A Study on Digital Transformation in Payments: Customer Preferences and Adoption Towards Mobile Wallets

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Abstract

The development of technology plays an important role in daily life of people. Mobile phones are used everywhere in the modern world. The advancement in technology made everything possible by installing an application in mobile phones. By using the application, the user can transact with their money, do immediate payment, transfer and pay any bills at their convenience. Digitalization has transformed the payment and cash transaction much easier by using apps. Recently the physical payments have been transformed to digital payments. This study is carried out to find out the customer preferences and adoption towards mobile wallets in Bangalore. The study found that customers prefer mobile wallets as it allows with convenience, safety in recent times, lighter pockets and security. PayTm is most preferred mobile wallet. Certain issues like internet connectivity issues, lack of trust and inconsistency in working of mobile wallet refrain the respondents from using the mobile wallets.

Keywords: Digital payments, immediate payments, Mobile phones, Transformation, Technology, User performance

Introduction

The development of technology plays an important role in the current scenario. The advancement of technology has changed the traditional payments to digital payments. Mobile wallet is a type of payment service, through which individuals can receive and send money by using mobile device.. It is a virtual wallet that stores bank and card details on mobile devices which can be used to make payments. Many customers are attracted towards these mobile wallets because of convenience and speedy transactions and can also be used in many places. For using the mobile wallet services customers need to register and preload with preferred amount which can be used for shopping, recharge and other utilities. These wallets allow the users to store multiple card details and bank account numbers and once these details are registered it avoids entering account information every time. Most of the users are attracted because of one touch payment and convenience, but convenience is not everything, its security features is also important which will help the consumers to continue using the mobile wallets in future. One of the recent development in mobile wallet includes digital authentication where a pin is required when using it and many smartphones have biometric authentication to ensure only authorized person is using the device. There is a drastic growth of mobile wallets in India recently and this transformation in making payments is an important contributor in pushing the cashless and electronic payments. The traditional way of making and receiving payments has changed because of digital transformation and higher use of technology such as smartphones, tablets. Mobile wallets gives secured payment, lighter pockets and time saving but with cons like preloading, internet connectivity and finally no mobile no wallet. This research was conducted to study the digital transformation in payments-customer preferences and adoption towards mobile wallets.

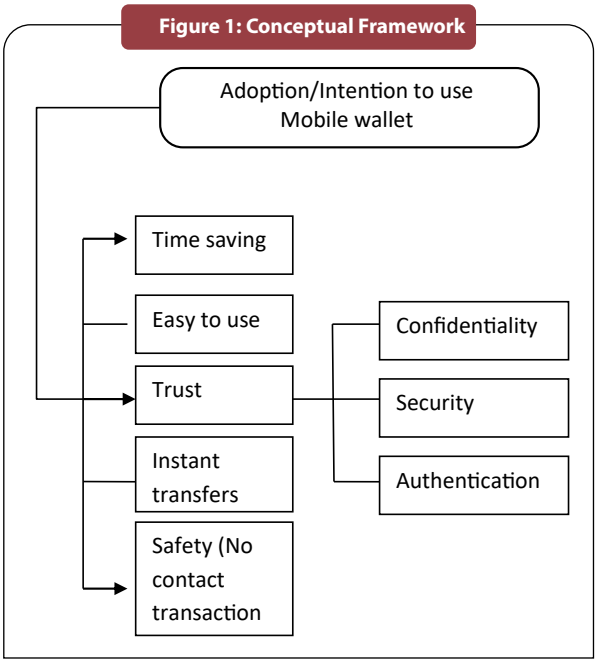
Review of Literature

- Shailendra Singh Rana (2017) in their research tried to examine "The preference towards the mobile wallets among the university students in Luck now City". Population of their study included students studying in undergraduates, post graduates and Ph.D. programmesin various universities of Luck now with 95 as their sample size and used purposive sampling. They concluded that users prefer mobile wallets as it helps to avoid queue, time, saving and instant payments and nearly 44% of users agreed they prefer cashless payments and 40% have no problem in trusting online transactions.

