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Study on Consumer's Perception Towards Digital Wallets in Pune City, Maharashtra

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ABSTRACT

Post demonetisation, the central government in close contact with the RBI & NPCI is making a big push towards online and card-based transactions. The center's vision of becoming one of the 'largest cashless economies' is catching up in cities. With the movement of digital transactions spending rapidly catching up in cities, there has been a growth in people opting for various digital payment platforms or mobile wallets that have made it convenient to conduct e-payment of shopping bills, utility bills, etc. They can effortlessly substitute the physical wallet. One can use these epayment apps to transfer money or make payments at kirana stores and malls simultaneously. This research, therefore, attempts to investigate the consumer's perception of digital wallets in the Pune city of Maharashtra. A total of 160 respondents were analysed for deriving the conclusion and statistical results. To achieve this objective the paper was divided into 5 interconnected sections.

Keywords: NPCI; Digital wallet; Cashless economy; Card-based transactions

1.0 Introduction

In the world of business, it is very well said that every disruption creates unique and untapped opportunities. One such disruption occurred when the Prime Minister of India, Mr. Narendra Modi announced demonetisation on 8th November, 2016 when he announced that the currency of Rs.500 & Rs.1000 were seized to be legal tender of

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money. This created growth opportunities in the field of the digital wallet/e-wallet industry. The companies grabbed this opportunity to enlarge their existing line of business and expand their market share.

The vision of cashless economy in India has been magnified with the center's initiative under the Digital India campaign. The center has adopted various ways in order to promote a cashless economy. It has put limits on the withdrawal of cash from ATMs and banks. Also, the digital wallet service providers such as Paytm, PhonePe, Google pay, BHIM, Amazon Pay, and Airtel Money are providing various cashback offers and vouchers for attracting clients towards them.

2.0. Concept of Digital Wallets

A digital wallet can be called a substitute for a physical wallet, wherein it is not necessary to have paper currency rather it stores cash in digital form. A digital wallet is a software-based system that stores payment information for making online payments for any transaction. Individual users can link their bank accounts for executing transactions or for adding cash to the digital wallets online. E-wallet serves the purpose of not only making payments but also provide authentication of a user. With the usage of digital wallets tracking receipts and payments has become a cakewalk. It can store complete user information such as transaction history, personal details, and other credentials.

2.1 Theoretical framework: Types of e-wallets/digital wallets in India.

Every mode of cashless fund transfer made by using cards or mobile phones is classified as a 'Prepaid Payment Instrument (PPI)' by the Reserve Bank of India (RBI). These payment instruments can be issued as net- wallets, mobile accounts, smart cards, etc.

Further, it can be classified under four heads:

- Closed wallets: The closed wallets are issued by vendor for facilitating the purchase of goods and services from that particular vendor and do not permit cash withdrawal. Closed wallets cannot be used for settling any third-party transactions; thus the issuance of these instruments is not classified as a payment system that requires any approval/authorisation by the RBI. For example: Amazon cards, Book My Show Wallet, etc.
- Semi-closed wallets: These wallets require RBI's approval. These cards can be used to purchase goods and services, including financial services, remittance facilities, etc. from listed vendors. These wallets do not permit withdrawal of cash or

redemption. For example: One-Circle includes companies like Lifestyle, Max, Spa Market.

• Open Wallets: These PPIs allow users to buy goods and services, withdraw cash at ATMs or Points of Sale (PoS) terminals, and transfer funds. These PPIs are jointly launched in association with a bank. It also, allows users to send money to mobile numbers that are linked with banks. For example: debit cards issued by small cooperative banks, etc.

3.0 Review of Literature

Sardar (2016) in his study on, 'Preference towards mobile wallets among the urban population of Jalgaon city' made an attempt to examine the preference of e-wallets among the urban population of Jalgaon city and made an attempt to study the impact of demographic variables on the usage of mobile wallets. The study concluded that less processing time of transaction is an important factor to opt for mobile payments. The use of mobile wallets is still in its early stages, with only 15% of internet users using them, businesses should promote them through their marketing and advertising campaigns. Also, ahead of the complete implementation of the government's Unified Payments Interface (UPI), which envisions frictionless digital money transfers between banks and their consumers, payment businesses (particularly mobile wallets) would need to diversify their revenue streams.

