A Study Of Consumer Perception Towards Mwallets

Deepti Sharma, Deepshikha Aggarwal, Amisha Gupta

Abstract: The advanced mobile devices have become popular in recent years. These devices with the developments in mobile network connectivity enable the users to explore a variety of mobile applications. One of the most popular mobile applications is the mobile wallet or mwallet. The mwallets are the mobile applications which provide a variety of features to the consumers. These include bill payments, online transactions and even online shopping facilities. The mwallet providers have introduced various promotional schemes to attract the consumers such as discounts and cashbacks. This paper investigates the customer’s perspective towards the usage of mobile wallets in India. The authors have used various statistical tools like correlation and regression analysis to determine and understand the perspective of customers for acceptance and adoption of mobile wallets. Data is collected through primary survey by the means of in depth interviews and questionnaires. Around 100 people were given the questionnaires out of which 72 responded. The factors taken into consideration are privacy and anonymity, flexibility of usage, mobility, convenience, trust, usage cost, speed of transaction and ease of use. The results of data analysis indicate that these factors play a major role in determining the intention of users to use the mobile wallets for their financial transactions.

Keywords: mobile wallets, digital payments, data analytics, digitization.

1. INTRODUCTION
The entire world of business depends upon the behaviour of customer. With the advent of technology it’s not only the shopping behaviour of the customer that is changing, the payment modes are also changing. The environment for payments is expanding in India. The increase usage of mobile phones and the development of technology are bringing a turnaround change in the landscape of payments. Traditionally there was a cash based economy leading to card based economy. But now it is finally followed by mobile payments. With the adoption and ownership of mobile phones the mobile users prefer to make money transactions with the help of mobile applications. It’s not only about payments; besides payments you can also store coupons, codes, receipts and bills in m-wallet. In mobile payments the focus is more on increase towards the use of electronic mode of payment leading to decreases of cash payments. The field of mobile payments is growing rapidly. After the advent of demonetization adoption of m-wallets is significantly encouraged by our Prime Minister Shri. Narendra Modi.

Mobile payments have unique set of capabilities to meet the challenges posed by the traditional payment system. It works as a cashless payment mode. Various companies are entering the arena. Service providers like Paytm, Oxigen wallet, Google pay and FreeCharge are bringing new digital payments offerings in the market. Furthermore Banks in India are also launching digital wallets to create a competitive environment.

State Bank of India (SBI) launched the first State Bank Buddy mobile wallet in August 2015. Other digital wallets launched by banks include Pockets (ICICI Bank) and Lime (Axis Bank) in 2015. Many studies have explored the breakthrough in this technology. Many have discussed it in reference to technology and adoption. This study investigates the consumer behaviour for acceptance and adoption of mobile payments.

2. THEORETICAL FRAMEWORK
Mobile wallets are defined as virtual wallets. These are the services provided by various service providers which may include private as well as government owned. As part of m-Wallets customers can load some money in it which they can spend later on with online or offline merchants listed with the service provider. The digital payments serve as the cashless payments where the customers do not have to debit or credit with the merchants.

There are four types of m-wallets in India:

- Open Wallet – It is defined as the one in which customer can withdraw cash from ATMs and banks. Further they can use it to buy various goods and services. These services can only be launched with a bank. Example: M-Pesa by Vodafone and ICICI
- Semi-open Wallet – It is defined as the one in which the customer or the user can transact only with those merchants who have a contract with the wallet company. Customer need to load or recharge some money in the wallet to use it. Example: Airtel money
- Closed Wallet: It is defined as the one in which the money is locked with the merchant. The user can use this money any time further, but only with the locked merchant. Example: Flipkart e-wallet
- Semi-Closed Wallet - It is defined as the one which does not permit cash withdrawal or redemption. It allows the customers to buy goods and services at the listed merchants. Example: Paytm.