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- DR G. Pasupathi and G. Rekha conducted research on" customer's perception towards mobile wallets with special reference to Google pay" and the study was accomplished to explore consumers perception, awareness and willingness to engage in Google pay to replace physical wallet and their research they used simple random method and covered 150 respondents of Trichy district. Their study proved Google pay is getting more and more trending and it is convenient and easy for users.
- Dr.S. Manikandan, J. Mary Jayakodi(2017) "An Empirical study on consumer adoption towards mobile wallet with special reference to Chennai city" concluded many people were aware ofmobile wallets and if security issues are taken care in a better way so that risk factors are reduced and usage of mobile wallet can be increased.
- S. Birundha and Dr. C. Pushpalatha in their study" users satisfaction towards mobile wallets with special reference to Udumalpet taluk" identified the users awareness, preference and satisfaction towards mobile wallets and concluded PayTm reached maximum consumers and it was the most preferred mobile wallet among the consumers.

Figure 1: Conceptual Framework



Research Methodology

The research design used for the study is descriptive type of research, which helps to describe about the samples selected in detail and to understand the relationship between the various variables by using statistical calculations. The source of data used is primary and secondary data. Primary data was collected using questionnaire with closed ended questions and secondary data through internet and expert opinions. The sample size used for the study is 80 which were selected from few areas of Bangalore city, using simple random sampling method. Since larger populatioan uses mobile wallet and it is difficult to study the large population in short span of time. So the sample was selected randomly among the individuals, households and institutions. The statistical tools used to analyse the data include simple percentage analysis, chi-square test to find the relationship between the variables and ANOVA.

Analysis and Interpretation

Table 1: Showing Demographic Background

S. NO	ATTRIBUTE	CATEGORY	NO.OF RESPONDENTS	NO.OF RESPONDENTS
1	AGE	17-20	12	15
2		21-25	24	30
3		26-30	28	35
4		30 &above	16	20
1	GENDER	Male	44	55
2		Female	36	45
1	Educational Qualification	Under graduate	40	50
2		Post graduate	27	34
3		Others	13	16

Source: *Primary data*

Table 1 shows the demographic background of the respondents. 35% of respondents belong to age group of 26-30, 30% are in the age of 21-25, 20% are above 30 years and 15% are in the age group of 17-20. As per gender classification 55% of respondents are male and 45% are female. 50% of total respondents are Under Graduates and 34% are Post Graduates.

Table 2: Regular and Irregular users of mobile wallets

	No of respondents	% of respondents
Yes(Regular)	66	82
No(Irregular)	14	18
Total	80	100

Source: Primary data

Table 2 shows the regularity in using mobile wallets, it is understood that 82% respondents use mobile wallets regularly and 18% are irregular users.

Majority respondents are regular users of mobile wallets.

Table 3:The most influencing factor in using mobile wallets regularly.

To find the most influencing factor in using mobile wallet, data was collected only from respondents who use mobile wallet on regular basis that is out of 80 respondents only 66 use mobile wallets regularly and 14 respondents are not regular users.

Table 3:The most influencing factor in using mobile wallets regularly

Most influencing factor	No of respondents	% of respondents
Security	11	17
Pandemic situation	21	32
Lighter pockets	12	18
Time saving	16	24
Rewards	6	9
Total	66	100

Source: Primary data

Table 3 shows the factors influencing to use mobile wallets regularly.32% of respondents are using mobile wallets regularly in recent times because of pandemic situation considering safety. 24% of respondents are using mobile wallets because its time saving tool, followed by 18% of respondent's reason beyond using mobile wallets is lighter pocket, 17% prefer for security and 9% for rewards.

The most influencing factor is the safety (no contact transactions) of using mobile wallets during pandemic situation.

In factors restricting from using mobile wallets, data was collected only from 14 respondents who are not regular users of mobile wallets to find the exact reason which is restricting them from using it.

Table 4: Factors restricting respondents from using mobile wallets

Factors	No of respondents	% of respondents
Lack of trust	4	29
Pervasiveness	2	14
Habit	2	14
Internet connectivity issues	3	22
Inconsistency in mobile payment experience	1	7
Vague apps	2	14
Total	14	100

Source: Primary data

29% of respondents are not using mobile wallets regularly dueto lack of trust .22% of respondents are not using regularly because of internet issues and 14% of respondents felt the use of mobile wallets was pervasiveness due to which they were not habitual of using mobile wallets.

Majority of respondents do not use mobile wallets regularly due to lack of trust and internet issues.

The above table reveals that 38% respondents use mobile wallets for peer to peer payments.20% respondents use it for shopping.17% respondents use mobile wallets for paying utility bills, 15% use it for recharge and 10% respondents use it for other purposes.

