# THE ADOPTION OF ONLINE PAYMENT APPLICATIONS AMONGST GENERATION Y & Z IN INDIA

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***Abstract***

*In the rising technological era, online payments have become the most preferred and used way by almost all segments of the population. Covid-19 has also played a big role in the adoption online payment mode during the lockdowns in the country. The research was conducted amongst a sample size of the Generation Y and Z, residing majorly in Maharashtra to analyse the factors influencing their choice of Mobile Payment applications from the various options that are available to them.*

*Keywords: Mobile payment applications, Gen Y, Gen Z, factors of adoption, social influence, security, uniqueness, value offered, digital wallets, financial literacy, fintech, digitalization, Covid-19*

**Introduction**

The digitalization era has resulted in the continuous evolution of all industries worldwide. The financial industry has also evolved significantly over the last few decades, from a traditional service provider to a digital service provider. The introduction of technical breakthroughs has entirely modified and revolutionised the way various operations are carried out and concluded. Within this scope, we aimed to concentrate on Financial Technology. Financial technology (fintech) is a growing sector that attempts to deliver better and more technologically advanced services to both clients and businesses nowadays age. One of the best examples of the extended impact of fintech can be seen in the fact that WhatsApp, the most popular messaging app across the globe, has launched a UPI-based payment feature developed by the National Payment Corporation of India, through which more than 200 million active users can benefit from instant, real-time mobile to mobile money transfers.

A digital wallet is a platform that allows users to conduct monetary transactions online. It securely and privately keeps a customer's credit card, debit card, and other payment information. It is also known as an e-wallet, an electronic wallet, a mobile wallet, a virtual wallet, and, because to the rising use of cell phones, a leather wallet. Mobile wallets are a widespread phenomenon in the financial technology industry. They refer to a mobile phone software programme that may be used to store and transfer money and has the capacity to replace a traditional wallet.

India has traditionally been a cash-driven economy, preferring to conduct financial transactions with banks and other financial institutions, but with the advent of digital wallets, there has been a new paradigm toward a cashless economy, allowing for real-time monetary transactions.

Nonetheless, it is still a novel notion in the country, given the country's diversified population of people of all generations.

Using qualitative research, the current study attempts to identify the drivers and inhibitors of mobile app acceptance, as well as the worries that consumers have about their adoption. The findings will aid in understanding the variables impacting the adoption of mobile applications among the alternatives available in the digital marketplace, something

that has not been addressed in the Indian context. This study also contributes considerably to theories, as previous ideas were shown to be too simplistic or inadequate to completely explain the elements influencing mobile app uptake.

**Review of Literature**

Social influence encompasses not just the 'physical' social circle of family, friends, and co-workers, but also the 'virtual' social circle with whom an individual interacts. Wu, Kang, and Yang (2015) distinguished social influence as mass influence and peer influence in their research of paid app use the behavioural impact of these components 'Mass media coverage, expert opinion' are examples of mass influence views and other non-personal data' (Bhattacharjee, 2000). Peer influence has been discovered to have a direct impact on the adoption and utilisation of new technologies (Kim, Yoon, & Han, 2016). The research by Wu et al. (2015) observed that there was no significant association between mass influence and attitude, while Peer pressure had a substantial influence on attitude.

The use of technology was determined by subjective norms or social influence, as well as perceived behavioural control, which denotes the capacity to utilise the system on one's own. It was discovered that social impact is only relevant in the early phases of adoption. The effect of social influence is mitigated by age and gender, with older working individuals and women being more affected by social influence, which leads to technology adoption.

Personal ingenuity and security risk are also major factors in technology adoption. Personal innovativeness, in addition to performance expectation, effort expectancy, and social influence, plays a key role in technological adoption. Security risk is defined as the probability of an agent exploiting a flaw in the security system, and it has been found to have a large and negative influence on mobile wallet intention in a study on Indian mobile wallet adoption.

