from the wallet. These also do not allow withdrawing cash.

Open: Open wallets are similar to semi-closed wallets. They also allow the purchase of goods and services at sale terminals. However, these allow cash withdrawal at ATM's or business locations.

For using an E-Wallets account, the user is required to install the software on his/her device and enter the relevant information required. The software is also called as application. The user is required to set a strong password for the E-Wallets. He/she can now add money using debit/credit card or net-banking. After shopping online, the e-wallet automatically fills up the payment form with user's information. Bank account, smart phone, internet connection, and E-Wallets app are the basic needs to start an E-Wallet.

There are various advantages of E-Wallets. E-wallets make payments very convenient in terms of Rupee change and also the payment is done at the click of a button, hence time saving and fast as well. It is more secure than keeping a wad of cash in your pocket and every payment requires authorization from the payer. Hence, better security of money. The most important advantage is the cash backs and discounts that one gets from using these E-Wallets. But there are some disadvantages as well. E-wallets are still not acceptable at all places and stores in India. Even today cash is acceptable everywhere but not electronic payments. Also to use E-wallets and make E-payments, one need to have his/her mobile phone with them together with proper internet connection. Due to this issue the payment transactions come out to be unsuccessful. E-Wallets are more secure than cash but they are still not immune to theft. The increasing cyber crime has put a question mark to that as well. Also, there might be an additional fees or transaction charges charged by the E-Wallet company from the user. These reasons make it very evident why people still rely on cash.

Literature Review

Salodkar, Morey, & Shirbhate (2015) discussed that there are certain applications for E-Wallets that can be installed and used for various purposes like payment of bills, phone recharges, online shopping, and even share purchasing now a days. In all the apps supporting E-Wallet platforms, user will have to link his/her debit/credit card or bank account with the application. The paper also discussed characteristics, importance, pros and cons of using Electronic wallets concluding that the E-wallet provides an easy and fast platform to pay and shop.

Chauhan (2013) highlighted that Electronic-Wallets have made payment transactions easier and speedy for the users. He discussed not only the user friendly framework for the consumers but also from the server point of view. It was concluded that advantages of the E-Wallets overpower the disadvantages of E-Wallets.

Batra, & Kalra (2016) worked on how can digitization of payments facilitate the economic growth of the country. The author analyzed the reaction of the users on adoption of electronic wallets. It was concluded that the number of users trusting and using E-wallets has increased in an enormous manner. The users though have become less cumbersome with the use of E-wallet payment and other transactions, but still, the question of 'security and trust' has still not been answered and a lot of work has to be done in this respect.

Shukla (2016) emphasized that with the advancement in technology and purchasing power, smart phones have become more and more popular with the customers and hence, using the internet and web for different activities has become easier than ever. These electronic platforms have become a very fast and easy way to transfer money. The credit goes to the various government platforms and applications that have contributed towards furthering the concept of digital India. Telecom companies have also helped in a vast manner by providing higher bandwidth.

Kalyani (2016) presented the use, pros, and cons of virtual wallets especially in India. He also mentioned that the use of E-Wallets should be increased in an immediate manner. He also threw light on certain issues being faced by the E-Wallet companies. Other problems like data security, smart phone issues, market penetration, and user acceptability were also discussed.

Shin (2009) examined the acceptability of E-Wallets by the consumers on the basis of trust, social influence, and security. A SEM Model was used to predict the attitudes of people towards the use of E-Wallets. It was concluded that people attitudes and perceptions depend mainly on security and trust factors.

Liu, & Tai (2016) extracted the factors that contributed to the adoption of E-Wallets or M-wallets. Some of those drivers were convenience, ease of usage, usefulness, risks of transaction, and trust. To conduct the study 604 responses were taken and concluded that more of young people were willing to use E-Wallets rather than the older people in Vietnam.

Ahuja, & Joshi (2018) examined about the perception of various customers for using E-Wallets and M-Wallets. It has been found that "ease to use, Benefit, trust, and self efficacy" are the major factors affecting customers' opinion in adoption of E-Wallets. 139 respondents were taken from the telecommunication Industry for this study.