Painuly & Rathi (2016) in their paper said that, in recent times, the increasing relevance of technology and mobile has made its impact evident in financial transactions. The concept of 'Mobile Wallet' supports the ability to conduct quick, secure, and intelligent financial transactions. Mobile wallet has aided both the needs of the business owner and the wants of the customer at the same time. In today's world, the intricacy of money transactions drives and encourages the use of mobile wallets. This article intends to investigate the notion of mobile wallet and its expanding importance in a variety of industries on a global scale, spanning from small to major firms, wholesalers to retailers, and even the general public. They accomplished that electronic wallet broke down the ease of exchange, fastened profile and ease in taking care of the wallet cash. They presumed that business affairs like managing an account and transaction records have become easy with the adoption of digital wallet.

Budhathoki (2020) found, that the majority of respondents use e-payment gateways. According to the findings of the data analysis, gender, age, and occupation level have little bearing on youngsters' attitude regarding e-payment, but academic

qualification does. The results of the multiple regression analysis show that trustworthiness and product safety have little effect on teens' attitude on e-payment. However, the model as a whole is statistically significant. According to the Pearson correlation, there is a positive association between trustworthiness and product safety, as well as perceptions of the young on e-payment. Brand managers, marketing managers, and vendor management will all benefit from the conclusions of this study. Male respondents are more likely to use e-payment channels than female respondents. As a result, marketing initiatives and awareness campaigns can be undertaken to increase female respondents' engagement in order to encourage them to utilise e-payment gateways in the future.

Padiya & Bantwa (2018), study showed that e-wallets are rapidly gaining popularity as a mainstream means of payment, and in the not-too-distant future, they will have a major part of the market as a mode of payment for both online and offline transactions. Days are not far away when we shall witness the majority of wallets among Jalgaon city's urban population. In order to comprehend virtual wallets, you must first understand what they are. The primary causes for customer acceptance of mobile wallets were identified in this study. According to Elsevier, the low popularity for e-wallets as a payment method is due to people's unwillingness to shift away from the comfort of using traditional payment methods, privacy issues, and security risks. Users of e-wallets place a high value on features such as security, privacy concerns, and cost (Fees). Long transaction time, security breaches, and delayed payments are the most common issues people face while using e-wallet. The Government of India's demonetisation programme has made a significant contribution to online payment awareness, usage, and acceptability. E-wallets appear to have a bright future.

Kumar & Chaubey (2017), concluded that after demonetisation, digital payments provided respite and forced people to learn digital transactions. People were sluggish to adopt technology, and did not want to pay a premium for digital transactions. People in India, on the other hand, endured money troubles as a result of demonetisation, as they were left with no cash. Furthermore, a platform like Paytm aids them in this regard.

Singh & Rana (2017), in their study learnt about how customers felt about digital payments. Except for education, it was discovered that demographic factors have little impact on digital payment uptake. This conclusion was backed by Anova calculations, which revealed that respondents' perceptions of gender, age, profession, and annual income did not differ significantly. The respondents only saw a difference in significance when it came to their educational level. It appears that the customer's degree of education has an impact on digital payment uptake. If a person has completed secondary school and is computer literate, he or she will be more likely to use the digital

payment method. It was also shown that in areas/regions with a high level of education, such as Delhi NCR and other urban areas, the likelihood of digital payment acceptance is substantially higher. The acceptance of digital payment was aided by the increase in smartphone users and internet access in such areas.

