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Transmuting Revolution of Digital Payments after Demonetization with Reference to Paytm

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ABSTRACT

Gone are the days, when people used to carry their wallets with cash. In today's scenario people are carrying digital wallet with digital cash and all the information of their bank accounts, passwords etc. is also stored digitally in this, specifically after demonetization. Technology has shown an incipient era of digitalization where you can keep your money in digital wallets and instantly transfer money wherever and whenever is needed. There are so many digital payment apps namely Paytm, Mobikwik, JioMoney, mRupee, Oxigen Wallet, ICICI pockets, BHIM and many more but we visually perceive Paytm very much in our surroundings, catching everyone' eyes "Paytm accepted here" almost at every place. Due to this, Paytm as digital payment app has created a place in the gallery of smart phone users. This study highlights the factors influencing users the use of Paytm for making digital payments and key projections of digital payments as well as Paytm in India in near future.

***Keywords**: Demonetization; Digitalization; Digital payments and Paytm.*

1.0 Introduction

Everyone knows about digital wallet, which is an electronic contrivance that sanctions an individual to make e-transactions for purchasing items on-line by linking an individual's bank account to the digital wallet. Digital transactions include all payments made by credit and debit cards, UPI, prepaid payment instruments (PPIs), Internet banking and unstructured supplementary accommodation data (USSD). After demonetization, the pace of digital transactions took place in India and when entire India was struggling to get a hand on some hard cash to cater daily needs, Paytm was there to offer solutions to go cashless and it was an immense step towards digital India.

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Paytm enables its user to pay online for various services like mobile recharge, book tickets for travelling/movie, pay utility bills, etc. and offers amazing deals with cash back offers now days which is attracting users to use more Paytm services. The revenue model of Paytm is to generate revenue from multiple sources which includes advertisements on its websites, commission from utility payments and recharges, commission for transferring money from merchant e-wallets to their bank accounts etc. Paytm was originally launched in 2010 as prepaid online mobile recharge website, Paytm wallet in 2014 and Paytm Mall for the online marketplace business in Feb.2017. Even Paytm was granted a license from Reserve Bank of India to initiate India's first payments bank and recently in Nov., 2017 Paytm Payments Bank has also been launched. The benefits for the accounts holders of Paytm Payments Bank are zero-balance account, free IMPS, NEFT, RTGS, UPI transactions and a complimentary virtual Rupay card for secure online transactions with risk free deposits. The credit for the surge of Paytm conspicuously goes to demonetization. The sizably voluminous prosperity of Paytm magnetized many investors as well such as renowned Indian Industrialist, Ratan Tata, and Alibaba Group of China who have invested in Paytm.

1.1 Some published highlights and key projections of digital payments in India

- As per RBI data, digital transactions in the country had reached an all-time high of 965 Mn in Nov 2017 which was the highest volume of digital transactions in the country since the commencement of demonetization on November 8, 2016, following proximately behind the record of 957.5 Mn, recorded in December 2016.
- As per Capgemini's World Payment Report 2017, India's drive to become a less-cash economy will help the mobile wallet industry grow to $4.4 billion by 2022.
- Government of India has set a target of Rs 2,500 crore on digital transactions in FY 2018 (Rs 625 crore in the first quarter, of which merely 37 percent, was met).
- Indians are becoming techno savvy in making payments. As projected in Google's Digital Payment 2020 report, India has the third-largest internet user base in the world with 300 million users. Out of which, nearly 50 percent of them are mobile-only internet users and this 300 million is estimated to become 650 million by 2020. Also projected, the total payment via digital instruments is expected to physically contact $500 billion by 2020.

This shows that digital payment system has a huge scope in India which is catching everyone's eye in this market, mainly after demonetization. Such as, Amazon has also got the payment license to operate its Amazon Pay service. Paytm has already captured the market and diversified into Paytm Mall and Payments bank now. Telecom

operators have also entered into this market namely Airtel and Reliance Jio and still there are many more companies into this race.

