

Enablers and Impediments of Cashless Instruments with special reference to M-Wallet – A Case Study of Varanasi Region

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ABSTRACT

This paper studied the views of people on cashless instruments particularly Mobile Wallets. The study was conducted in Varanasi region & data was collected with the help of structured questionnaire and analyzed using simple percentage method. Response from the different respondents shows that Mobile Wallet as a medium of cashless instrument is gaining momentum with the passage of time. Major challenges that can hinder the use of mobile wallets are trust issues regarding secured payment system, cyber fraud, attitude of people, lack of transparency & efficiency in digital payment system. The study shows that the introduction of Mobile Wallet will definitely pave the way for cashless economy. It helps in growth and development of Indian economy.

Keywords: *Mobile Wallet, Digital Payment, Cashless, Instrument*

I. INTRODUCTION

In the recent years, we have witnessed an extensive technological revolution, which is manifested mostly through the spread of the internet. Innovative technology has changed the way individuals fulfill their needs and mobile enabled services are at the forefront. Mobile is increasingly becoming a centerpiece of the online transaction. Cashless payments are growing strongly globally as a result of increased bank account holding, continued growth of e-commerce and migration of cash based transactions to electronic payment instruments. This has led to the diffusion of non cash payment instruments. The

options for cashless payments have also been increasing in particular since more and more retailers have introduced point of sale terminals. The government of India has encouraged the shift to a less cash society with its push for digital payments. Unlike cash payments (which use banknotes and coins), cashless payment instruments are systems that enable funds held in accounts at credit, payment or similar institutions to be transferred to a payee on receipt of a payment order.

II. DIGITAL WALLETS:

Digital wallets are a fast and easy way to make payments via the Internet without entering sensitive data (i.e. payment card number, expiry date and visual cryptogram). The card data is entered once, when the wallet is created. The user then only has to enter his/her ID (e.g. a mobile number or email address) to carry out transactions.

Mobile wallet is a virtual wallet service provided by certain service providers, wherein people can load a certain amount of money that can be spent at online and offline merchants listed with the mobile wallet service provider. This digital payment service works as a cashless payment service, wherein people do not have to pay cash or swipe their debit or credit card at offline merchants.

There are four types of mobile wallets in India:

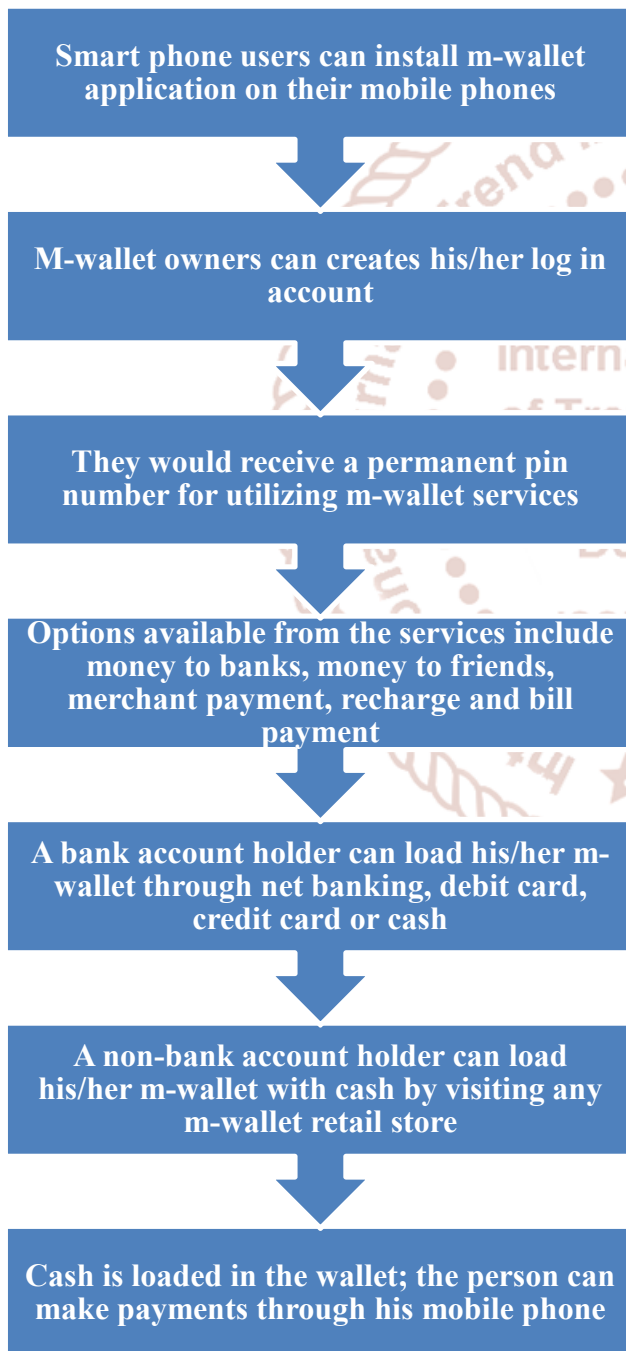
A. Open Wallet – It is the one that allows a user to buy goods and services, withdraw cash at ATMs or

