

Evaluating the Growth, Adoption and Practices of E-Wallet

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Abstract

The convenience of wallets is well-known, but payment banks offer additional benefits like interest on deposits and ATM access. This has prompted companies like Paytm and FINO Payten to venture into the payments bank sector despite already having mobile wallets. Both wallets and payment banks have a maximum limit of Rs 1 lakh. However, wallets require KYC procedures, mandatory for all banks. While wallets offer convenience for quick payments, payment banks provide a wider range of services. E-wallets, or electronic wallets, function digitally for online transactions and require linkage to bank accounts. They aim to facilitate paperless transactions and typically secure shoppers' data. Different types of e-wallets exist, including hardware, online, mobile, and paper wallets, each with its unique features and advantages. Despite their popularity, e-wallets have limitations, such as dependence on devices and security concerns compared to traditional banking methods. However, they continue to evolve and play a significant role in the digital economy.

Introduction

While a wallet offers convenience, payment banks provide interest on deposits and ATM facilities. This is why companies like Paytm and FINO Payten have entered the payments bank sector despite already having mobile wallets for many years. The maximum amount that can be held in both a wallet and a payment bank is Rs 1 lakh. Wallet providers must also undergo KYC (know your customer) procedures, which are mandatory for all banks. If a user is solely interested in making payments, wallets offer convenience. However, payment banks offer a broader range of services compared to wallets, which are more limited. For individuals seeking quick and convenient payments, wallets may be preferable. All that is required is to download the app, sign up, and start using the wallet by transferring money from a bank or card details online.

E- Wallet

An e-wallet, short for electronic wallet, functions as a digital card utilized for online transactions via a computer or smartphone. Its functionality resembles that of a credit or debit card, requiring linkage to an individual's bank account for payments. The primary aim of an e-wallet is to streamline paperless money transactions. In e-wallets, shoppers' data is typically safeguarded and encrypted. Account creation in e-wallets involves the use of usernames, passwords, and verification via email or mobile numbers. During the KYC (know your customer) process, proof of address and photo IDs are commonly collected and stored for verification purposes. Due to the unique features of e-wallets, such as rich content, they are susceptible to fraud in ways distinct from credit or debit cards and should not be marketed as such.

Types of E-wallet

- **Hardware wallet**

A hardware wallet is similar to a traditional wallet but includes a sophisticated device to manage your account. To use a hardware wallet, you must initially have a software wallet to communicate with the device.

- **Online wallet**

E-wallets function as online wallets accessible via computers, laptops, and mobile devices such as tablets and smartphones, as long as they are connected to the internet. They are popular among many users due to their affordability, user-friendly nature, and the convenience of accessing them without requiring internet access.

- **Mobile wallet**

Numerous businesses are entering the realm of mobile payments, facilitating transactions for both payers and receivers. Additionally, they offer features such as storage for loyalty cards, coupons, tickets, and more. These mobile wallets interact with terminals through a range of technologies. The popularity of mobile wallets for payments is increasing steadily due to the growth in mobile traffic.

- **Paper wallet**

A paper wallet is considered one of the most secure methods for storing cryptocurrency. To conduct transactions, you must input the entire key manually. The only downside of using a paper wallet is that it requires time to operate and a certain level of technical understanding.

Features of E-wallet

- It's a prepaid account where individuals can deposit money for future online transactions.
- An e-wallet is secured with a password.
- Within an e-wallet, users can make payments for groceries, online shopping, flight tickets, and more.

Advantage of E-wallet:

i. Easy accessibility: Starting to use a mobile wallet for everyday transactions is incredibly straightforward. Simply download the app and set up a user ID and password. It's as easy as logging into your Gmail or Facebook account on your smartphone.

ii. Simple to load money: You can effortlessly top up your wallet using net banking, credit card, or debit card. Storing these details spares you the inconvenience of entering them each time you conduct a transaction, thus saving time.

iii. Ensures timely payments: You can also utilize the auto-pay feature to automatically settle future bill payments from your wallet balance on a specified date.

iv. Quick transfer of funds: Money wallets have streamlined the process of sending and receiving funds, making it swift and convenient. Furthermore, there are presently no transaction fees applied to money transfers, making it an even more attractive choice.