Fig 1. Working of m-wallet
3. LITERATURE REVIEW

In the Indian payment system there are various modes of digital payments like Debit cards, Credit cards, Aadhar Enabled Payment, Mobile Wallets and many more. In mobile wallets payments can be made either through internet or through the smartphones. Money can be stored in these e-wallets. Customer can make purchases using the funds in these wallets and later on it can be recharged. These mobile wallets are linked to the individual bank account. Extensive literature is available on the usage of Mobile payments. M- Wallets are present in India since 2010. The biggest drive for the penetration of mobile wallets is the increasing usage of smartphones affordable had sets and reasonable tariff rates. During FY 2016, the total transaction volume of the m-payment in India was 2.9 Billion; and it is expected to grow at a CAGR of 132% during FY 2016-FY 2022, and reach around 460 Billion by the end of 2022. (m-Wallet report 2018, Assocham). It is important to consider the consumers aspect for the adoption and acceptance of mobile payments. Trust and security are an important factor influencing the consumer behaviour for mobile wallets (Zmijewska, Lawrence & Steele 2004). They are further supported by Deon.N, 2014 stating security parameters as an important factor influencing the adoption of m-wallet by customers. KPMG study 2010 explains security and privacy are the major concerns for customers in order to use digital payment modes. Perceived risk and ease of use are found to be important factors influencing the use of m wallets (Trivedi, 2016). Cost and security are found to the factors restricting the influence of mobile wallets (Kumar, Weber, 2017). Acceptance of mobile wallets by customers is highly influenced by the benefits they are able to generate for the users (Linck, Poustchi & Wiedemann 2006). Convenience and fast process are recognized as the important factors influencing the adoption of mobile wallets (Reddy, Aggarwal 2014). Hassan, Daud 2018 explains ease of use as an motivating factor for the use of mobile wallets. Ahuja. A 2018 explains ease of use, trust and benefit as an important factors influencing the perception of the customers for m-wallet. Key Poustchi and Dietmar G. Wiedemann(2008) found performance expectancy, effort expectancy, social influence, and facilitating conditions as the variables impacting the intention to use m-Wallets. To conclude it can be explained that mobile payments are new ways of making payments. There is concern among the customers and users for data confidentiality and security. Although consumers show anxiety over the security and trust issues, but they are willing to bend their rules keeping in mind the convenience and other advantages of mobile payments.

4. CONCEPTUAL FRAMEWORK

Mobile wallets are gaining popularity because of the convenience provided to the people by enabling a method of payment that reduces the burden of carrying physical money and credit and debit cards everywhere. They provide the facility ranging from recharges to bill payments to shopping with a click from the users’ mobile device. The working is simple and there is no requirement to swipe the credit/ debit card hence providing a more secure payment option. The mobile wallets have facilitated the possibility of conducting transactions, however big or small from anywhere. The functions of the mobile wallets are not just limited to the financial services but have expanded over time. The mobile wallet is the most useful method for payments for mobile commerce. It enables the consumers to conduct online payments through the m-wallet application on their smartphone and saves the effort of entering the card information into the system every time they shop. A mobile wallet is a software application that offers secure enrolment of the consumer when he/ she downloads the app and performs the identity check and provides the user ID and password for the wallet access and payments. It allows the user to securely enter and store their personal information like the address, email, etc. and the payment information like the card details. The users can choose from a variety of payment methods like payments through stored money in the wallet or through the card at the time of transaction. The funding of the mobile wallet can be done through a debit or credit card, prepaid card, bank account, other Digital wallets, person-to-person payments, etc.

5. FACTORS THAT AFFECT CONSUMER’S PERCEPTION TOWARDS M-WALLETS

1) Privacy and Anonymity

Privacy and Anonymity are important for mwallet usage and demonstrate the ability to enable the access to protected data by authorized entities only. Privacy is defined as the protection of sensitive user data and therefore plays an important role in the user decision to use or not use the mwallets. Privacy and anonymity concerns arise on personal information of the users. The companies facilitating online transactions tend to collect personal information of users and lack of protection of this information leads to unauthorized access and usage of data for other purposes without the users’ consent.