banks, and transfer funds. These services can only be jointly launched with a bank. Additionally, it allows

its users to send money to any mobile number bank account. Example: M-Pesa by Vodafone and ICICI

B. Semi-open Wallet – It is the one that allows its users to transact with merchants that have a contract with the semi wallet company. A user cannot withdraw cash or get it back; he will have to spend the amount he had loaded. Example: Airtel Money

E. Working of M-wallet



C. Closed Wallet - It is quite popular with e-commerce companies. Here, a certain amount of money is locked with the merchant in case of a cancellation or return of the order, or gift cards. Example: Flipkart e-wallet

D. Semi-Closed Wallet - It does not permit cash withdrawal or redemption, but allows users to buy goods and services at the listed merchants. Example: Paytm

III. REVIEW OF LITERATURE:

Review of literature paves way for a clear understanding of the areas of research already undertaken and throws a light on the potential areas which are yet to be covered. Keeping this view in mind, an attempt has been made to make a brief survey of the work undertaken in the field of Cashless Instruments. The reviews of some of the important studies are presented below:

Jain, P.M (2006) in the article “**E-payments and e-banking**” opined that e- payments will be able to check black,”An Analysis of Growth Pattern of Cashless Transaction System. Taking fullest advantage of technology, quick payments and remittances will ensure optimal use of available funds for banks, financial institutions, business houses and common citizen of India. He also pointed out the need for e-payments and modes of e-payments and communication networks.

Nitika Rai and others (2012) in their study - “**M Wallet: A SMS based payment system**”, mainly emphasizes on, Wallet is an innovation that clearly dominates its money transfer predecessors on virtually all dimensions. It has been designed in adherence to all the guidelines laid down by the RBI. M-Wallet will allow people to use financial services in a more efficient way and sometimes the only way - at more affordable costs, and can greatly improve standards of living. In developed markets, M-Wallet will be more of an extension of the existing payment infrastructure that allows people to deal with their financial needs in a timely and convenient way.

ManpreetKaur (2017) in her study- “**Demonetization: Impact on Cashless Payment System**”, The cashless transaction system is reaching its growth day by day , as soon as the market become globalised and the growth of banking sector more and more the people moves from cash to cashless system.

The cashless system is not only requirement but also a need of today society. All the online market basically depends on cashless transaction system. The cashless transition is not only safer than the cash transaction but is less time consuming and not a trouble of carrying and trouble of wear and tear like paper money. It also helps in record of the all the transaction done.

IV. Objectives

To study the enablers and impediments of cashless instruments

To highlight the pros and cons of M-Wallet as cashless instrument

IV. RESEARCH METHODOLOGY:

The study is conducted to obtain data on Enablers and Impediments of Cashless Instruments particularly M-Wallet. The study is conducted in Varanasi region. A sample size of 100 was selected using the convenience sampling procedure out of which 89 copies were retrieved in usable form. This represents a response rate of 89%. The sample includes only educated population*, since they are the ones who give their views on cashless instruments and use of digital payment methods, there responses determine the reliability of survey. Survey method is used for collecting data with the help of questionnaire. The responses from the respondents were collected and analyzed using the simple percentage method.

