E-Wallets: A Study of Preference, Use, and Adaptation Among Vendors and Users

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Abstract
This is the era of technology and convenience. The technological advancements have allowed users to have access to almost everything at just a click away. The Internet has increased the convenience among users and smartphones have revolutionized the way consumers use the Internet. One such aspect of the Internet and Smartphones are Digital Wallets, otherwise known as E-Wallets. In this fast-paced era, people would like payments to be quick and hassle-free. Digital Wallets are typically hassle-free, quick and easy to use and are preferred due to their simplicity and secure gateway systems. Digital wallets are quickly becoming a mainstream mode of online payment, with the increasing number of coupons and the offers that they provide. The aftermath of the Demonetisation of November 2016 has drastically affected the use and adoption of Digital Wallets. The main competitors in the market are Paytm, BHIM, Google Pay, PhonePe. They provide a wide range of facilities including payments, movie ticket booking, bill payments, etc. This paper focuses on the impact of these new digital payment systems on customers and vendors alike and problems encountered if any. Using a structured questionnaire, data is collected from 144 respondents (70 vendors and 74 users), and results are presented in the form of graphs and charts.

Keywords: E-Wallets, Digital Wallets, Demonetisation, Banks, PayTm, Payments

Introduction
The past few years have seen the increase of impact of technology on our day to day lives. Most of all activities, including shopping and payments, have been digitized. It is the age of convenience. The development of technology and technological advancement as made smartphones, and similar devices, to become an essential part of the daily life of people.
Speaking of shopping, smartphones, and digitized payments, E-Wallets have played an important role in creating the era of convenience for shoppers and sellers alike. For customers are dragged by the shopping facilities that are given by mobile wallets and customers are attracted because of convenience and speedy transactions. In the case of companies/sellers, the companies aim at providing the facility of transaction services and payment choice to their clients and the multiple payment combination facilities providing by the company are attached to mobile wallet service.

The e-wallet offers many advantages: transactions are secure, it is adapted to make micropayments, it is easy to use, hence universal. The adoption of cashless transactions has been significantly pushed by Prime Minister Mr. Narendra Modi as part of government reforms after demonetization of the high-value currency of Rs. 500 and Rs. 1000 (86% of cash circulation). The demonetization resulted in unprecedented growth in digital payment.

Amoroso & Watanabe (2012), cited in their study that - digital payment instruments fall under the category of electronic money, which "includes all non-cash and non-paper payment instruments such as plastic cards and direct transfer and all money transactions via electronic channels".

**Types Of E Wallets**

According to the Reserve Bank of India, four kinds of wallet money that are available are:

1. **Open Wallet**

An open wallet enables the users to buy goods and services, withdraw cash at an ATM or bank and transfer funds. M-Pesa by Vodafone and ICICI is a good example of an open wallet.

2. **Semi-Open Wallet**

Semi-open wallets allow you to transact with merchants that have a contract with the companies for e.g. Airtel money is a semi-open wallet were merchants have contract with Airtel in which withdrawal of cash is not possible or can get it back but you can spend the money that you have loaded.

3. **Closed Wallet**

A closed wallet is popular with E-commerce were certain amount of money is locked with the merchant in case of cancellation or return of the order or gift cards.

4. **Semi-Closed Wallet**

A semi-closed wallet allows us to buy goods and services at the listed merchants and perform
financial services at the listed location but a wallet does not permit cash withdrawal or redemption. E.g. PAYTM, PayUMoney, MobiKwik, etc.

**E-Wallets In India**

1. **PayTM**

PayTM is the most popular Indian e-commerce website and mobile wallet to make instant mobile recharge, bill payment, data card, recharge and utility bill payment. The application launched the Paytm Wallet app and also started India’s first payments bank to enable a cashless economy, PayTM mall for online shopping, grocery shopping, etc.

2. **Google Pay**

Google Pay earlier known as Tez is a popular digital wallet platform on mobile devices that allows online payments for bills, shopping and direct money transfer to your bank account.

3. **PhonePe**

PhonePe company is headquartered in Bangalore, the company was acquired by Flipkart and provides an online payment system for bills and electronic funds transfer.

4. **BHIM**

Bharat Interface for Money is the most popular mobile payment app based on the Unified Payments Interface and supports all Indian banks on all mobile devices. BHIM e-wallet was launched by Prime Minister Narendra Modi for Android users. The BHIM App is the finest example of Make in India based on the Unified Payment Interface and has crossed 10 million downloads on Google’s PlayStore.