Disadvantage of E-wallet

- **Limited Merchants:** Nevertheless, the quantity of mobile wallets catering to merchants is steadily growing, although it's not yet extensive. Some platforms supporting digital wallets include Paytm, Mobiquik, Ruplee, Payumoney, Amazon Pay, Google Pay, Airtel Pay, Whatsapp Pay, and others. However, there are still numerous online stores that do not accept digital wallets, with Amazon being a notable example in this regard.
- **Dependent on the Devices:** As you're aware, digital wallets are solely accessible online through devices like laptops, smartphones, or tablets, thus their usage is heavily reliant on your device. If, for any reason, you cannot access your smartphone or laptop—due to battery issues or other factors—digital wallets become unusable. This limitation is the primary reason why digital wallets cannot surpass credit and debit cards.
- **Danger of Losing your Money:** Digital wallets are considered less secure compared to credit or debit cards since most banks offer the added security of a 3D secure password, which is necessary for transactions without your 3D secure password.

With a password, your card cannot be used for making payments without your authorization. However, this is not true for digital wallets. If you misplace your smartphone, anyone can access your wallet funds.

With digital wallet apps, if a password is set, there are numerous methods for cracking it. Therefore, wallets are not as secure as your bank's debit or credit cards.

Evaluation of E – wallet

In 1979, English entrepreneur Michael Aldrich pioneered online shopping by devising a system that linked a modified household television to a real-time transaction processing computer through a residential telephone line.

In India, the Oxygen Wallet is recognized as the country's inaugural e-wallet or mobile wallet, which debuted in July 2004.

NEED AND RATIONAL OF THE STUDY

- The purpose of this research is to explore the unaddressed areas identified in previous literature reviews.
- A prior study highlighted the utilization of a tool for quantifying transactions conducted via e-wallets.
- While e-wallet transactions offer advantages in various regions globally, Indian organizations appear to derive additional benefits from these transfers.

OBJECTIVE OF THE RESESRCH

- Examine and understand customer behavior regarding e-wallets and their usage in urban area.
- Determine customer perceptions and assess how demographic factors affect the adoption of e-wallets.
- Investigate and categorize the variables utilized in this research.

RESEARCH METHODOLOGY

The Research Design Used for the Study

The research design serves as a blueprint for gathering necessary information in the most effective manner possible. In this study, an **Exploratory Research** design was utilized, reflecting the exploratory nature of the project. Exploratory research aims to elucidate problems that have not been thoroughly examined, with the goal of identifying needs, establishing operational definitions, and refining the final research design. It assists in determining the optimal research framework, data collection methods, and participant selection. Exploratory research ensures that respondents understand the researcher's objectives clearly, allowing for the provision of precise information to assess the data.

Area of the study

The study was conducted within the city of **Aligarh**, with data collected from various age groups residing in different areas.

Sample Size

The sample size consists of users from various age groups who use e-wallets. A total of **100 respondents** were included in the study.

Method of Data Collection

The research utilizes both primary and secondary data. Survey method was employed to collect data in order to achieve optimal results.

Primary Data

Primary data refers to firsthand information gathered through personal observation or direct interaction.

Primary Data Collected By:

- Questionnaire

Secondary Data

Secondary Data is collected by:

- Research paper
- The internet
- Newspapers
- Web sites

Research methodology

➤ **Research design**

- **Types of research**
Descriptive research
- **Target population**
Population having E-Wallet facilities
- **Area of study**
Aligarh

➤ **Data collection**

- **Method of data collection**
Survey- E-mail with the help of Google docs
- **Tools of data collection**
Questionnaire