Saraswat, & Mehta (2017) researched on a study about the mobile phone companies that provided new technologies for electronic transactions. It focused on electronic transactions, what are the issues being faced, how to overcome those issues and also about adoption and acceptance of E-payment or M-payment services. It has been found that trust and security are the major issues in the usage of E-Wallets.

Kumar, Israel, & Malik, (2018) studied the factor that most affected the satisfaction of users of E-wallets the most. The research uses integrated research model to prove that the most important factor that influences the user is trust and safety.

Objective of the Study

The objective of the study is to examine the relation between demographic variables (gender, age, profession) and the use of E-Wallets.

Hypotheses of the Study

H₀1 – There is no relation between gender of respondents and E-Wallets usage.

H1 – There is a relation between gender of respondents and E-Wallets usage.

H₀2 – There is no relation between age of respondents and E-Wallets usage.

H2 – There is a relation between age of respondents and E-Wallets usage.

H₀3 – There is no relation between profession of respondents and E-Wallets usage.

H3 – There is a relation between profession of respondents and E-Wallets usage.

Research Methodology

Descriptive research design has been used for this research study, as it describes the various characteristics of the population from which sample has been selected. Primary as well as Secondary data have been used in order to find out the relation between demographic characteristics of the respondents and E-Wallets usage. Primary data have been collected by sending a structured questionnaire online to collect the individual opinion from the respondents through whatsapp, face book, instagram, and gmail. Secondary data have been collected from various journals. Sample had been chosen by convenience sampling technique. The criterion to select the sample was individuals having the age above 13. Sample size of the study is 153 respondents limited to Delhi region. Data have been analyzed through frequency distribution, percentage, and Chi Square Test.

Analysis and Interpretation of Data

Descriptive Statistics

The sample incorporates 43.8 per cent females and 56.2 per cent males representing almost equal distribution of females and males. Majority of the respondents (34 per cent) belong to 19-21 age groups, 28.1 per cent belongs to 36 & above age group, 22.2 per cent belongs to 22-35 age groups, and 15 per cent belongs to 13-18 years age group. Majority of the respondents i.e. 52.9 percent respondents are students, 24.2 percent of respondents are service class people. 13.7 Percent have their own business and 9.2 percent belong to others category like professionals or housewives. Out of the 153 respondents, according to the responses, 97 respondents use E-Wallets, whereas, 56 respondents do not use E-Wallets. These 56 respondents who do not use E-Wallets mentioned some of the major factors for not using E-wallets i.e., legal formalities (KYC authentication), not being aware about such payment medium, trust, and security issues. One major issue that came out to be the prominent one was about security issues due to the growing cyber crimes. People are not very sure if their money will remain secure on using E-Wallets.

Inferential Statistics

Table no. 1 depicts the relation between gender of respondents and E-Wallets usage. To analyze the relation, Chi Square test has been applied. This is to analyze whether gender (being a male or a female) makes any difference in the use of E-Wallets by the respondents.

Table No. 1: Relation between Gender of respondents and E-Wallets usage

	Value	d.f.	Asymptotic Significance (2-sided)
Pearson Chi-Square	0.031 ^a	1	0.860
Continuity Correction	0.000	1	0.994
Likelihood Ratio	0.031	1	0.860
N of Valid Cases	153		

Source: Primary Data

* Significant at five per cent level

Table no. 1 indicates that there is no significant relation between gender and use of E-Wallets, as the Chi Square value is not significant ($\chi^2 = 0.860$, p value > 0.05). It means that use of E-Wallets is indifferent to gender i.e. gender has no effect on the people using E-Wallets. Hence, H_0 is supported.

Table no. 2 depicts the relation between usage of respondents and E-Wallets usage. This is to analyze whether age makes any impact in the use of E-Wallets.