5. **Amazon Pay**

Amazon Pay owned by Amazon and the online payments service allows consumers to purchase goods and services against commerce websites and pay for electricity, mobile and gas bills.

6. **JioMoney**

JioMoney digital wallet and Jio Payments Bank owned by Reliance Industries, used for bill payment, recharge, and money transfer. JioMoney is a smart app from Reliance Industries, offering the best in class digital payment service with faster checkout, discounts, deals, coupons, and cashback.
7. MobiKwik

MobiKwik is truly a mobile wallet and online payment system that provides users to add money using debit or credit cards to make mobile bills and DTH recharge.

8. SBI YONO

YONO by State Bank of India is a growing mobile phone wallet app that used for utility bill payment, fuel, travel and shopping.

9. FreeCharge

FreeCharge is an e-commerce website and a Mobile Wallet to recharge your mobile, electricity bill payments, DTH data card recharges.

Review Of Literature

Poonam Painuly and Shalu Rathi (2016) in their research paper “Mobile wallet: An upcoming mode of business transaction” have analysed that ease of transaction, secured profile and convenience in handling application put forth the benefits of wallet money and also concluded that business sectors like banking, retail, hospitality, etc. are making use of wallet money and mobile payment instruments including contactless and remote payment in the customers–business and customers to customers areas.

Rajesh Krishna Balan, Narayan Ramasubhu, Giri Kumar Tayi (2006) in their research paper “Digital wallet: Requirement and challenges” have identified about Singapore’s use of digital wallet and analyzed the key challenges in building and deploying a digital wallet.

Dr. Hem Shweta Rathore in her research paper “Adoption of Digital wallet by consumers” have analysed about the factors that influence consumers in adoption of digital wallet and also analysed the risk and challenges faced by consumers in usage of digital wallet and concluded that shoppers are adopting digital wallet largely due to convenience and ease to use and in the future years digital wallet will gain more widespread acceptance.

The mobile wallet market in India is expected to grow at over 190 percent to reach Rs. 1,512 billion by the financial year 2022 from the current level of about Rs. 1.5 billion, says a study conducted jointly by trade body Assocham and business consulting firm RNCOS. (IANS, 2016)

Furthermore, the detailed research reports on E-wallets by consultancy firms (Ernst & Young LLP, 2016) (The Boston Consulting Group, Inc. and Google India Private Limited, 2016) does provide us with relevant data and inferences about the benefits, challenges and characteristics of E-wallets along with the factors responsible for their adoption and growth in Indian Economy.
India is on the starting line to go cashless. Since E-wallets are one of the major methods that may be adopted, it becomes crucial to understand their current standing and provide future projections of the possibilities.

Objectives Of Study
1. To understand the penetration of the usage of e-wallets among users and vendors alike.
2. To understand the awareness of e-wallets among users and vendors alike.
3. To try to understand the preference of usage of e-wallets among users and vendors alike, along with the reasons.
4. To understand the demographics of users of e-wallets.
5. To study the problems faced by consumers and sellers in use of e-wallet, if any

Research Methodology
This study is based on primary data collected from 200 respondents in Delhi & Greater Noida by means of a structured questionnaire. A well-structured questionnaire was designed to collect information from the respondents of the questionnaire data is presented in the form of charts and graphs.

Findings And Data Analysis
E-Wallets: A Study of Preference, Use, and Adaptation among vendors

1. Demographics

![Figure 1. Location of the Shops where the study was conducted.](image-url)
From the 70 vendors and shops that were interviewed, 88.6% are based in Greater Noida while 10% is in Delhi. 1.4% are online vendors who purchase goods on wholesale and sell them on an online platform.

2. Awareness about e-wallets

Most of the respondents (58.6%) are well aware about e-wallets and are either using it or have used it in the past. Some of them (30%) are aware of e-wallets but haven’t used it for a variety of reasons. About 5.7% had not heard of or had negligible knowledge about e-wallets, while the remaining 5.7% chose not to respond to the interview.