1.2 Some published highlights and key projections of Paytm in India

- Paytm founder Vijay Shekhar Sharma shared some numbers on the launching day of Paytm Payments Bank in Nov., 2017 that it has got 28 crore registered users, 18 crore wallets, 50 lakh merchants, and Rs. 80,000 crore annual transaction value.
- Digital payments company Paytm has reported 1.5 billion transactions for the financial year ended 31st March 2017. One97 Communications Ltd, the company that owns Paytm, reported revenue of Rs 813.88 crore for the financial year 2016-17 and the net worth of the company stood at Rs 2,376.6 crore.
- SoftBank and Alibaba-backed Paytm plans to invest Rs 500 crore over the year 2018 to integrate its offline merchants into seamless QR code-based payments that will directly land into their bank accounts.
- Paytm has processed around 1 million Fastag toll transactions in the month of Nov.,2017 and has set a target of getting around 10 lakh vehicles with the Paytm Fastag sticker by the end of March 2018. For which, the newly launched Paytm payments bank has partnered with National Payments Corporation of India and National Highways Authority of India to facilitate these digital toll collections. It has also tied up with automobile manufacturers and dealers like Maruti, Hyundai, Tata among others.
- Paytm Payments Bank is set to add over 1 lakh 'Paytm ka ATM' banking outlets across India to expand the reach of its banking services to the entire country. It has committed Rs 3,000 crore over the next three years to expand offline distribution network by allowing trusted local partners to act as potential cash-in and cash-out points.

1.3 Glimpses of Digital Push after Demonetization

The report shared with the Finance Standing Committee of Parliament, showed consequential increases in average daily transactions across all platforms, such as UPI-BHIM, IMPS, M-wallet and debit cards, since November 2016, when PM Modi promulgated demonetization has been shown below. As shown above in Tables 1 and 2 and Figures 1 and 2, it clearly indicates the increased value and volume of transactions through mobile banking due to digitalization after demonetization.

Table 1: Electronic Payment Systems (in Value) - Representative Data by RBI

Value in Rs. Billion										
Data for the period	**RTGS**	**NEFT**	**CTS**	**IMPS**	**NACH**	**UPI**	**USSD**	**Debit and Credit Cards at POS**	**PPI**	**Mobile Banking**
	Value	Value	Value	Value	Value	Value	Value (in Rs. thousand)	Value	Value	Value
Nov-16	78479.2	8807.8	5419.2	324.8	606.6	0.9	7302.6	352.4	13.2	1244.9
Dec-16	84096.5	11537.6	6811.9	431.9	626.8	7.0	103718.4	522.2	21.3	1365.9
Jan-17	77486.1	11355.1	6618.4	491.2	541.4	16.6	381760.2	481.2	21.0	1206.7
Feb-17	74218.8	10877.9	5993.9	482.2	592.0	19.0	357055.2	391.5	18.7	1080.0
Mar-17	123375.8	16294.5	8062.8	564.7	829.4	23.9	337962.4	416.2	21.5	1499.9
Apr-17	88512.2	12156.2	6990.6	562.1	905.2	22.0	301650.5	431.4	22.3	1443.8
May-17	90170.5	12410.8	6745.9	585.6	692.4	27.7	316723.7	450.8	25.3	1940.7
Jun-17	92812.6	12694.2	6409.9	596.5	708.6	30.7	313277.0	468.2	24.1	1584.7
Jul-17	87149.3	12011.6	6342.5	604.8	771.7	33.8	302097.8	439.3	25.1	1019.2
Aug-17	89163.4	12500.4	6224.3	651.5	752.4	41.3	294239.4	457.1	27.2	1033.0
Sep-17	102348.1	14182.1	6271.5	717.6	628.4	52.9	323578.5	478.2	27.6	1121.6
Oct-17	92056.1	13851.3	6340.2	750.4	900.5	70.3	299071.8	530.5	32.7	1168.7