2) Flexibility of usage

Flexibility of usage refers to the facility of using the mwallet across various user devices. Also these days when people keep on changing their mobile devices frequently, flexibility is also important for the consumers to be able to switch their mobile devices easily so the uses do not have to put much time or effort in transferring data or apps from one mobile device to another.

3) Mobility

Mobility means the ability to move or be moved freely and easily. It is the main factor which is used to calculate how much a person wants its advantages in terms of space, time and accessibility. Today, mobile technology has given scope to users to communicate and transfer the data anytime and anywhere. Mobile payments and services provides the way for making payments for all products and services wherever and whenever they want without any time or space boundation. Using smart phone and internet connection, people can pay their bills, do online shopping etc.

4) Convenience

Convenience means the state of being able to proceed without difficulty. With mobile driven technology, it becomes easy and comfortable to use and adopt services provided. If we compare it to traditional services, where user has to stand in long queues and wait for any bill payments, it is now convenient to avail these services through mobiles. Even the inconvenience caused of carrying devices like

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laptops, workstations is eliminated with the usage of mobile phones and payments through mobile wallets.

5) Trust
Trust is defined as a willingness to use the new service with a sense of comfort, safety, and risk acceptance. Customer’s trust has been recognized as an important factor for the success of mobile banking in the context in which the transactions are made in a telephone network that is more vulnerable and uncertain than the traditional payment transaction. The transactions conducted through a mobile network are vulnerable and more uncertain than traditional settings, thus entail greater potential risk. Trust in the payment system will help reduce the need to understand, control, and monitor activities, thereby allowing customers to use services easily and efficiently without much effort in translation of online service.

6) Usage Cost
The cost of using the mwallets for transactions may also affect the users’ decision to use or not use the mwallets. There are transaction costs associated with online payments and the user will use a particular payment method if he or she feels that the costs associated with the payment method are not causing any loss to him/her. To attract the users, the companies are even providing various discounts and cashbacks on payments through mwallets. Transaction costs can be a barrier towards usage of mwallets.

7) Speed of Transaction
Transaction speed is an important factor for online payments. The same holds true for mwallets. The time taken for a particular transaction would influence the user’s decision to adopt mwallets. The users are more likely to use mwallets if they feel that they can complete the payments faster than other traditional methods. The possibility of pre-loading cash into the mwallets makes the payments faster than other online payment methods. This plays a motivating factor for mwallet adoption.

8) Ease of use
Whenever the users are presented with a new technology, the ease of use plays an important role in the decision to accept or reject it. In case of mwallets also the ease of use will impact the users’ intention to accept. The users will accept the mwallets easily if they are able to understand the working process clearly. The design of the mwallet app should be user friendly in order to make it easier for the users to adapt to this method of payments.

6. METHODOLOGY
First an exploratory study was carried to identify the factors influencing the perception of consumers for usage of m-Wallet. In depth interviews were conducted. The results show factors that are prominent to influence the perception for the usage of m-wallet are privacy and anonymity, flexibility of usage, mobility, convenience, trust, usage cost, speed of transaction and ease of use. Further, factor analysis is applied on the factors derived from the literature and in depth interviews. The factors thus derived are mobility, convenience and trust. After the findings of factor analysis a descriptive study was carried out to identify factors affecting customer perception towards m-wallet. After the findings of factor analysis a descriptive study was carried out to identify factors affecting customer perception towards m-wallet. The factors thus derived are mobility, convenience and trust. The data was collected from primary sources employing a self-designed questionnaire; journals, magazines, Internet and other relevant manuals/publications are used as other secondary sources of data collection. For valid and reliable results, a random sampling is done including customers of various segments with a sample size of 100 people. The questionnaire was sent through e-mail, Facebook and WhatsApp to around 100 people. Out of those, 72 people responded. Later, all the incomplete questions from the data collected have been cleaned using Microsoft Excel. After collecting the results, the author has done the data analysis using statistical technique of correlation analysis and regression analysis. All the factors are given to users as questions formulated as different statements to measure the factors described above that influence adoption of m-wallets. The responses are then related to the intention to use ( represents dependent variable: consumers perception to use m-wallet) and hence we are able to conclude that the factors of mobility, trust and convenience are the important influencers for the usage of mobile wallets.

