

# A Study on the factors influencing Consumer's intention to adopt Mobile Wallet in Coimbatore City

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## Abstract

India is steadily moving towards cashless economy by transforming from hefty physical wallets to virtual wallets. With monetary tightening and cash crunch that took place in the Indian economy during the demonetization period gave a propel to these wallets and ever since, the number of users has been persistently increasing. The primary focus of this study is to understand the factors which influence the customers to adopt mobile wallets. The study reveals that the consumers express positive attitude towards mobile wallet and the main factor that influences the consumer is ease of use and credibility. The study includes several findings which can benefit the stakeholders of mobile wallet..

**Keywords:** Mobile wallets, Credibility, Group Influence

## Introduction

It is demonetization that gave the first propel to mobile wallet adoption in the country during the year 2016, but COVID-19 pandemic has given it further push from the year 2020. As the number of transactions dropped in the middle of the year as consumption fell, it became more sought-after among the consumers. Even the consumers who were comfortable with cash started using digital wallets for their constant needs, which was a much-needed push to proceed India towards a cashless society. Because there were concerns that consumer will contract with the novel corona infection while visiting banks and while handling with physical cash, so not only in cities but also in smaller towns people started using their mobile phones to make payments as they promote contactless payments. Contactless payments are made practicable with the help of near field communication (NFC) technology. Mobile wallets like Google pay, Paytm, PhonePe, Mobikwik, Amazon pay etc., are very convenient and quick to use so people started using these types of mobile wallets especially during the Covid lockdowns, so the mobile wallet market is expected to expand at a growth rate of nearly 50% during 2023.

## Mobile Wallets - Concepts

A mobile wallet is an application that stores debit and credit card numbers and it just acts as an actual physical wallet. It can be easily accessed through an app which is installed in a smart phone. With the help of these wallets, a user can send and receive money from other users, they can even preload the money in wallets with a preferred amount and there's no need to carry cash all the time. A user can also pay all types of bills, get rewards and many more. Basically, there are three types of mobile wallets in India, they are Open Wallets, Semi Closed Wallets and Closed Wallets. Open

wallets are wallets which is issued only through the banks in which the customers are allowed to transfer the funds, withdraw cash from ATM and purchase any goods and services. Semi Closed Wallets are wallets which will allow the customer to purchase goods and services and they can discharge financial services at distinctly recognizable merchant whereabouts. Closed wallets are those wallets which are issued by a company to its consumers for the purpose of acquiring goods and services particularly from that company.

Some of the top trending mobile wallets in India are,

✓ Paytm

- ✓ Google Pay
- ✓ BHIM Axis Pay
- ✓ PhonePe
- ✓ Mobikwik
- ✓ YONO (SBI)
- ✓ Citi MasterPass
- ✓ ICICI Pockets
- ✓ HDFC PayZapp
- ✓ Amazon Pay

Among the top mentioned m-wallets, Paytm and Google Pay have more than 100 million installs on Google Play Store. Paytm is considered as one of the best m-wallet apps in India since its launch in the year 2010. It is said to be the semi closed model which allows the customer to preload money and make quick payments to the merchandiser. While, Google Pay was previously known as 'Tez' and it made a late entry in the m-wallet industry but quickly it gained a huge customer base in India. It is also one of the best m-wallets in the country which also offers cashback facilities.

### Review of Literature

**Gourab Ghosh (2021)**, in his study entitled "Adoption of Digital Payment System by Consumer" examined that internet availability, cashback facilities and ease of use are the major factors which helps the customer in adopting the digital payment system.

**Kavitha M, K Sampath Kumar (2018)**, in their study entitled "A Study on Digital Payments System with perspective of Customer's Adoption", studied about the impact of demographic variables on the usage of digital payment gateways. Accessibility, reliability, ease of use proper security and authentication, immunity against theft of paper is some of the important factors that helps in adopting digital payment system. They found that demographic variables have a very little reflection on the usage of digital payment platforms.

**Lokinder Kumar Tyagi & Saurav Mehrotra (2018)**, in their study entitled "E-Wallet Marketing – A Study on risk involved and Customer's Satisfaction" tried to cover the risk involved in e-wallet purchasing from the perspective of the customers and recommended that it is important to verify the webpage of the m-wallet by scrutinizing and validating its digital certificate and authenticity.

**Praiseye T & Dr Florence John (2018)**, in their study entitled "A study on Consumer Preference towards Mobile Wallet" examined and found that easy to use and convenient are two different factors that makes the customer to adopt m-wallets. The challenges faced by them are network issues which arises during making payment and difficulties in using m-wallets during small billings especially in 2 digits.

### Statement of the Problem

In today's world, smartphone plays a vital role in our everyday life. The number of smartphone users have also increased drastically in the recent years. Smartphones not only act as a telecommunication device but also acts as a payment tool just by installing payment applications. After the launch of these digital payment platforms there was a rise in the usage of e commerce platforms as well. In the previous years, Mobile technology has transformed various sectors and now it has started transforming the banking sector. These m-wallets allow a customer to transfer funds, make bill payments, purchase goods and services, and etc., Even around the world, countries are moving towards cashless transactions so that it can be traced at any point of time in the future. In India also, especially in the last two to three years, the usage and

adoption of m-wallets have seen a drastic increase. The unforeseen growth of these types of wallets is mainly because of the demonetization that happened on 8<sup>th</sup> November 2016. Furthermore, Covid lockdowns also paved way for the adoption of m-wallets for making payments. So, this research has been done to know about the consumers intention in adopting m-wallets.