E-wallets were not invented in the current period. Everything began in the late 1990s, when individuals began to build and develop the concept of digital payments, which we now refer to as E-Wallets. As a subtle reminder, Coca Cola, one of the world's largest soda drink companies, announced and prepared many vending machines in Helsinki that allow customers to pay their beverages via text message. The government, to empower the country digitally, introduced the Digital India programme to turn the economy into a faceless, cashless and paperless one Individuals and organisations use electronic payment systems as a safe and convenient way to make online payments, as well as a gateway to technical advancements in the global economy. ( vally & Divya, 2048)

P. Sarika discussed about the digital payment systems in India that promotes cashless transactions and the growth of customers using these methods was shown with the help of graph. Many consumers switched from plastic money to digital payment methods as a result of demonetization. Also, the major issue of concern mentioned was security so, more security features need to be added to gain trust of customers and for the growth of this system The most significant component in determining trust is service quality, but the most critical aspect in determining satisfaction is system quality. Flow is affected by the quality of information and services offered. The variables that determine whether or not a mobile payment will be continued include trust, flow, and happiness. To encourage customers to continue utilising mobile payment, service providers should provide high-quality systems, information, and services, according to the findings.(Mallat, 2007), (Daragmeh, et al., December, 2021)

Vidya S. compared digital wallets based on payment support, cashback, and rewards. The BHIM software was discovered to allow users to conduct business without utilising the internet. In addition to a range of other features, both PhonePe and Paytm provide a wallet service. Google Pay is a secure software that allows you to make local payments quickly. Gokhan Aydin discussed the importance of mobile wallets and also some factors that had a positive effect on the users in using these wallets. Perceived simplicity of use, compatibility, and utility are a few of these factors to examine. The simplicity of use of mobile wallets was discovered to be the most important factor in

determining users' opinions. So, this factor must be focused on to increase the use of mobile wallet system and its adoption among non-users. ( Bhatt, et al., 2021)

**Limitations of the study**

- ✓ The research was based on primary data only.
- ✓ The data was collected from the respondents based in Maharashtra region only.
- ✓ Though this number is very significant for our study, 70 samples couldn't be considered as a complete representation of the country's population. But the objective was to understand the risks associated with the use of mobile payment applications and this objective is achieved even if the responses couldn't replicate the responses of the whole country.

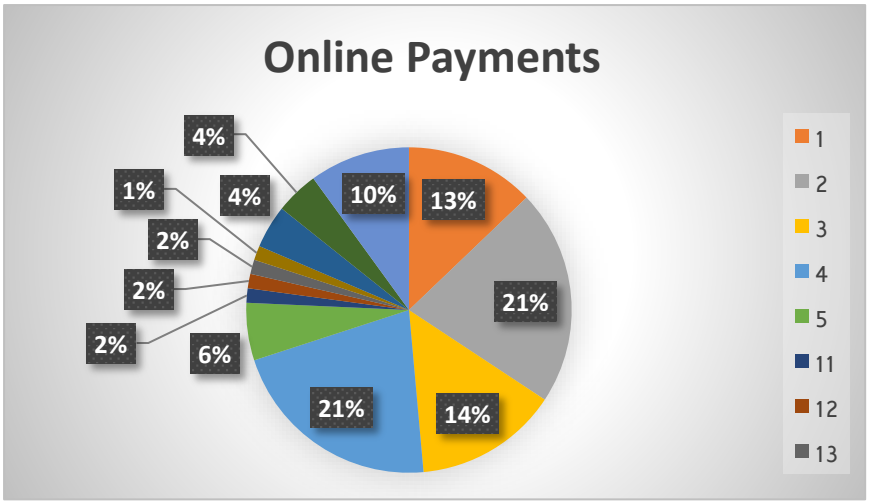
**Research Methodology**

For this research, primary data has been taken by taking responses by way of a google form. A total of 70 responses has been collected by way of a survey in which 38 responses came from males and 32 from females.

To understand the demographic behaviour better, the following questions were asked:

- ✓ Frequency of online payments monthly
- ✓ Issues faced while making payments through mobile applications
- ✓ Risks associated with payment applications
- ✓ Increase in spending with the introduction of mobile payment applications

**Data Analysis and Interpretation**




From the above graphical representation, we can see that around 21% of the respondent use Gpay and Phone Pay as a common mode of transaction for their payments and others like Paytm, Amazon Pay, BHIM, PayPal are also being used but not in the majority because of the awareness and easy mode of transaction of their payment.