7. HYPOTHESIS
Based on above factors, following hypothesis are created.
H1: There is a positive relationship between mobility and the consumers’ attitude towards m-wallets. Therefore, a positive level of mobility leads to a intention to use towards m-wallets.
H2: There is a positive relationship between convenience and the consumers’ attitude towards m-wallets. Therefore, a positive level of convenience leads to a intention to use towards m-wallets.
H3: There is a positive relationship between trust and the consumers’ attitude towards m-wallets.

8. Hypothesis Testing And Results
The study has been conducted to understand the perspective of users for using the mobile wallets. The factors taken into consideration are mobility, trust and convenience. The results of data analysis clearly indicate that these factors play a major role in determining the intention of users to use the mobile wallets for their financial transactions.
Following table shows the correlation between convenience and intention to use.

**Table 2. Correlation Results**

<table>
<thead>
<tr>
<th></th>
<th>Intention to Use</th>
<th>Convenience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intention to Use</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Convenience</td>
<td>0.80735223</td>
<td>1</td>
</tr>
</tbody>
</table>

Thus, according to table 2 above convenience and intention to use are positively and strongly correlated as $r$ is 0.807. Therefore, it is verified that a positive perception in terms of convenience is related to intention to use. For this reason, it is possible to state that the first assumption is proved. For this reason, it is possible to state that the first hypothesis is proved.

**Table 3. Correlation Results**

<table>
<thead>
<tr>
<th></th>
<th>Mobility</th>
<th>Intention to Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobility</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Intention to Use</td>
<td>0.711537</td>
<td>1</td>
</tr>
</tbody>
</table>

Consumers’ perception of mobility and intention to use are positively and strongly correlated as the Pearson’s coefficient ($r$) is 0.711 (see table 3 above). For this reason, it is possible to state that the second hypothesis is proved.

**Table 4. Correlation Results**

<table>
<thead>
<tr>
<th></th>
<th>Intention to Use</th>
<th>Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intention to Use</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Trust</td>
<td>0.574344853</td>
<td>1</td>
</tr>
</tbody>
</table>

Consumers’ perception of trust and intention to use are positively and strongly correlated as the Pearson’s coefficient ($r$) is 0.5743. Therefore, it is possible to state that the third hypothesis is proved.

9. CONCLUSION

The purpose of this study is to understand mwallets and the factors affecting the consumers’ acceptance for this digital payment method. This research aims to investigate the consumers’ perception and attitude towards paying digitally using m-wallets. The study is based on consumer perception of mwallets and evaluates the factors influencing consumers’ intention to use mwallets. The study is focused on behavioural intention to use mwallets as a primary indicator of consumer acceptance. The study highlights that privacy and anonymity, flexibility of usage, mobility, convenience, trust, usage cost, speed of transaction and ease of use have a strong influence over behavioural intention to use mwallets. After obtaining data through questionnaires and on the basis of analysis done, three main factors mobility, convenience and trust were found to be most significant on the consumers’ acceptance of mwallets. The study indicated that convenience was the utmost useful factor in mwallet usage acceptance, followed by trust and then mobility. Trust was the factor that the survey respondents appreciated the most while using mwallets and at the same time it poses as a challenge for mwallet providers to provide appropriate security for payments through mwallets. Only then, the companies will be able to gain trust of the users and would be able to survive in the digital payments segment. The mwallet providers should work towards increasing the awareness of trust and privacy among the users and enhance the transaction security of digital payments. This will ultimately lead to improving the behavioural intention to use mwallets by the consumers.

REFERENCES