**Objectives of the Study**

1. To understand the growth of m-wallet industry on the basis of value of transactions and number of transactions from the year 2016 to 2020 and to understand the aggregate value per transaction.
2. To understand the factors influencing the intention to adopt a mobile wallet.

**Research Methodology**

**Sources of the Study**

The study is based on both Primary and secondary data. The Primary data was collected through Questionnaire (Google forms) from the respondents and Secondary data related to transaction value of m-wallets are collected from the Annual Reports of RBI, articles and various other journals.

**Statistical tools used**

- ✓ Weighted Average
- ✓ Multiple Regression Analysis

**Analysis & Interpretation**

**Objective 1** - To understand the growth of m-wallet industry on the basis of value of transactions and number of transactions from the year 2016 to 2020.

Table 1 – Value & Number of transactions of mobile wallet

Year	Transaction value of m-wallet (In Billion)	Transaction volume of m-wallet (In Billion)
2015-16	206	0.6
2016-17	950	2.1
2017-18	3500	6.0
2018-19	11000	17.0
2019-20	32000	45.0

Source: Annual Reports of Reserve Bank of India

Table 1 depicts that the transaction value of mobile wallet was 10 billion in the year 2013 but it rose to 206 billion in the year 2016 which is roughly 20 times more. It is also said that the market value of m-wallet transaction will grow at a growth rate of 210% by 2022. In the year 2016, the m-wallet transaction was 0.6 billion and it is anticipated to reach 260 billion by 2022 by growing at a growth rate of 160%.

Table 2 - Aggregate Value per transaction for the past five years

Years	Value of transaction (In Billions)	of No of transactions (In Millions)	of Per Transaction (V)	Weight (W)
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2015-16	206	0.6	343.33	1
2016-17	950	2.1	452.38	2
2017-18	3500	6.0	583.33	3
2018-19	11000	17.0	647.06	4
2019-20	32000	45.0	711.11	5

Source: Annual Reports of Reserve Bank of India

Table 2 shows the aggregate value per transaction from the financial year 2015-16 to 2019-20. It is calculated by dividing the total value of transactions by total number of transactions. During the financial year 2015-16, Rs 343.33 was the average value per transaction but it got increased to Rs 711.11 in the financial year 2019-20. The aggregate average value per transaction for the financial year 2015 to 2020 is calculated using weighted average. It is calculated by dividing the aggregate sum of weighted values by sum of weights.

The calculation of weighted average value of each transaction is shown below:

**Aggregate value per transaction**

$$= \frac{V1W1 + V2W2 + V3W3 + V4W4 + V5W5}{W1 + W2 + W3 + W4 + W5}$$

$$= \frac{343.33 + 904.76 + 1749.99 + 2588.24 + 3555.55}{1 + 2 + 3 + 4 + 5}$$

$$= 609.46$$

**MULTIPLE REGRESSION ANALYSIS**

**Objective 2** - To understand the factors influencing the intention to adopt mobile wallet.

In the study, Multiple Regression Model is specified as:

$$M\text{-Wallet Adoption} = \beta_0 + \beta_1 (\text{Easy to use}) + \beta_2 (\text{Instant Payment}) + \beta_3 (\text{Time Saving}) + \beta_4 (\text{Cash Back}) + \beta_5 (\text{Group influence}) + \epsilon_i$$

Table 3 - Model Summary and ANOVA

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	F	Sig.
1	.915	.875	.674		.06688	4.722	.020

\*Significance at 5% level

Table 4 - Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-3.012	.872		-3.456	.026

Easy to use	1.427	.482	.883	3.478	.026
Credibility	2.049	.689	.876	2.972	.041
Time Saving	.008	.003	.813	2.440	.045
Cash Back	.013	.018	.190	3.077	.036
Group Influence	.008	.006	.331	1.277	.271

Table 3 indicates a high degree of correlation between adoption of mobile wallet and its factors with an R value of 0.915. R<sup>2</sup> value of 0.875 indicates 87.5 percent variation in Mobile wallet adoption is explained by factors like Easy to use, Credibility, Time saving, Cash Back and Group Influence.

Table 4 reveals the coefficient summary of the relationship between adoption of mobile wallets and the various factors that influence adoption of mobile wallets. Easy to use, Credibility, Time saving, Cash Back and Group Influence has an unstandardized coefficient value of 1.427, 2.049, 0.008, 0.013 and 0.008. It explains that for every unit increase in the above said factors there tend to be the same unit of increase in the number of transactions in m-wallet. Standardized coefficients value of Easy to use and Credibility is 0.883 and 0.876 and it has the strongest relationship with number of transactions when compared to Time saving (0.813), Cash Back (0.190), Group Influence (0.330). Easy to use, Credibility, Time saving and Cash Back is statistically significant while Group Influence is statistically insignificant.

**Conclusion**

The RBI has forecast the usage of mobile based payment by 50 % increase as per its '2021 vision document'. This robust change can be attributed to driving factors such as payment infrastructure, and the government's vision of transforming India into a cashless economy. Hence, an attempt has been made to study the factor influencing consumers intention to adopt mobile wallet. The analysis from the study reveals that the consumers express positive attitude towards mobile wallet and the main factor that influences the consumer is ease of use and credibility..

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