Brahmbhatt (2018), in the paper studied the fact that majority of respondents (92%) agreed to prefer e-wallet over traditional payment shows that e-wallet adoption among Ahmedabad consumers has already progressed beyond the early stages, and success in the e-wallet market now depends heavily on the marketing strategies of e-wallet companies as well as financial policymakers. When compared to other ways of information dissemination, such as advertisements on social media, magazines, television, and government promotion, word-of-mouth exposure has a greater impact. As a result, both businesses and governments should raise awareness by hosting workshops/seminars on cashless society at schools, colleges, and workplaces. The government might make it a requirement for all schools, universities, and institutes to offer at least one programme per academic year. E-wallets are used to recharge mobile phones and DTH receivers. Users favour internet shopping as the second most popular alternative. To improve the growth rate of e-wallets, the authority must make fee payment and submission of IT returns mandatory.

4.0 Objective of Study

- To study the consumer's perception towards digital wallets
- To study the problems faced by consumers while using digital wallets which in turn impact their usage
- To identify the relationship between various demographic factors, like gender, age, occupation, etc. and digital wallets.

5.0 Scope of Study

- The functional scope of the study is to find out the potential reasons for the poor practice of mobile wallet services in India
- Since digital payments are on rise, this research also helps us in finding out the most preferred service provided by the digital wallet service providers.

6.0 Research Hypothesis

 H_{01} : There is no significant association between gender of the respondents and the use of digital wallet by them.

 H_{02} : There is no significant association between age of the respondents and the use of digital wallet by them.

 H_{03} : There is no significant association between occupation of the respondents and the use of digital wallet by them.

 H_{04} : There is no significant association between income of the respondents and the use of digital wallet by them.

 H_{a1} : There is a significant association between gender of the respondents and the use of digital wallet by them.

 H_{a2} : There is a significant association between age of the respondents and the use of digital wallet by them.

 H_{a3} : There is a significant association between occupation of the respondents and the use of digital wallet by them.

 H_{a4} : There is a significant association between income of the respondents and the use of digital wallet by them.

7.0 Research Methodology

A step-by-step approach used by a researcher to conduct a scientific study is known as research design. In this study, a mix of both exploratory and descriptive research designs has been opted. The current study is based on the data obtained from both primary and secondary sources. The primary data was collected by a structured close-ended questionnaire. The questionnaire measured the variables that the researcher wanted to study and no irrelevant questions were asked. while the secondary data was collected from the journals and websites precisely NPCI (National Payments Cooperation of India).

Sample Size: The primary data was collected from 160 respondents from the different parts of Pune city, Maharashtra. The respondents include youngsters, middle age people, and senior citizens of different professions.

Sampling Technique: During this research, the sample was collected based on the non-probability sampling technique i.e., convenience sampling.

8.0 Market Research

As per Figure 1 it can be seen that UPI transactions are setting a record high after every passing month. It recorded another high in the month of October 2021, where the value of total transactions scaled up to Rs.7.71 lakh crore compared to Rs. 3.9 lakh crore in October 2020. While the transaction volume climbed up to 421 crores, more

than double the volume in October 2020. Also, the digital payment index of RBI rose by 63 points during the past 12 months.

Figure 1: UPI Transaction Data in Terms of Volume and Value Till Month of October 2021



Source: October 2021_0.pdf (dea.gov.in)

Table 1: No. of Banks Live on UPI as at 31st October 2021

Sr. No	Year	No. of Banks live on UPI
1.	2021 (as on October)	261
2.	2020	207
3.	2019	143
4.	2018	129

Source: UPI Product Statistics / NPCI - National Payments Corporation of India

Table 1, states that the number of banks live on UPI significantly increased. In 2018 only 129 banks were live on UPI, which climbed up to 143 banks registered in 2019. Further, it followed a steep inclination from 143 to 207 banks in 2020, and as of October 2021, there are 261 Banks live on UPI. The data furnished above clearly depicts

the growth of digital payment in India. Further, it is speculated that by F.Y 2025 digital transactions will rise up to 58% which stood at 38% in the F.Y of 2020.