Table No. 2: Relation between Age of respondents and E-Wallets usage

	Value	d.f.	Asymptotic Significance (2-sided)
Pearson Chi-Square	13.753 ^a	3	0.003*
Continuity Correction	14.141	3	0.003*
Likelihood Ratio	0.596	1	0.440
N of Valid Cases	153		

Source: Primary Data

* Significant at five per cent level

Table no. 2 indicates that there is a significant relation between age and E-Wallets usage as the Chi Square value is significant ($\chi^2 = 0.003$, p value < 0.05). It means that age has an impact on the use of E-Wallets i.e. different aged respondents have different opinions on use of E-Wallets. Hence, H_2 is supported.

Table no. 3 indicates the strength of the significant relationship between age of the respondents and E-Wallets usage through the application of Cramer's V test.

Table No. 3: Strength of the Relation between Age of respondents and E-Wallets usage

		Value	Approximate Significance
Nominal by Nominal	Phi	0.300	0.003*
	Cramer's V	0.300	0.003*
N of Valid Cases		153	

Table no. 3 indicates that the value for Cramer's V test is greater than 0.25 (Cramer's v = 0.300), hence there is a very strong relationship between age and use of E-Wallets i.e. age has a huge impact on the use of E-Wallets.

Table no. 4 depicts the relation between profession of respondents and E-Wallets usage. This is to analyze whether profession makes any impact in the use of E-Wallets by the respondents.

Table No. 4: Relation between Profession of respondents and E-Wallets usag

	Value	d.f.	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.973	3	0.396
Continuity Correction	2.861	3	0.414
Likelihood Ratio	1.012	1	0.314
N of Valid Cases	153		

Source: Primary Data

* Significant at five per cent level

Table no. 4 depicts that there is no significant relation between profession and use of E-Wallets as the Chi Square value is not significant ($\chi^2 = 0.396$, p value > 0.05). It means that use of E-Wallets is indifferent to profession i.e. profession has no effect on the people using E-Wallets. Hence, H_0 is supported.

Findings of the Study

- From the above data and its interpretation, it can be concluded that out of 153 respondents, 97 used E-Wallets where as 56 do not use Electronic Wallets. Hence, Electronic Wallets have not penetrated in the market still even after Demonetization.
- Also, some of the major factor for not using Electronic Wallets have been found out as – Legal Formalities (KYC authentication), not being aware about such payment medium and trust issues. One major issue that came out to be quiet prominent was about security issues due to the growing cyber crimes. People are not very sure if their money will remain secure on using E-Wallets.
- It was also found out that age has an effect on the use of Electronic Wallets meaning that respondents in the age group of 19-22 years and 22-35 years are more avidly using these Electronic Wallets. This implies that the young generation is much more comfortable in using Electronic Wallets that people above the age of 36 years. This also shows that younger generation is much more flexible and comfortable in accepting changes.
- Also gender whether a male or a female or profession of a respondent does not effect if he uses Electronic Wallets or not.

Conclusion

This research study helps in finding some important aspects towards the adoption of E-Wallets. Electronic Wallets usage awareness has been spread among the people in India. But it can be concluded that only the people belonging to younger age group (19-35 Years) are more aware and motivated to use these E-Wallets. These people understand the advantages of E-Wallets. One of the major issues that came out for people not using E-Wallets is the trust and security issues. People are not convinced over the usage of E-Wallets due to the increasing cyber crimes that are happening. Since, these E-Wallets require you to either link the bank account or transfer amount from the bank account to the E-Wallet, people feel it is more susceptible to frauds having security and trust issues. Also another point that came out was the legal formalities one needs to fulfil to start using these E-wallets like the KYC.

Scope of further Research

There is a scope of further research on this topic. Usage and adoption of E-Wallets has huge implications and there are certain topics that can be taken up as further research areas such as how can the usability of E-Wallets be increased? What all motivation can be provided to shift people from using paper currency to electronic currency? What impact does the increasing number of cyber crimes have on the existing users as well as prospective users?

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