Source: *https://www.npci.org.in/statistics*

Table 2: Electronic Payment Systems (in Volume) - Representative Data by RBI

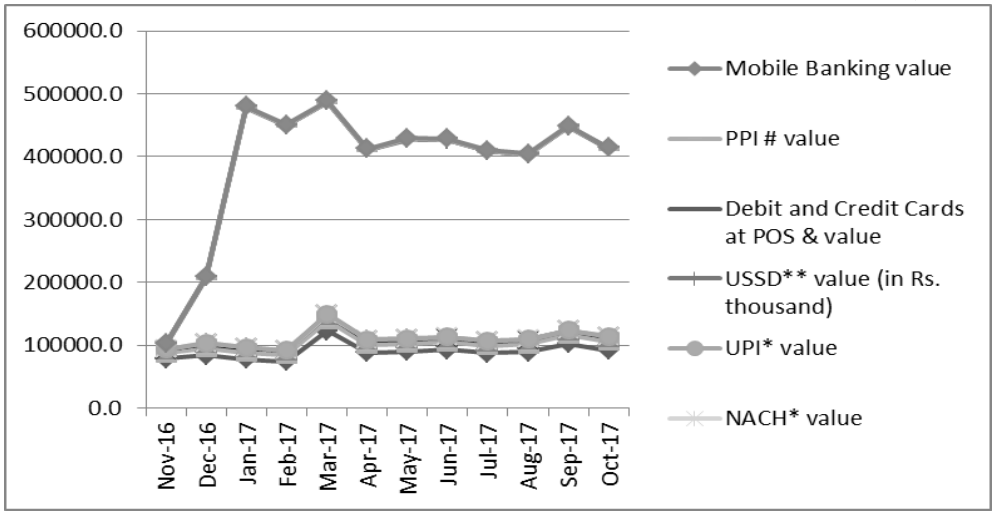
Volume in million										
Data for the period	**RTGS**	**NEFT**	**CTS**	**IMPS**	**NACH**	**UPI**	**USSD**	**Debit and Credit Cards at POS**	**PPI**	**Mobile Banking**
	Volume	volume	volume	volume	volume	volume	volume (in thousand)	Volume	Volume	volume
Nov-16	7.9	123.0	87.1	36.2	152.5	0.3	7.0	205.5	59.0	72.3
Dec-16	8.8	166.3	130.0	52.8	198.7	2.0	102.2	311.0	87.8	70.2
Jan-17	9.3	164.2	118.5	62.4	158.7	4.2	314.3	265.5	87.3	64.9
Feb-17	9.1	148.2	100.4	59.7	150.5	4.2	224.8	212.3	78.4	56.2
Mar-17	12.5	186.7	119.2	67.4	182.1	6.2	211.2	229.7	90.0	60.8
Apr-17	9.5	143.2	95.3	65.1	212.6	6.9	188.9	231.1	89.2	61.0

May-17	10.4	155.8	97.1	66.7	194.4	9.2	192.6	233.4	91.3	64.9
Jun-17	9.8	152.3	91.9	65.8	197.3	10.2	198.9	232.4	84.7	77.1
Jul-17	9.4	148.1	92.2	69.1	204.3	11.4	190.7	237.6	88.7	69.5
Aug-17	9.5	151.6	92.1	75.7	205.2	16.6	191.8	243.0	89.7	70.8
Sep-17	9.6	157.7	92.2	82.9	176.0	30.8	202.7	240.3	87.5	86.3
Oct-17	10.0	158.8	94.4	88.1	187.0	76.8	184.6	255.7	96.2	130.9

Source: *https://www.npci.org.in/statistics*

Figure 1: Electronic Payment through Various Options

Value (Rs. in Billion)

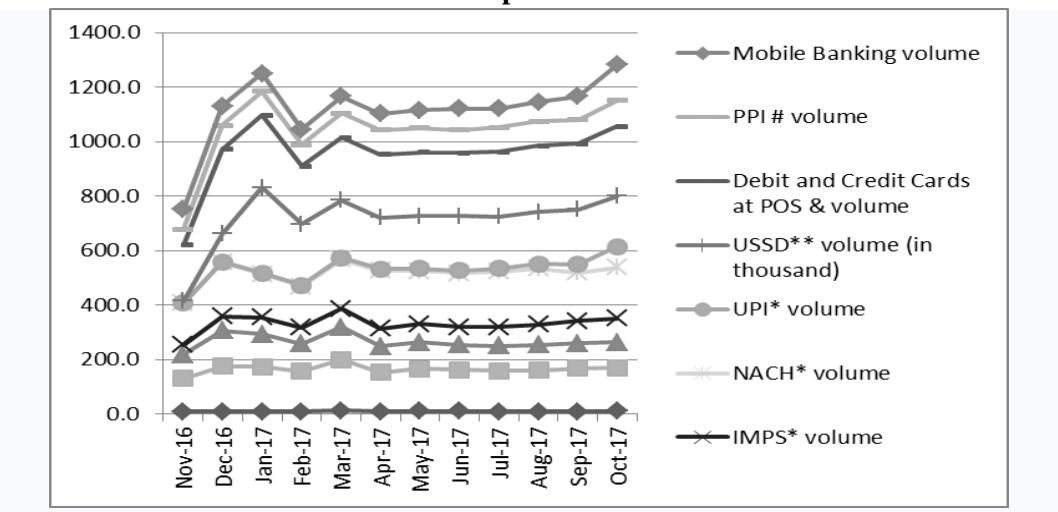


Source: *Secondary data (Prepared in Excel)*

2.0 Review of Literature

Abhijit and Harmeet (2017), focused in their research paper on "A Study on usage of PAYTM", the importance and usage of Digital Wallet i.e Paytm. They also highlighted the problems faced by the Paytm users and found that PayTm is performing well in terms of privacy but it has to work upon discounts/offers, transaction time and bring about innovation to increase customer satisfaction. Dixit, Prakash, and Tiwari (2017), analyzed that Paytm has covered the entire online market and all-round growth of the company in the e-commerce sector of India.