- **Type of data collection**

Primary data

➤ **Sampling design**

- **Sample size**

100 respondents

- **Sampling technique**

Convenience sampling

- **Analysis tools**

Data Visualization

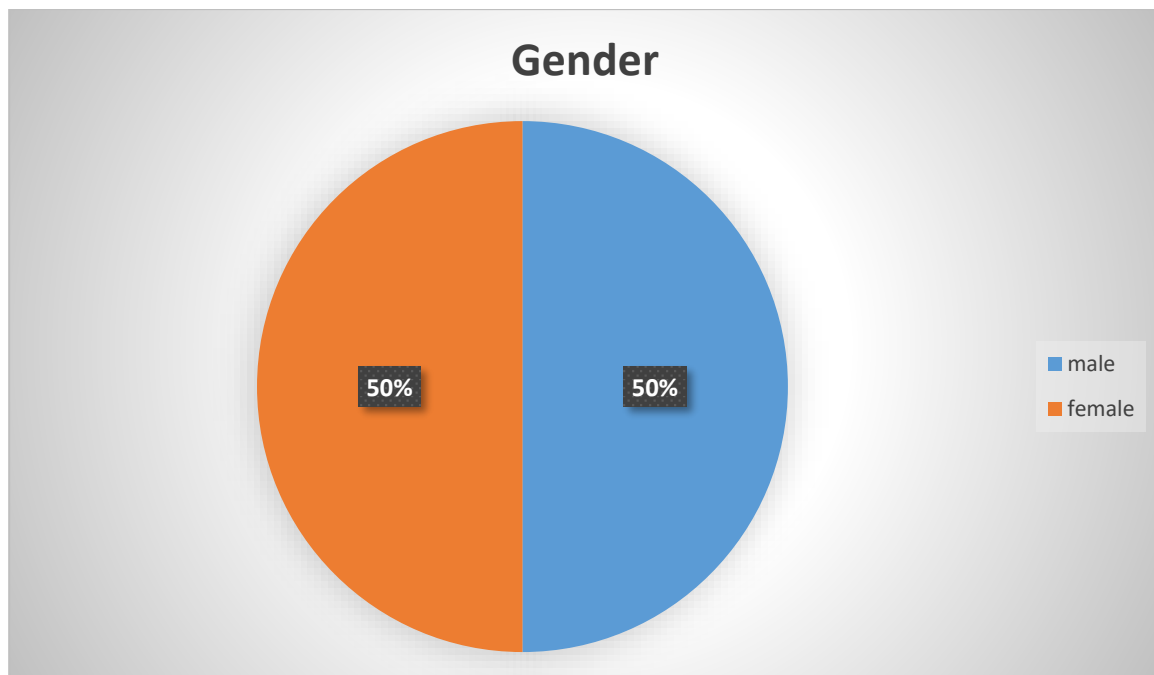
DATA ANALYSIS AND INTERPRETATION

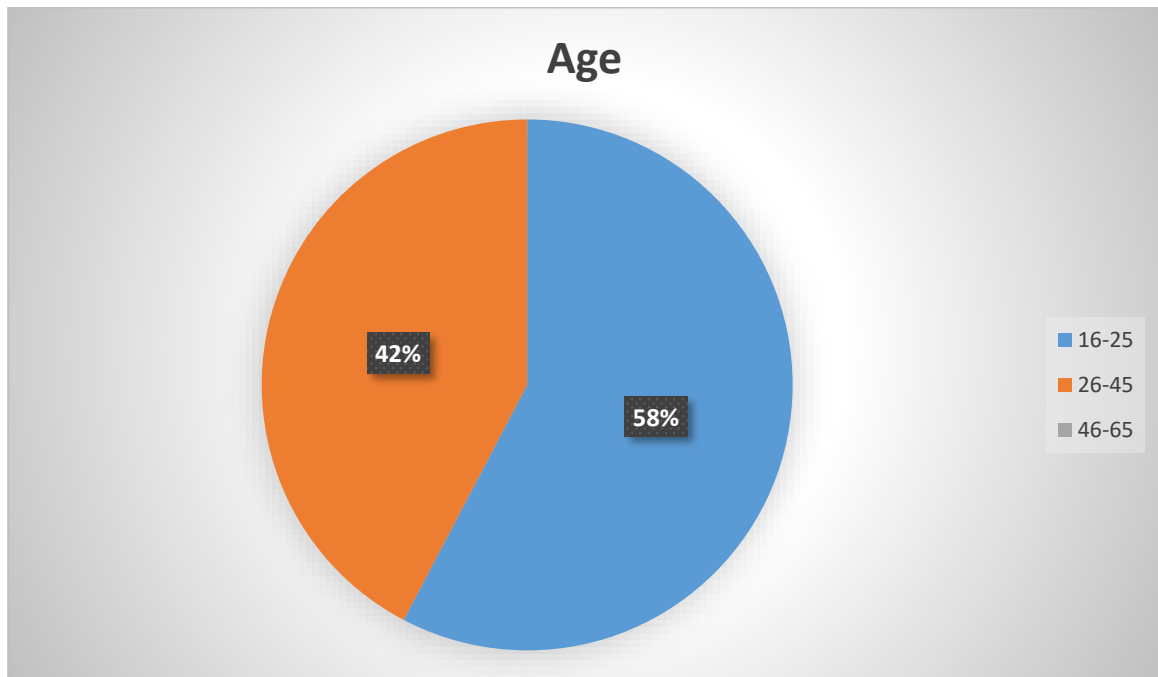
Objective 1:

Figure 2:

