

USE OF E-WALLETS: CURRENT STATUS AND FUTURE CHALLENGES

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Abstract

In the era of digitalization, E-wallets is a booming 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. This paper analysis different parameters for the use of E-wallets in New INDIA.

Keywords: 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 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 accepting e-wallet payments. Leading e-wallet 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 they can be used to make payments. It can be called as a prepaid account in which a user can keep his or her money so that it can be used for any future online transactions. 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, & many other transactions are done with the help of e-wallets. E-wallets are considered as fast mode of digital transactions when compared with 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-wallet 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 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 you to withdraw 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-wallet issuer to accept payment from the wallet. These also do not allow you to withdraw 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-wallet 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-wallet. 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 & e-wallet app are the basic needs to start an e-wallet.

There are various advantages of E-Wallets

1. Increased convenience of payment
2. Saves time
3. It offers more security than cash kept in wallets and also it requires user to authorize all the transactions.
4. Now-a-days E-Cash is acceptable at almost all retail and online stores.
5. There are rewards like cash back and discounts.

But there are some disadvantages as well

1. E-Wallets are not acceptable at every store or service provider like cash is. Also it does not have worldwide acceptability.
2. It requires you to carry your Mobile phone all the time with you.
3. It reduces the risk of theft but increases the risk of cyber crime.
4. There might be an additional fees or transaction charges charged by the E-Wallet company from the user.
5. It is not accessible by all as everybody does not use smart phones.

Payment through E-Wallets have increased the convenience as well ease

Literature Review

Ambarish Salodkar et al. [1] 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 platform provides an easy and fast platform to pay and shop.

Pinal Chauhan discussed in his paper how Electronic-Wallets have made payment transactions easier and speedy for the users. The author discussed not only the user friendly framework for the consumers but also from the server point of view. The author concluded that advantages of the E-Wallets overpower the disadvantages of E-Wallets.

Roopali et al. worked on how can digitization of payments can facilitate the economic growth of the country. The author analyzed the reaction of the users on adoption of electronic wallets. It was concluded from his study that the number of users trusting and using E-wallets has increased in an enormous manner. The users though that with the use of E-wallet payment and other transactions have become less cumbersome and easier enlisting the top 5 used E-Wallets in India. But still the question of security and trust has still not been answered and a lot of work has to be done within this respect.

Trilok Nath Shulka emphasizes 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.

Pawan Kalyani in the paper 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.

Hee Shin-Dong in his research paper fiddles with 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 depended mainly on security and trust factors.

Research Objectives

1. To examine the relation of demographic variable (Gender, Age, Profession) with the use of e- wallets.
2. To check the impact of gender of respondents on the Electronic wallet usage.
3. To check the impact of Age of respondents on use of digital payments.
4. To check the impact of customers profession of respondents on the Electronic wallet usage

Research Methodology

Research Design - Descriptive research design is used. It describes the various characteristics of a population from which sample has been selected.

Data Source - Primary as well as Secondary data is used in this study in order to find out a solution to the objectives enumerated.

Primary data was collected by sending questionnaire online to collect the individual opinion from the respondents through whatsapp, Face book, Instagram, Gmail, etc.

Secondary data have been collected from different books, websites.

Sampling Design - The population under this survey is above the age of 13 years and it is limited to Delhi.

Sampling size is 153

Sampling Techniques is Non – Probability Convenience sampling

The analysis has been done through SPSS 21 by the use of Chi Square Test .

Hypothesis

H₀₁ – There is no impact of Gender of respondents on Electronic Wallets usage.

H₁ – There is an impact of Gender of respondents on Electronic Wallets usage.

H₀₂ . There is no impact of Age of respondents on the Electronic Wallets usage.

H₂ - There is an impact of Age of respondents on the Electronic Wallets usage.

H₀₃ . There is no impact of Profession of respondents on the Electronic Wallets usage.

H₃ - There is an impact of Profession of respondents on the Electronic Wallets usage.

Results & Discussion

1. Descriptive Statistics:

The sample of 153 respondents has been taken. 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 i.e. are businessmen and 9.2 percent belong to others category like professionals or housewives. Out of the 153 respondents, according to the research 97 respondents use E-Wallets whereas 56 respondents did not use E-Wallets. These 56 Respondents mentioned some of the major factor for not using E-wallets were – 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.