Figure 2b depicts the sources of knowledge about e-wallets among the vendors. The peer group of the vendor/shop owner plays an important role. The study has revealed that 84.2% of the shop owners have knowledge about e-wallets through their peer groups, i.e, other shopkeepers, friends, and family.
3. Usage of e-wallets

Figure 3a. clearly states that, from the 70 respondents, 64.3% use e-wallets to accept payments while 35.75% do not. Figure 3b, mentions the various e-wallets that are used to accept payment in the selected region. The most popular e-wallets are PayTm (58.6% respondents), followed by PhonePe (35.7%). The majority of the respondents (48.9%) have started using e-wallets after demonetization, to accept payments, while only 24.4% have been doing so since before demonetization. This shows the direct impact of government policies on market styles and payment options (figure 3c)!
However, 30% of the respondents who do not use e-wallets intend to start using e-wallets in the near future (Figure 3d).

The primary reason why the respondents do not use e-wallets came up to be that the respondents didn’t feel the need to use e-wallets yet (Figure 3e). The other reasons are as follows -

Figure 3b. The various e-wallets used by the respondents.

Figure 3c: Since when have the respondents been using e-wallets to accept payments

However, 30% of the respondents who do not use e-wallets intend to start using e-wallets in the near future (Figure 3d).

The primary reason why the respondents do not use e-wallets came up to be that the respondents didn’t feel the need to use e-wallets yet (Figure 3e). The other reasons are as follows -
- Lack of technological know-how and complexity of use
- Security concerns
- Preference to use traditional methods of payments (Cash and Card)

**Figure 3d: The intention of respondents to use e-wallets in the near future.**

**Figure 3e: Reasons why respondents do not use e-wallets**

The frequency to use e-wallets to accept payments is also good. 51.5% of the respondents use e-wallets multiple times a day to accept payments (Figure 3f).
4. The adaptability of vendors/shop owners to e-wallets

It is very important for vendors to adapt themselves to using e-wallets. This will increase their comfort while using e-wallets, and hence better the way they handle customers who are willing to pay via e-wallets. Figure 4a clearly shows that on a scale of 0-5 (0 being not at all comfortable and 5 being very comfortable), 22 of the 70 respondents (31.4%) are very comfortable, while only 7 (10%) were not comfortable while using e-wallets to accept payments.

![Figure 3f: Frequency of use of e-wallets to accept payments](image)

![Figure 4a: Comfort in using e-wallets](image)
However, about 40.5% of the respondents do not prefer e-wallets over traditional methods of payment, i.e., cash and card payments and only 11.9% were comfortable with both traditional methods and e-wallets to accept payments, depending on which method the customer chooses.

Talking about monthly revenue via e-wallets, only 28.6% of the vendors receive less than Rs. 10,000 in a month, while 16.7% do not keep track of this and work on a day to day basis, receiving revenue and making payments to suppliers as and when required (Figure 4c).

The advantages noticed by vendors while using e-wallets (Figure 4d) can be listed as follows:

- Attracts more customers
- Easy to keep a record of sales and transactions
- Higher Sales
- Faster transactions
Figure 4c: Monthly income / payments received via e-wallets

Figure 4d: Advantages noticed by using e-wallets
E-Wallets: A Study of Preference, Use, and Adaptation among Users

1. Demographics

Figures 5a-5f show the demographics of the sample population.

![Figure 5a: Age of respondents](image1)

![Figure 5b: Gender of the respondents](image2)
Figure 5c: Profession

Figure 5d: Residence of respondents who are students
2. Awareness

Most of the respondents (81.08%) are well aware of e-wallets and are either using it or have used it in the past. Some of them (13.5%) are aware of e-wallets but haven’t used it for a variety of reasons. About 5.4% had not heard of or had negligible knowledge about
e-wallets (Figure 6a).

**Figure 6a: Awareness among respondents about e-wallets**

Figure 6b depicts the sources of knowledge about e-wallets among the vendors. The peer group of users plays an important role. The study has revealed that 90.5% of the respondents have knowledge about e-wallets through their peer groups, i.e., other shopkeepers, friends, and family.

**Figure 6b: Source of knowledge about e-wallets**
3. Usage

Figure 7a, mentions the various e-wallets that are used in the selected region. The most popular e-wallets are PayTm (58 of 74 respondents, 78.3%), followed by Google Pay (59.4%) and Phonepe (51.3%). The majority of the respondents, 43.2%, have been using e-wallets since before demonetization, while only 32.4% have been doing so since after demonetization (Figure 7b).

![Various e-wallets used by respondents](image)

*Figure 7a: Various e-wallets used by respondents*

![Since when have the respondents been using e-wallets to make payments](image)

*Figure 7b: Since when have the respondents been using e-wallets to make payments*
However, 17.6% of the respondents intend to start using e-wallets in the near future (Figure 7c).