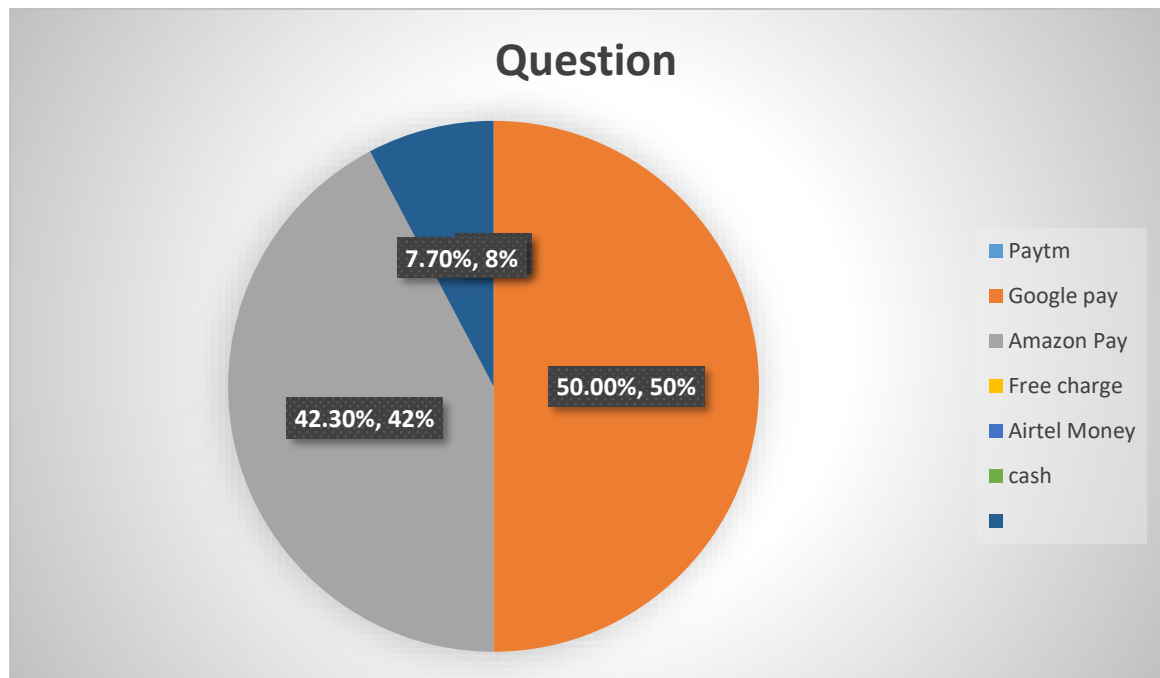
Demographic analysis of respondents

a) Gender



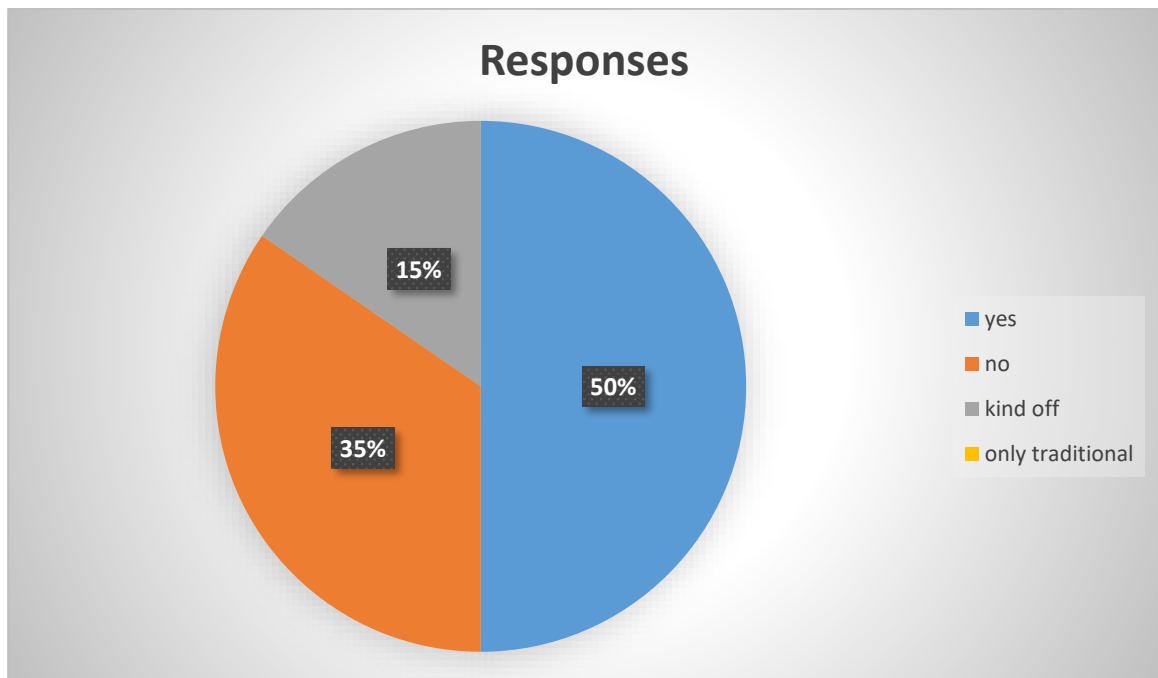
b) Age**INTERPRETATION**

The chart above illustrates that among the 100 respondents surveyed, an equal proportion, or 50%, were male and female. In terms of age distribution, 58% fell within the 16-25 years category, 42% were aged between 26-45 years, and there were no participants in the 46-65 years age group, nor were there any respondents above 65 years old.