Figure 2: Shows the Volume (in Million) of Electronic Payment Through Various Options



Source: *Secondary data (Prepared in Excel)*

Rajadhyaksha and Jaiswal (2017), showed how the rare unpredictable black swan event can trigger not only the growth of the sector, but build in quality systems and processes for the consumer. They concluded their paper by creating benchmarks for sustainable growth of digital modes of payment and emphasized that the proactive approach of Government of India to instigate this demonetisation and create enabling environment through positive policies will jump-start this sector exponentially and boost their competitiveness.

Batra and Kalra (2016) highlighted in their the huge untapped market for digital wallets both in terms of increasing awareness as well as its usage. They also discussed about customer perception, usage pattern preferences, satisfaction level, main reasons and barriers in using digital wallets for online transactions. Rathore (2016) talked about the preference of usage of Digital wallets by the users which are quickly becoming mainstream mode of online payment. Shoppers are also adopting digital wallets at an incredibly rapid pace, largely due to convenience and ease of use. Shukla (2016) discussed about mobile wallet, working, types and its advantages and disadvantages. His analysis included perception of consumers and retailers about mobile wallets. He also concluded that mobile wallets will be habituated to engage with the customers by the marketers and digital businesses. Irrespective of the market status of these mobile wallets, marketers should capitalize on the emerging opportunities. Ghuman and Srivastava (2016) asked readers a strategic question that in the emerging internet

predicated service provision industry, whether it is a better strategy to develop a unique situating on the substratum of single key accommodation or it's better for an organization to offer multiple services, thereby reducing risks, incrementing traction and thus incrementing its valuation? And thus they compared Paytm and Freecharge and found that Paytm is better.

3.0 Objective of the Study

The objective of the study is to explore the purpose and factors for using digital wallet and making digital payments through Paytm by the users.

4.0 Research Methodology

After demonetization, most of the companies are in the race to capture an individual's digital wallet by offering lucrative options. We, now a day, see **"Paytm accepted here"** at almost every shop which shows that Paytm has been captured by most of the public. The purpose of this study is to find out influencing factors for making digital payments by different age groups/male/female/income groups through Paytm. This study is descriptive as well as exploratory in nature. Both primary and secondary data has been used by the researcher for this study. A structured questionnaire has been used for collecting primary data and secondary has been taken from journals, published articles, newspapers etc. Questionnaire was sent to 96 respondents based on convenience out of which the responses from 70 users of Paytm were received.

4.1 Tools for analysis

Correlation, Mean, t-test and ANOVA statistical techniques have been used for analyzing the collected data through SPSS v.20.

4.2 Hypotheses

H1: There is no relationship between different age groups and purpose of using Paytm.

H2: There is no relationship between income of the users and load in their digital wallet Paytm.

H3: There is no significant difference in between the income level of users and their usage of Paytm for making digital payments.

H4: There is no significant difference between the options opt by male and female in using Paytm.

H5: There is no specific factor which affects the use of Paytm by different users' category.

5.0 Results

5.1 Demographic profile

Out of 70 respondents 61.4% were male and 38.6% were female. Majority 47.14% were in between 26-35 age groups, 37.15% were servicemen/women and 41.43% were from Rs. 15,001 – 30,000 income group (Table 1).

Table1: Demographic Characteristics of Respondents

S. No	Demographic Variable	Particulars	Frequency (N = 70)	Percentage (%)
1	Gender	Male	43	61.4
		Female	27	38.6
2.	Age Group	15 – 25	16	22.85
		26 – 35	33	47.14
		36 – 50	13	18.57
		50 Above	08	11.44
3.	Users'	Students	19	27.14
	Category	Housewives	14	20
		Servicemen/women	26	37.15
		Others	11	15.71
4.		Upto 15,000	7	10
	Monthly	15,001 – 30,000	29	41.43
	Income (in Rs.)	30,001 – 50,000	21	30
		Above 50,000	13	18.57

Source: *Primaryy data*

Table 2: Responses for using Paytm for Various Purposes.