V. ANALYSIS & INTERPRETATION:

Table I. Awareness

Questions	Options	Frequency	Percentage
1) Have you made (online) payment by smart phone.	Yes	90	90
	No	10	10
2) Are you aware regarding the functionality of M-Wallet?	Yes	87	87
	No	13	14
3) Where did you get information about M-Wallet?	Social Media	28	32.18
	Friends	19	21.83
	Magazine	5	5.74
	Television	35	40.22
4) Do you use M-Wallet for financial transaction?	Yes	63	63
	No	37	37
5) Why do you prefer M-Wallet over other modes of payment?	Time saving	13	20.63
	Ease of Use	10	15.87
	Security	0	0
	Offers	40	45.97
6) Which M-Wallet do you prefer most of the time?	Paytm	33	52.38
	Free charge	19	20.15
	Mobikwik	9	14.28
	Google wallet	2	3.17

Above table shows that about 90% of the respondent have made online payment through smart phone. Most of respondent are aware about the mobile wallet. Television advertisement and social media plays the crucial role followed by friends and magazine. Most of the respondent use mobile wallet i.e. 40%, due to its offers. Most preferred mobile wallet company is Paytm, followed by Free charge and Mobikwik.

Table II. Enablers

Questions	Options	Frequency	Percentage
1) What are your purposes of using M-Wallet?	Money transfer	7	11.11
	Recharge	19	30.15
	Utility & Bills	13	20.63
	AOTA	24	38.09
2) What you keep in mind when you use M-Wallet	Available discount	27	42.85
	Premium offers	24	38.09
	Cash back	9	14.28
	Ease of use	3	4.76
3) How often do you use M-Wallet?	Daily	3	4.76
	Weekly	19	30.15
	Monthly	41	65.07
4) How much money do you load in M-Wallet on a monthly basis?	Upto 20000	3	4.76
	Upto 15000	7	11.11
	Upto 10000	17	26.98
	Upto 5000	36	57.14
5) How do you rate the M-Wallet service that you have used?	Highly satisfactory	17	26.98
	Satisfactory	31	49.20
	Neutral	10	15.87
	Unsatisfactory	5	7.93
6) Would you want to continue using M-Wallet?	Very likely	23	36.50
	Likely	32	50.79
	Neutral	8	12.69
	Unlikely	0	0

Above table shows the major enabler of M-Wallet as cashless instruments, about 30% of respondent uses mobile wallet for recharge purpose, followed by utility and bill payment, whereas 38% of the respondent uses the M-Wallet to avail all the services. Discount is the main driving force among the users, followed by offers and cash back reward. About 65% of respondent acknowledge that they use M-Wallet services on monthly basis. 57% respondent load upto Rs. 5000, in M-Wallet and only around 5% of respondent load upto Rs. 20000. 49% respondents are satisfied and around 27% respondents are highly satisfied with the M-Wallet service.

Table III. Impediments

Questions	Options	Frequency	Percentage
1) What are the obstacles you face while using M-Wallet?	Security of mobile payment	28	44.44
	Too much time consuming	9	14.28
	Risk of losing money	19	30.15
	Not accepted widely	7	11.11
2) Are M-Wallet services useful modes of Payment?	Strongly agree	29	46.03
	Agree	23	36.50
	Neutral	8	12.69
	Disagree	3	4.76
3) Do you believe your	Strongly agree	11	17.46

transactions are secured?	Agree	31	49.20
	Neutral	11	17.46
	Disagree	10	15.87
4) Would you like to refer your friend to use M-Wallet?	Very likely	21	33.33
	Likely	27	42.85
	Neutral	11	17.46
	Unlikely	4	6.34

Above table shows the impediments of the M-Wallet service. Security of mobile payment and risk of losing money is the major hurdle in the wallet service. Still significant percentage of respondent are concerned about the transaction security.

VI. FINDINGS AND CONCLUSIONS:

From the above analysis we can say that Mobile Wallet is gaining acceptance as one of the vital cashless instruments among people. With increase in smart phone, mobile wallet application is getting more popular, even though majority of respondents are concerned about the security of digital payment system. Discount and offers are two major enablers of mobile wallet. Service providers must create awareness and trust among the users to build-up the confidence level.

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