For this research, following co-relations have been figured out from the responses: -

| | *Frequency of use* | *Issues while payments* | *Most used online payments* | *Possible risk* |
|---|---|---|---|---|
| **Frequency of use** | 1 | | | |
| **Issues while payments** | -0.004552205 | 1 | | |
| **Most used online payments** | 0.153234828 | 0.002488123 | 1 | |
| **Possible risk** | -0.096716347 | 0.085685204 | -0.05913264 | 1 |

- ✓ **Frequency of use & Issues faced while making payments through mobile applications**

  Some of the common issues that are faced by users of mobile payments applications are as follows: -
  - Bank's server not responding
  - Network issues in the area
  - Issues with the QR-Code of the vendor
  - Instant clearing of payments from both sides.

  From the responses calculated it can be concluded that there is a negative correlation between frequency of use and issues faced while payments. This can be analyzed as absolutely no relationship among the variables. It is because the above-mentioned issues which are usually faced by a user are not in his control. There is nothing to do with whatever is the frequency of use in such cases. These issues can still occur as every time another party is involved here which cannot be controlled by the user.

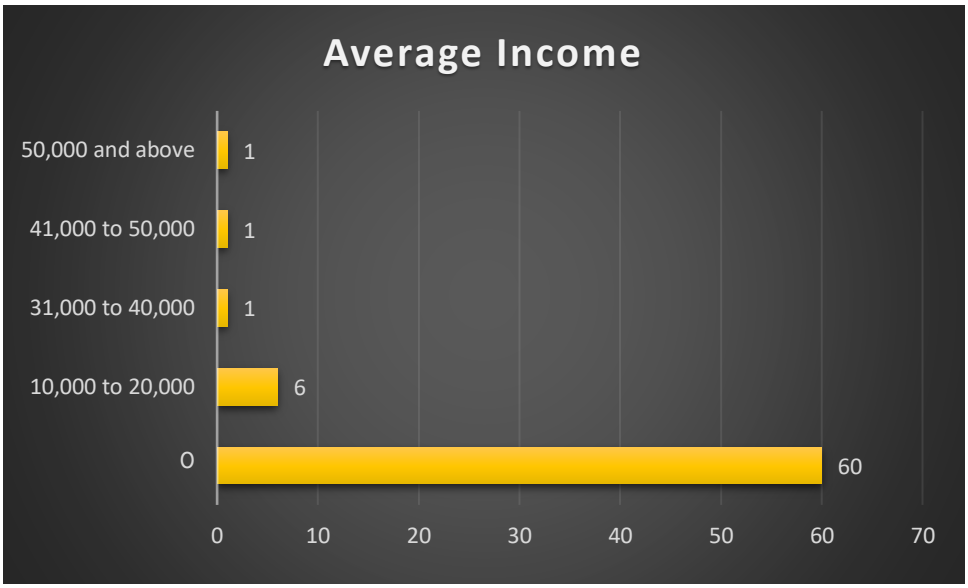
- ✓ **Frequency of use & Number of mobile payment applications used by the respondent**

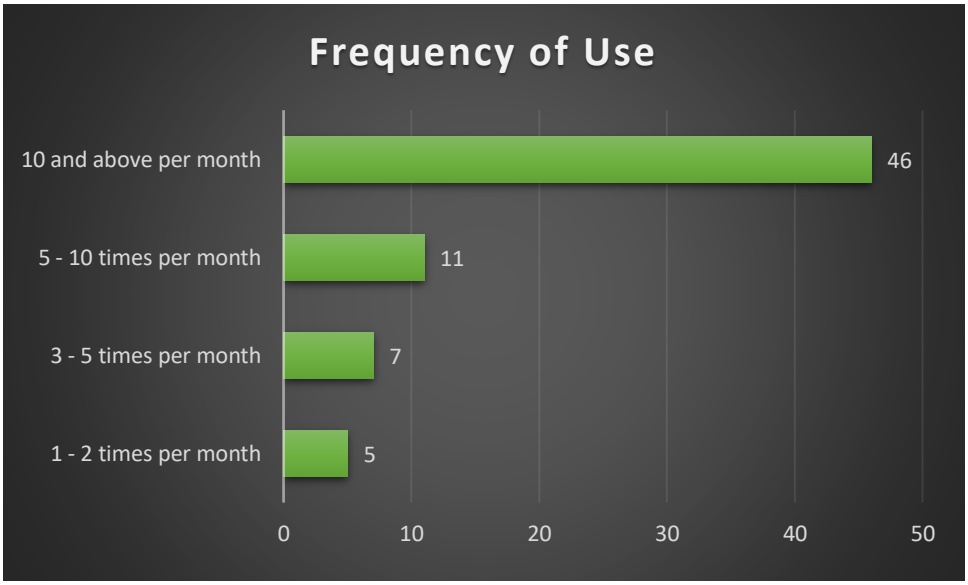
  However, there is some correlation between frequency of use and number of online payment applications used by a respondent. We got a positive correlation in this case which signifies a strong dependency of dependent variable on independent variable. The respondents were of the viewpoint that as we keep on using these online payment applications, we come across various other applications with other features and promotional offers which attracts users towards them.