Purpose of Using Paytm	**Frequency (N=70)**	**Percentage (%)**
a) Online shopping	09	12.86
b) Paying utility bills	11	15.71
c) Booking movie tickets	07	10
d) Booking tickets for Travelling by Bus/Train/Flight	02	2.86
e) Recharge Mobile	09	12.86
f) All above mentioned purposes	32	45.71

Source: *Primary data*

Table 3: Responses Regarding Keeping Load on an Average in Paytm

Load of Paytm	**Frequency (N=70)**	**Percentage (%)**
a) Upto Rs. 1000	19	27.14
b) Rs.1001 to Rs. 2000	31	44.29
c) Rs. 2001 to Rs. 3000	12	17.14
d) More than Rs. 3000	08	11.43

Source: *Primary data*

5.2 Correlation between different age groups and purpose of using Paytm (H1)

The result shows (Table 4) that there is a negative relationship i.e. no relationship between different age groups and their purpose of using Paytm. Most of the respondents use Paytm for multi purposes such as online shopping, paying utility bills, booking movie/bus/train/flight tickets and to recharge their mobile phones.

Table 4: Correlation

		Age	Paytm Purpose
Age	Pearson Correlation	1	-.301*
	Sig. (2-tailed)		.011
	N	70	70
Paytm Purpose	Pearson Correlation	-.301*	1
	Sig. (2-tailed)	.011	
	N	70	70

Source: *Author's computation and compilation using SPSS software.*

5.3 Correlation between income of the users and load in their digital wallet Paytm (H2).

Table 5: Correlation

		Income	Paytm Load
Income	Pearson Correlation	1	.015
	Sig. (2-tailed)		.903
	N	70	70
Paytm Load	Pearson Correlation	.015	1
	Sig. (2-tailed)	.903	
	N	70	70

Source: *Author's computation and compilation using SPSS software.*

The result shows (Table 5) that there is a negligible relationship between income of the users and load in their digital wallet Paytm. Generally they keep upto Rs.2000 in their digital wallet Paytm as per the responses got from the users. Further, they add in their Paytm wallet as needed.

5.4 Correlation between income level of users and their usage of Paytm (H3).

The result shows (Table 6) that users of Paytm are not dependent on their income level.

Table 6: Correlation

		Income	Users
Income	Pearson Correlation	1	-.024
	Sig. (2-tailed)		.842
	N	70	70
Users	Pearson Correlation	-.024	1
	Sig. (2-tailed)	.842	
	N	70	70

Source: *Author's computation and compilation using SPSS software.*

5.5 t-test to find out the differences between the options opt by male and female using Paytm (H4).

As per the results shown in above table (Table 7), there is no significant difference between the options opt by male and female in using Paytm.

Table 7: Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
More convenient	Equal variances assumed	.177	.675	.206	68	.837	.02498	.12123	-.21693	.26689
	Equal variances not assumed			.206	55.60	.837	.02498	.12108	-.21761	.26757
Easy tracking	Equal variances assumed	1.105	.297	-1.003	68	.320	-.12317	.12284	-.36830	.12196
	Equal variances not assumed			-.996	54.17	.324	-.12317	.12367	-.37109	.12475

Cash back offers	Equal variances assumed	.035	.853	-.613	68	.542	-.19724	.32181	-.83940	.44491
	Equal variances not assumed			-.613	55.49	.542	-.19724	.32162	-.84165	.44717
Discounts offers	Equal variances assumed	.044	.834	-1.090	68	.280	-.36779	.33749	-1.04123	.30566
	Equal variances not assumed			-1.079	53.51	.286	-.36779	.34100	-1.05159	.31602
Brand loyalty	Equal variances assumed	.011	.916	-.053	68	.958	-.00603	.11416	-.23384	.22178
	Equal variances not assumed			-.053	55.32	.958	-.00603	.11420	-.23486	.22280
Safe and secure	Equal variances assumed	4.726	.033	1.150	68	.254	.12403	.10784	-.09116	.33922
	Equal variances not assumed			1.110	49.04	.272	.12403	.11175	-.10053	.34859
Hassle free mode of payment	Equal variances assumed	.106	.746	-.162	68	.872	-.01464	.09065	-.19553	.16625
	Equal variances not assumed			-.163	56.69	.871	-.01464	.08999	-.19487	.16559
Accepted everywhere	Equal variances assumed	.310	.579	.291	68	.772	.03531	.12119	-.20652	.27715
	Equal variances not assumed			.290	54.39	.773	.03531	.12185	-.20895	.27958
No need to carry a debit/credit card	Equal variances assumed	.153	.697	-.430	68	.668	-.09216	.21411	-.51941	.33508
	Equal variances not assumed			-.429	54.86	.669	-.09216	.21473	-.52251	.33819
Easy to use	Equal variances assumed	.464	.498	.150	68	.881	.02326	.15466	-.28536	.33187
	Equal variances not assumed			.146	50.05	.885	.02326	.15933	-.29676	.34328