Table 5: Respondent usage preferences of mobile wallets

Usage preferences	No of respondents	% of respondents
Recharge	12	15
Utility bills	14	17
Peer to peer payments	30	38
Shopping	16	20
Others	8	10
Total	80	100

Source: Primary data

Majority of respondents use mobile wallets for making peer to peer payments.

Table 6: Showing the Satisfaction level of respondents towards secured payment in mobile wallets using Likert's five point scale

Agreed level	No of respondents	% of respondents
Strongly agree	21	26
Agree	30	37
Neither agree nor disagree	14	18
Disagree	9	11
Strongly disagree	6	8
Total	80	100

Source: Primary data

Table 6 reveals 37% respondents agree that mobile wallets are secured and they are satisfied using it, 26% of respondents strongly agree it is safe to use and 8% respondents strongly disagree with the security feature of mobile wallets, 18% neither agreed nor disagreed and 11% respondents are not satisfied with the security feature.

Majority of respondents agree that mobile wallets are secure and they are satisfied.

Table 7: Showing the respondent's opinion about mobile wallets refraining other cashless payments

Opinion	No of respondents	% of respondents
Yes	26	33
No	54	67
Total	80	100

Source: Primary data

From table 7 it is found that 67% respondents feel mobile wallets are not refraining them from other cashless payments and 33% respondents agreed it refrains other cashless payments

Table 8 reveals ranking of mobile wallets.75% respondents priority is PayTM,PhonePe and Google Pay are ranked second, followed by BHIM, bank mobile apps and Amazon Pay.

In order to find the relationship between respondent's age and regularity in using mobile Wallets, Chi square test was used to test the hypothesis and the summary of the findings are given below:

Table 8: Showing the ranking of mobile wallets

	No of respondents	% of respondents	% of respondents
PhonePe	2	44 out of 80	55
PayTm	1	60 out of 80	75
Google Pay	2	44out of 80	55
BHIM	3	40 out of 80	50
Banks mobile apps	4	38 out of 80	48
Amazon Pay	5	35 out of 80	44

Source: Primary data

From the Chi-square analysis to find the relationship between respondent's age and regularity in using mobile wallet. It is concluded that there is no relationship between age and regularity in using mobile wallets since the calculated value of chi-square (0.289839) is lesser than table value (7.8147) at 5% level of significance null hypothesis (H0) is accepted.

The chi-square analysis to find the relationship between educational qualification and regularity in using mobile wallets reveals, there is no relationship between them as the calculated value of chi-square (0.160133) is lesser than table value (5.991) at 5% level of significance. The null hypothesis (H0) is accepted and the alternative hypothesis (H1) is rejected.

Table 9: Showing the ANOVA analysis

Source of variation	Sum of squares	Degree of freedom	Mean square	F-ratio	F-ratio
Between thesample	.085	1	.085	.581	.448
Within the sample	11.485	78	.147		
Total	11.550	79			

The calculated value F is .581 which is higher than the table value .448 @ 5 % with the degrees of freedom 1 and 78.Hence it fails to accept H0(null hypothesis) and accepts H1 (alternative hypothesis). There is variation between gender and regularity in using mobile wallets.

Suggestions

1. To increase the usage of cashless payments like mobile wallets, more security options should be introduced, which is important in the current scenario to gain the confidence of the users.
2. Unlike cards, cash back facilities are not offered when using mobile wallets. Though they offer rewards it is not sufficient to increase the users. So the focus should be given on cash back offers, coupons and other rewards schemes to increase the users.
3. Modern mobile payment experiences inconsistency. This slows the adoption of mobile payments. Users are confused sometimes, so the payment method should be simple and should work consistently.

Conclusion

Mobile wallets are considered as extended family of mobile banking. It helps the users to safely store their information on their smart phones. This helps them in reducing the redundancy in entering the details again and also it reduces the difficulty of carrying all cards.

It is clear from the research, customers prefer mobile wallets as it allows with convenience, safety in recent times, lighter pockets and security. PayTm is most preferred mobile wallet. Certain issues like internet connectivity issues, lack of trust and inconsistency in working of mobile wallet refrain the respondents from using the mobile wallets. To conclude, mobile wallets are having many advantages in this pandemic situation and it the most convenient method for making payments for the payments.

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