- ✓ **Frequency of use & possible risks associated with the mobile payment applications**

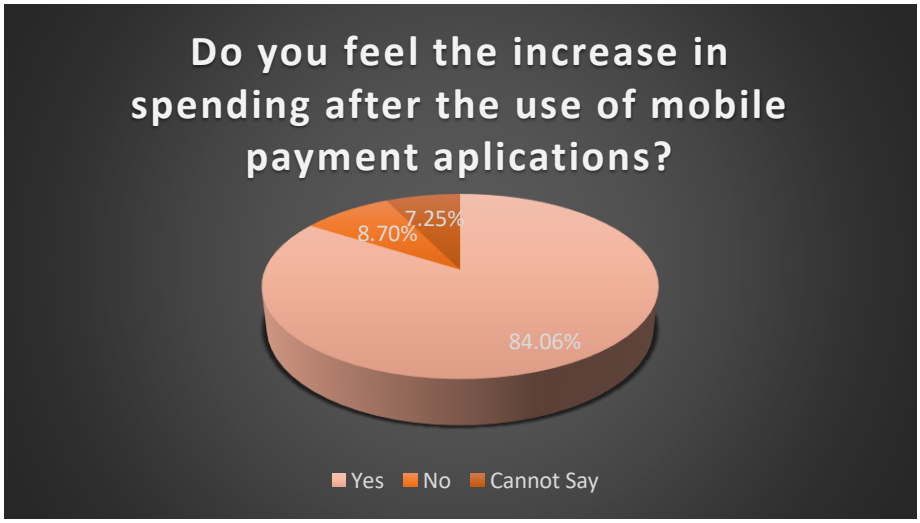
  Some of the common issues that are faced by users of mobile payments applications are as follows: -
  - Security concern
  - Reckless spending
  - Fraud possibility
  - Possibility of a payment conflict

  When the comparison was done between frequency of use and possible risks associated with the mobile payment applications, the analysis concluded that there is no relationship between these variables. It might be because of the technological factor involved in such risks about which a user is helpless in majority of the cases. Although the user try to reduce the possibility of such risks, but still there can't be the elimination of these risks when we use these applications.




If we look at the graph representation of "Frequency of use" and "Average Income", we can conclude that the annual income of the population is not a deciding factor as to how much the payment applications are being used. In a general scenario, it is expected that the expenditure is made according to the income and therefore, the use of payment applications should have been very less in this case as 87% of the population is having a NIL income status. But this is not the case here. 66% of the population is using the payment applications more than 10 times a month and only 7% respondents' monthly usage is till 3 times. This shows that there is no hesitation in spending by the people even without a source of income.




This can be clearly inferred that due to the ease of making payments through mobile, spending habit of the generation has been increased. People are willing to spend and are spending freely when it is about the digital money. 84% respondents agreed that their spending habit has been increased due to the use of payment applications. 9% of them denied on the matter and 7% were not very clear as to what has been the pattern since they have started using these applications for the payments.

**Conclusion**

The use of mobile payment application is increasing day by day due to the obvious reasons. People are preferring these applications over cash as it is convenient to use and has a universal acceptability with other benefits also. But along with all these benefits, the risks/drawbacks associated with these applications cannot be ignored. There are various fields where the transactions done via such applications can prove fatal. Therefore, for using the mobile payment applications the user must be completely cautious and known of all the possible risks to reduce the possibility of having one.

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