c) Which payment mode you use most ?**INTERPRETATION**

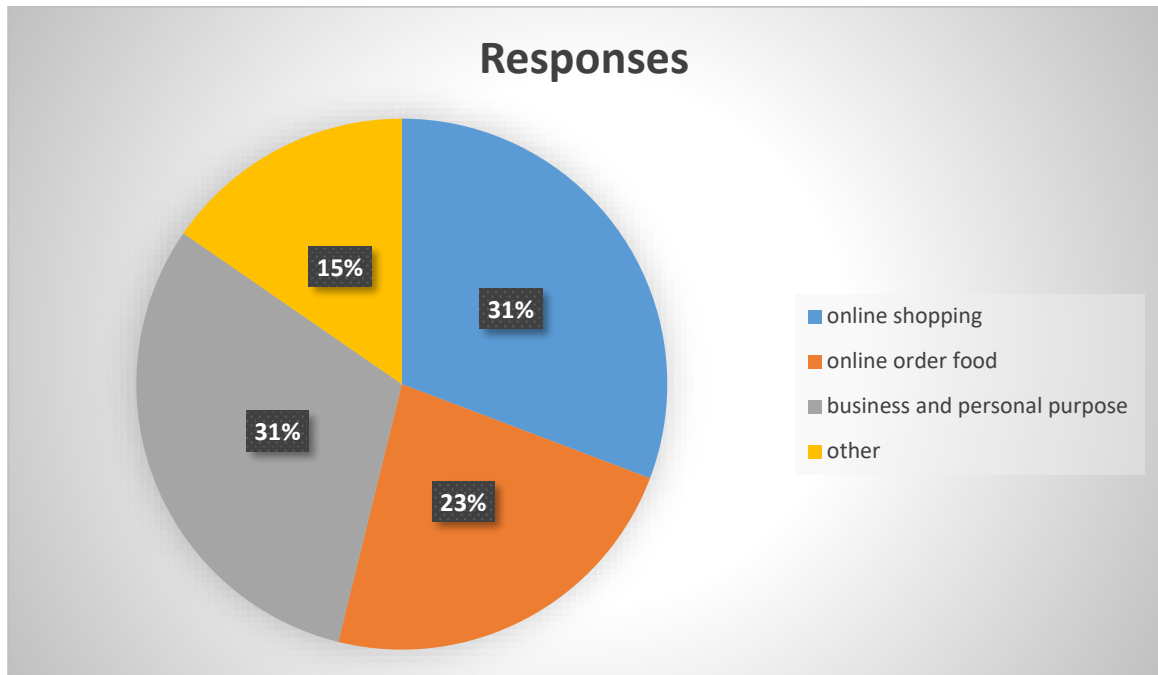
This chart indicates that among the 100 respondents surveyed, 50% are using Payment, 42.3% are using Google Pay, and none of the respondents are utilizing Amazon Pay, FreeCharge, or Airtel Money. Surprisingly, despite the pandemic's impact and the emphasis on social distancing, 7.7% of respondents still prefer cash mode for transactions.

d) Does your parents also use online platform ?