9.0 Data Analysis and Interpretation

Descriptive analysis was done under the study. There were various tools used for data analysis, such as SPSS, to perform statistical analysis and Microsoft Excel. The statistical tool adopted in this study is ANOVA and frequency analysis. The statistical analysis was carried out on SPSS 19, where ANOVA was performed to test the hypothesis and frequency analysis was performed for measuring the preferences and perceptions of the users.

Variable	Characteristics	Frequency	Percentage
Gandar	Male	82	51.25
Gender	Female	78	48.75
	18-25 Years	72	45
A go Croup	25-35 Years	32	20
Age Gloup	35-45 Years	34	21.25
	45 or above	22	13.75
	Students	68	42.5
	Professionals	24	15
Occupation	Businessman	30	18.75
Occupation	Homemaker	10	6.25
	Services	26	16.25
	Others	2	1.25
	Less than 1 Lakh	104	65
Incomo	1 Lakh – 3 Lakh	26	16.25
mcome	3 Lakh – 6 Lakh	8	5
	6 Lakh or Above	22	13.75
User/Non-User of E-	Yes	144	90
Wallet	No	16	10

Table 2: Respondent's Demographic Profile

Source: Primary survey

The demographic profile of respondents is furnished in Table 2. It can be concluded that 51.25% out of the total respondents are male while the rest 48.75% of the respondents are female. Moreover, 45% of the respondents fall under the age bracket of

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18-25 years while only 13.75% of respondents fall under the category of 45 years or above. Further, the majority of the respondents were students i.e., 42.5% followed by businessmen, professionals, servicemen, and others. Also, we can conclude that 65% of respondents fall under the income category of less than Rs. 1 Lakh. Ultimately, it can be concluded that 90% of the total respondents are the users of digital wallet while only 10% are the non-users.

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Digital wallets are the alternatives to cash payment.	72	50	14	4	4
Digital wallets are superior to conventional payments mode.	44	56	32	8	4
Digital wallets can support existing payment methods.	40	74	24	6	0

Table 3: Frequency Analysis of Consumers Perception

Source: Primary survey

The frequency analysis of consumer perception in Table 3 replicates the population engaged in the usage of digital wallets. It can be concluded that amongst 144 respondents 122 of them perceived that digital wallet are the alternatives to cash payment. Further 114 respondents out of 144 perceived that digital wallets can support existing payment methods and 100 respondents perceived that digital wallets are superior to conventional payment modes.

Table 4: Frequency Analysis of Problems Faced by Users and Non-Users

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Poor internet connectivity is an obstacle for adopting Digital Wallets	56	80	22	0	2
Lack of technical knowledge is an obstruction for cashless economy	48	80	26	6	0
Delayed reimbursement in case of failed/canceled transaction poses an obstacle in the usage of digital wallets	40	80	30	10	0
Concerned about security issues such as possibility of information theft during wireless transaction at point of sale.	42	76	30	12	0

Source Primary survey

The frequency analysis of problems faced by the users in Table 4 replicates that amongst 160 respondents 136 of them felt that poor internet connectivity is an obstacle for adopting digital wallets. Followed by 128 respondents who felt that lack of technical knowledge is an obstruction for cashless economy. While 120 respondents felt that delayed reimbursement in case of failed/canceled transactions poses an obstacle in the usage of digital wallets and 118 respondents were concerned about security issues such as possibility of information theft during wireless transactions at point of sale.

	Most Favoured		Favoured		Neutral		Less Favoured		Not Used	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Paytm	36	22.5	50	31.3	44	27.5	14	8.8	16	10.0
PhonePe	40	25.0	56	35.0	46	28.7	10	6.3	8	5.0
BHIM	58	36.3	72	45.0	18	11.3	8	5.0	4	2.5
G-Pay	28	17.5	34	21.3	58	36.3	22	13.8	18	11.3
Airtel Pay	4	2.5	12	7.5	58	36.3	26	16.3	60	37.5
Amazon Pay	22	13.8	30	18.8	46	28.7	24	15.0	38	23.8

Table 5: Frequency Analysis of E-Wallet Preferences

Source Primary survey

The frequency analysis of services preferred in Table 5 replicates that BHIM is the most favored amongst the users. Around 130 respondents prefer using BHIM, followed by Phone Pe with 96, followed by Paytm with 86 respondents, followed by Google pay and Amazon Pay while Airtel Pay was the least favored amongst all.