The primary reason why the respondents do not use e-wallets came up to be that the respondents didn’t feel the need to use e-wallets yet (Figure 7d). The other reasons are as follows -

- Lack of technological know-how and complexity of use
- Security concerns
- Preference to use traditional methods of payments (Cash and Card)
- Internet Issues

![Figure 7c: Intention of respondents to use e-wallets in the near future](image1)

![Figure 7d: Reasons why respondents do not use e-wallets](image2)
The various uses of e-wallets are depicted in Figure 7e, and how often the respondents use each functionality can be seen in Figure 7f and Figure 7g.
Another important functionality is that of “Add Money”. 41.9% of the respondents use debit/credit cards to add money to their e-wallets while others use Net Banking, Transfer and BHIM UPI, as depicted in Figure 7h.
4. Adaptability

Figure 8a: Comfort level (0-5) while using e-wallets

It is very important for users to adapt themselves to using e-wallets, and be comfortable with them. Figure 8a clearly shows that on a scale of 0-5 (0 being not at all comfortable and 5 being very comfortable), 39 of the 74 respondents (52.7%) are very comfortable, while only 4 (5.4%) were not comfortable while using e-wallets.

Figure 8b: Preference of E-wallets over cash/card payments
About 14.9% of the respondents do not prefer e-wallets over traditional methods of payment,
i.e., cash and card payments and only 39.2% were comfortable with both traditional methods and e-wallets to make payments (Figure 8b).

Talking about monthly expenses via e-wallets, 74.3% of the respondents spend less than Rs. 10,000 in a month via e-wallets (Figure 8c).

The advantages noticed by users while using e-wallets (Figure 8d) can be listed as follows:

- Easy to make payments
- Easy to keep a record of expenditure
- Faster transactions
- Time-Saving
- Privacy
- Cashback/Discounts/Offer
- Convenience in usage

Finally, the following table summarizes the respondents’ opinions about e-wallets.

**Table 1 - Customers Opinion on the Usage of Mobile Wallet**

<table>
<thead>
<tr>
<th>Opinions</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
</tr>
<tr>
<td>Mobile Wallet Can Be an Alternative choice to cash/card payments</td>
<td>67</td>
<td>95.70%</td>
<td>3</td>
</tr>
<tr>
<td>Mobile Wallet Can Be a substitute choice to cash/card payments</td>
<td>61</td>
<td>87.14%</td>
<td>3</td>
</tr>
<tr>
<td>Mobile Wallets can support existing payments methods</td>
<td>63</td>
<td>90%</td>
<td>2</td>
</tr>
<tr>
<td>Mobile Wallets are not necessary</td>
<td>32</td>
<td>45.70%</td>
<td>10</td>
</tr>
<tr>
<td>Mobile wallets are useful in buying products than the traditional methods</td>
<td>62</td>
<td>88.58%</td>
<td>4</td>
</tr>
<tr>
<td>Online wallets can offer a wider range of banking services and payment options</td>
<td>66</td>
<td>94.30%</td>
<td>1</td>
</tr>
<tr>
<td>Trust the service providers of mobile wallets</td>
<td>65</td>
<td>92.58%</td>
<td>2</td>
</tr>
</tbody>
</table>
Limitations

1. The sample size is not a true representation of the entire population, hence, it is not feasible to generalize the results obtained from this research.

2. The data wasn’t analyzed on the basis of any statistical tools, like ANOVA or Chi-Square Test.

3. The study was focused on specific regions of Delhi and Greater Noida, not giving a true insight into the entire population of the cities.

4. Less interest was shown by respondents, especially by vendors, in writing their opinions.

5. More in-depth comparative studies can be conducted on different cashless payment options and other points discussed in the study.

Conclusions

Presence of smartphones and other hand-held devices and extensive accessibility of internet had resulted in a remarkable change in our life. It had made life more convenient and every information and processes seems to be on fingertips. With the ease of online shopping and easy payment option through e-wallet, consumers are now experiencing peace of mind.

Mobile wallet usage awareness has spread among the people, both consumers and vendors, in India due to the government policy of demonetization. The convenience and ease of use have gained credit to mobile wallet and it can be concluded that they will be tremendous growth in the adoption of mobile wallet in the forthcoming years. Digital wallets are quickly becoming a mainstream mode of online payment. Shoppers are adopting digital wallets at an incredibly rapid pace.

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