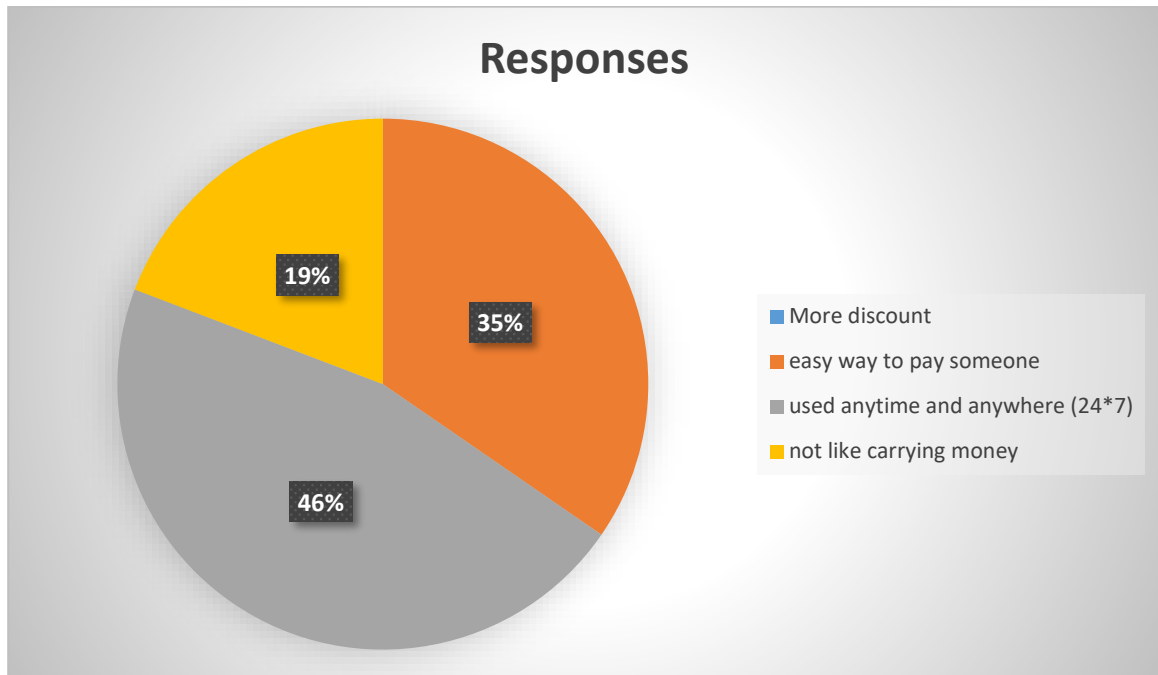


INTERPRETATION

This data illustrates that among the 100 respondents surveyed, 50% of them use online platforms (e-wallets) for transactions, while 35% do not. Among those who do not use online platforms, traditional methods are preferred, with 0% using other platforms and 15% using them to a small extent.

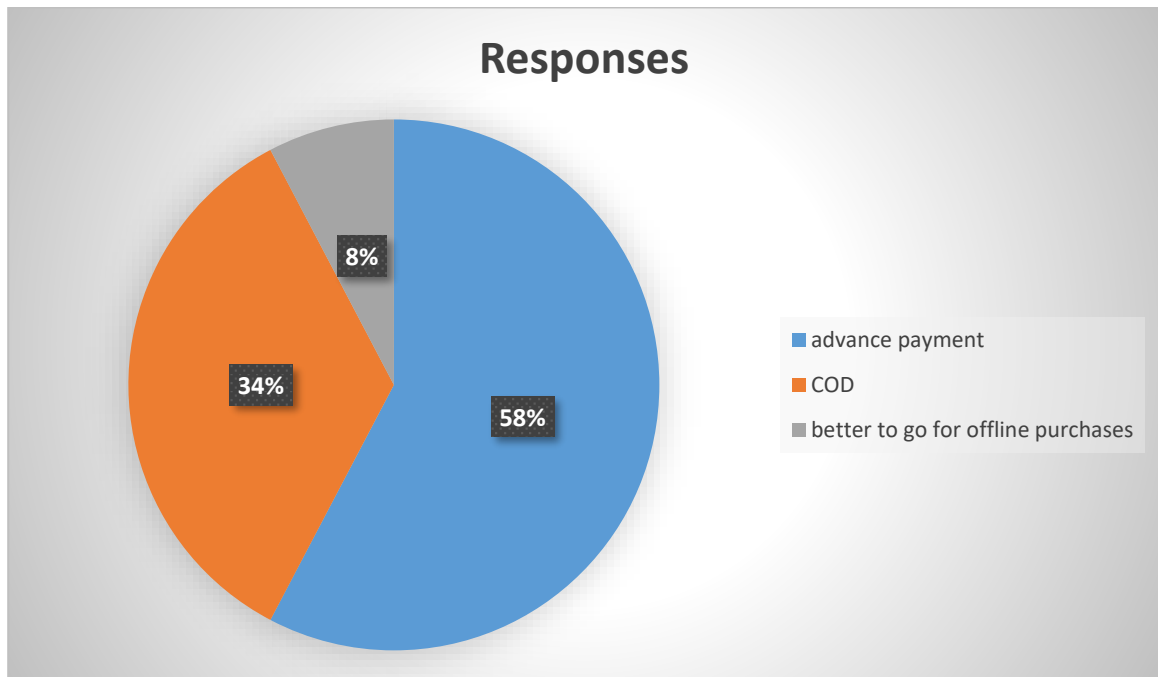
e) Where you've spent your money more ?**INTERPRETATION**

This chart illustrates that among the 100 respondents surveyed, 31% prefer online shopping, 23% prefer online food ordering, 31% use online platforms for business and personal purposes, and 15% have other preferences.