	Most Frequent		Frequent		Neutral		Less Frequent		Not Used	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Phone/DTH	80	50	67	20.0	0	5.0	2	12	0	5.0
Recharge	80	50	02	56.6	0	5.0	2	1.5	0	5.0
Shopping	74	46.3	46	28.7	18	11.3	16	10.0	6	3.8
Bill Payment	66	41.3	54	33.8	24	15.0	6	3.8	10	6.3
Hotel Booking	14	8.8	40	25.0	32	20.0	22	13.8	52	32.5
Insurance Premium	14	8.8	40	25.0	32	20.0	22	13.8	52	32.5
Movie Ticket	40	25.0	52	32.5	34	21.3	24	15.0	10	6.3

Table 6: Frequency Analysis of Services Preferred

Source Primary survey

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The frequency analysis of services preferred in Table 6 replicates that the most used services of digital wallet among the respondents are phone/DTH recharge with 142 respondents falling under brackets of (most frequent to frequent) followed by bill payments and shopping with 120 respondents falling under same brackets while insurance premium and hotel booking being the least used services with 54 respondents falling under (less frequent – not used) brackets

Testing of Hypotheses:

 H_{01} : There is no significant association between gender of the respondents and the use of digital wallet by them.

 H_{02} : There is no significant association between age of the respondents and the use of digital wallet by them.

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		Sum of Squares	Df	Mean Square	F	Sig.
	Between groups	.336	1	336	1.340	.249
Gender	within groups	39.639	158	.550		
	total	39.975	159	.231		
	Between groups	.025	1	025	.020	.887
Age	within groups	193.750	158	.025		
	total	193.775	159	1.220		
	Between groups	.711	1	711	.451	.503
Occupation	within groups	248.889	158	./11		
-	total	249.600	159	1.375		
Income	Between groups	4.900	1	4 000	4.001	.047
	within groups	193.500	158	4.900		
	total	198.400	159	1.223		

Table 7: Testing of Hypothesis by Applying Statistical Test-ANOVA

Source: Primary survey

The Table 7 shows the output of ANOVA test that whether we have a statistically significant association between our mean groups or not. As we can observe that, the asymptotic significance i.e., p-value of the demographic variable gender (1.340), age (.020), occupation (.451) and income (4.001) is greater than α value 0.05 which leads to the acceptance of null hypothesis stating that, there is statistically no significant association between the demographic variables (like gender, age, occupation and income) of the respondent and the usage of digital wallet by them.

10.0 Limitations of the Study

- This study was location-specific and was restricted to only the people residing in Pune city, Maharashtra.
- This study was time- bounded and the customer perception may vary in the future with the development of new technology or new user-friendly interface app in the digital payment sector.
- Not all the digital wallet service providers in India were mentioned within the study.

11.0 Findings

It was found that the majority of the users & non-users of digital wallets consider that poor internet connectivity followed by lack of technical knowledge are the biggest obstruction in the adoption of digital wallets. It was found that BHIM is the most favoured digital service provider followed by PhonePe whereas Paytm was not favoured by most of the respondents. It was found that most of the respondents use phone/DTH recharge service most frequently whereas insurance premium service provided by the digital wallets was least used by the respondents.

12.0 Suggestions

Since poor internet connectivity is one of the major reasons posing problems in the use of digital wallets, telecom companies can look into setting up more network towers. Lack of technicalknowledge is yet another obstruction for a cashless economy, so more awareness programs and training can be provided to the people, in order to gain their trust and contribute to transparency. Security against a cyber threat is of utmost concern. So, the government and cyber security can play a crucial role, in reducing such threats and rebuilding the trust of users as well as non-users in the digital mode of payments or e-wallets.

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