Source: *Author's computation and compilation using SPSS software.*

5.6 Mean score of influencing factors for using Paytm by different category of users (H5).

Result shows (Table 8) that users use Paytm because it is accepted almost everywhere now (after demonetization) and provided cash back offers.

Table 8: Analysis of Influencing Factors by the Different Users

S.No.	Particulars	Mean	S.D.
1	I use Paytm because it provides more convenience in buying products online.	3.4714	.49028
2	I use Paytm because it helps me in easy tracking my online expenditures.	3.4429	.50031
3	I use Paytm because it provides cash back offers in online transactions.	4.3857	1.30463
4	I use Paytm because it provides discounts offers in online buying.	3.7000	1.37630
5	I use Paytm because of brand loyalty.	3.7000	.46157
6	I use Paytm because it is safe and secure	3.7429	.44021
7	I use Paytm because it is hassle free mode of payment.	3.8429	.36656
8	I use Paytm because it is accepted almost everywhere now (after demonetization).	4.6143	.49028
9	I use Paytm because it has replaced the swipe of the card (no need to carry a debit/credit card).	3.1286	.86680
10	I use Paytm because it is easy to use for paying all my utility bills and saves time.	4.0143	.62538

Source: *Author's computation and compilation using SPSS software.*

5.7 Analysis of specific factor that affects the use of Paytm by different users' category (H5).

As per the results shown in Table 9, one factor i.e "safety and security" has a significant impact on the usage of Paytm by all the categories of users.

Table 9: ANOVA

		Sum of Squares	Df	Mean Square	F	Sig.
More convenient	Between Groups	.282	3	.094	.381	.767
	Within Groups	16.303	66	.247		
	Total	16.586	69			
Easy tracking	Between Groups	.590	3	.197	.778	.510
	Within Groups	16.681	66	.253		
	Total	17.271	69			
Cash back offers	Between Groups	2.878	3	.959	.553	.648
	Within Groups	114.565	66	1.736		
	Total	117.443	69			

Discounts offers	Between Groups	5.301	3	1.767	.930	.431
	Within Groups	125.399	66	1.900		
	Total	130.700	69			
Brand loyalty	Between Groups	.077	3	.026	.116	.951
	Within Groups	14.623	66	.222		
	Total	14.700	69			
Safe and secure	Between Groups	2.128	3	.709	4.163	**.009**
	Within Groups	11.244	66	.170		
	Total	13.371	69			
Hassle free mode of payment	Between Groups	.332	3	.111	.816	.490
	Within Groups	8.940	66	.135		
	Total	9.271	69			
Accepted everywhere	Between Groups	.861	3	.287	1.205	.315
	Within Groups	15.725	66	.238		
	Total	16.586	69			
No need to carry a debit/credit card	Between Groups	1.454	3	.485	.635	.595
	Within Groups	50.389	66	.763		
	Total	51.843	69			
Easy to use	Between Groups	.187	3	.062	.153	.927
	Within Groups	26.799	66	.406		
	Total	26.986	69			

Source: *Author's computation and compilation using SPSS software.*

6.0 Conclusion

It is found in the study that users are using Paytm because it is generally accepted at every place and offering cash back which is an attractive option for the users of Paytm. The strategy behind cash back offers provided by the Paytm may be to attract users to use more services through Paytm only. Apart from this as per the projections of digital payments in India, there is an immensely colossal untapped potential for digital payments in India as there are still a chunk of customers utilizing cash and it is withal quite sure that payment companies making the best of India's growing mobile internet population as well. Even Paytm Payments Bank is attracting the users to join the revolution of digital payments by opening the digital savings account at free of cost, without maintaining minimum balance, with 4% p.a. interest paid every month. So this is just a beginning of revolution of digital payments in India and there is much scope for digital payment players to go ahead.

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