f) Why online e-wallet attracts you ?**INTERPRETATION**

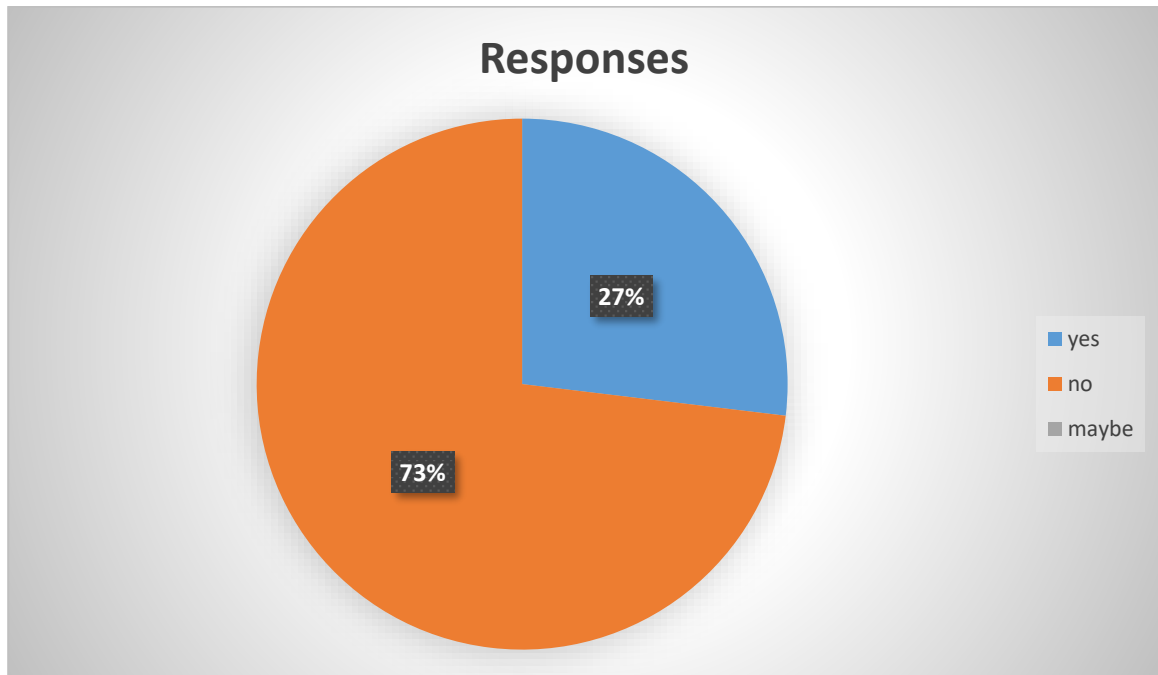
This chart illustrates that among the 100 respondents surveyed, 35% prefer using e-wallets because they find it easy to pay someone, while none of the respondents prefer it for more discounts. Additionally, 46% use e-wallets for their convenience of being accessible anytime and anywhere (24/7), and 19% prefer them because they dislike carrying physical money. Overall, people perceive e-wallets as more convenient.

g) Which option you prefer more?