2. To analyse if there is any association between use of Electronic Wallets and Gender of respondents.

H₀₁ – There is no impact of Gender of respondents on Electronic Wallet usage.

H₁ – There is an impact of Gender of respondents on Electronic Wallet usage.

Chi Square test is used to find out the association between a demographic variable i.e. Gender and respondents using E-wallets. This is to analyze whether gender (being a male or a female) makes any difference in the using of Electronic Wallets by the respondents.

Table 1. Chi-Square Tests

	Value	d.f.	Asymptotic Significance (2-sided)
Pearson Chi-Square	.031 ^a	1	.860*
Continuity Correction ^b	.000	1	.994
Likelihood Ratio	.031	1	.860
N of Valid Cases	153		

Source: Primary Data

* Significant at five per cent level

Table 1 depicts that there is no significant association between Gender and use of Electronic Wallets as The Chi Square value is not Significant ($\chi^2 = 0.860$, $p > 0.05$). It means that Use of Electronic Wallets is indifferent to gender i.e. gender has no effect on the people using Electronic Wallets.

3. To analyse if there is any association between use of Electronic Wallets and Age of respondents.

H₀ - There is no impact of Age of respondents on the Electronic Wallets usage.

H₂ - There is an impact of Age of respondents on the Electronic Wallets usage.

Chi Square test is used to find out the association between a demographic variable i.e. Age and respondents using E-wallets. This is to analyze whether age makes any impact in the use of E-Wallets by the respondents.

Table 2. Chi-Square Tests

	Value	d.f.	Asymptotic Significance (2-sided)
Pearson Chi-Square	13.753 ^a	3	.003
Continuity Correction ^b	14.141	3	.003
Likelihood Ratio	.596	1	.440
N of Valid Cases	153		

Source: Primary Data

* Significant at five per cent level

Table 2 depicts that there is a significant association between Age and use of Electronic Wallets as The Chi Square value is Significant ($\chi^2 = 0.003$, $p < 0.05$). It means that age has an impact on the Use of Electronic Wallets i.e. Different aged respondents have different opinions on use of Electronic Wallets

Symmetric Measures

Table 3. Cramer's V

Nominal by Nominal		Value	Approximate Significance
	Phi		.300
Cramer's V		.300	.003
N of Valid Cases		153	

Table 3, Cramer's V test is used to find out the strength of the association between the variables under study. 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 4. Cross tabulation

AGE	DO YOU USE E-WALLETS?		Total
	YES	NO	
13-18	12	12	24
19-21	37	15	52
22-35	28	6	34
36 AND ABOVE	20	23	43
Total	97	56	153

Table 4 concludes that from the data collected, respondents from the age group of 19-21 years and 22-35 years use E-wallets more than those from the age group of 36 years & above.

4. To analyse if there is any association between use of Electronic Wallets and Profession of respondents.

H_0 - There is no impact of Profession of respondents on the Electronic Wallets usage.

H_3 - There is an impact of Profession of respondents on the Electronic Wallets usage.

Chi Square test is used to find out the association between a demographic variable i.e. Profession of respondents and respondents using E-wallets. This is to analyze whether Profession makes any impact in the use of Electronic Wallets by the respondents.

Table 5. Chi-Square Tests

	Value	d.f.	Asymptotic Significance (2-sided)

Pearson Chi-Square	2.973 ^a	3	.396
Continuity Correction ^b	2.861	3	.414
Likelihood Ratio	1.012	1	.314
N of Valid Cases	153		

Source: Primary Data

* Significant at five per cent level

Table 5 depicts that there is no significant association between Profession and use of Electronic Wallets as The Chi Square value is not Significant ($\chi^2 = 0.396$, $p > 0.05$). It means that Use of Electronic Wallets is indifferent to Profession i.e. profession has no effect on the people using Electronic Wallets.

Findings

1. 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.
2. 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.
3. 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.
4. Also gender whether a male or a female or profession of a respondent does not effect if he uses Electronic Wallets or not.

Conclusion

Electronic Wallets usage awareness has been spread among the people in India but only younger age groups (19-35 Years) are more aware and motivated to use these E-Wallets. The major issues that people are not using Electronic wallets are 1. All people do not use Smart Phones. 2. People have Security and trust issues. 3. Legal formalities like KYC.

Scope of further Research

1. The impact cyber crimes have on the acceptability of these Electronic wallets.
2. How can the Usability of E-Wallets be increased.

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