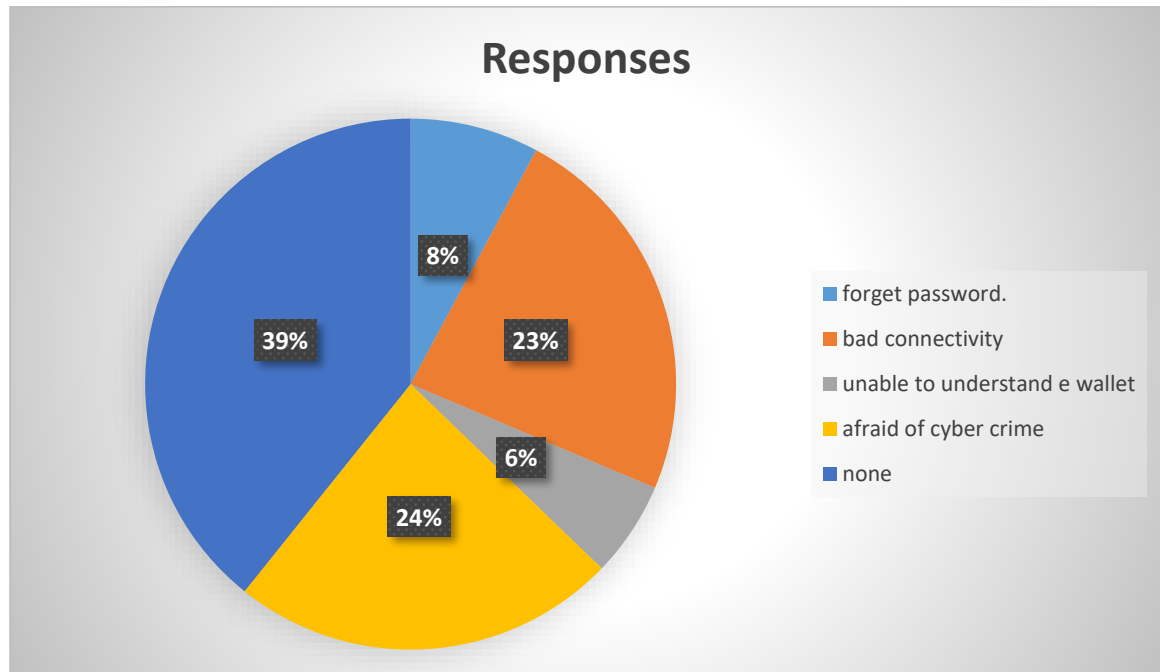
INTERPRETATION

This chart illustrates that among the 100 respondents surveyed, 58% prefer advance payment, 34% opt for Cash on Delivery (COD), indicating a lack of trust in online platforms, and finally, 8% prefer to make offline purchases. It acknowledges the importance of traditional retail for those who rely on it for their livelihood.

h) Have you ever Face any online fraud event ?**INTERPRETATION**

This chart illustrates that among the 100 respondents, only 27% are in favor of affirming they have faced fraud events on e-wallets, while 73% stated they haven't encountered any such incidents. Additionally, 10% responded with "Maybe."

i) Which type of problem do you face while using E-wallet?



INTERPRETATION

This chart depicts intriguing insights from the respondents: 8% admit to forgetting their passwords, possibly indicating infrequent use of e-wallet services; 23% report encountering connectivity problems, while just 6% struggle with understanding e-wallet services. Concerns about cybercrime and fraud events affect 24% of respondents, whereas 39% claim to have no issues with online services or e-wallets.

All the above responses are true and genuine.

CONCLUSION

The research findings in Aligarh city highlight three primary factors influencing customer satisfaction with e-wallet services: safety, loyalty, and awareness. While the study acknowledges that factors like security and ease of use were not statistically favorable, it indicates a moderate level of satisfaction among e-wallet users.

The analysis underscores the significant impact of safety, loyalty, and awareness on customer satisfaction, with other factors playing a lesser role. Hence, there's a pressing need to enhance awareness about e-banking products and services. Educating customers about these offerings not only expands the customer base but also fosters satisfaction and profitability for banks.

Moreover, safety emerges as a crucial determinant of customer satisfaction. When customers feel secure about their financial transactions through e-banking, it fosters loyalty and contentment. Thus, prioritizing safety measures can significantly enhance overall satisfaction levels among e-wallet users.

FINDINGS

1. Based on the questionnaire analysis, it was evident that there exists a significant gap in understanding regarding E-wallets and other online services. This knowledge deficit could be addressed by incorporating lessons about E-wallets into school curricula for the younger generation and by conducting awareness campaigns targeting older individuals to enhance understanding of online platforms.
2. Another observation I made is that there are still many regions, particularly rural areas, where people lack awareness about online platforms and E-wallets. Despite the country's increasing digitalization, many individuals in these areas continue to encounter difficulties with online transactions.
3. The majority of users who utilize e-wallets lack comprehensive knowledge about the services they offer, finding them somewhat intricate to navigate. Consequently, many opt for traditional payment methods over electronic wallets.
4. Users of online banking services express concerns regarding the security of their personal information, as they perceive these services as vulnerable to privacy breaches and increasing electronic crimes. Various intelligence agencies support the notion that higher usage of online platforms correlates with a rise in cybercrime rates.
5. E-wallet services contribute to saving time for banking service users in contrast to traditional payment systems.
6. Given the current scenario, e-wallet services hold their significance as they aid in reducing both time and costs for users, prompting them to recommend these services to their family and friends.
7. With the current high competition in the banking sector, customers may opt to switch to e-wallet services offered by another private bank.

RECOMMENDATIONS

1. Banks should implement additional measures to educate their banking customers about e-wallet services, utilizing direct marketing channels for communication.
2. Banks should prioritize enhancing their security features to safeguard customer information concerning their accounts, passwords, and other sensitive details.
3. E-Wallet providers should offer improved incentives such as discounts on online purchases to retain existing customers and ensure swift service delivery.
4. It is essential for E-wallet services to consistently encourage the utilization of ATMs. It's crucial for E-wallet usage to become a part of regular transaction routines, thereby promoting the use of these services.
5. They should prioritize their existing customers more, as loyalty significantly impacts customer satisfaction.
6. They should utilize more advertising across channels where people frequently engage, promoting their e-wallet services.
7. E-wallet providers should prioritize aspects such as convenience, time savings, reduced transaction fees, and other factors that encourage customers to utilize banking services.

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