A Case Study on Paytm Users’ Behaviour in Salem City, Tamilnadu

R. Kavitha, Ph.D,
Assistant Professor,
Department of Commerce,
Periyar University, Tamilnadu, India.

R. Rajeswari,
Ph.D Research Scholar,
Department of Commerce,
Periyar University, Tamilnadu, India.

ABSTRACT

India is one of the fast growing nations in using the mobile wallet system. There are many initiatives such as digital India, and demonetization have helped the mobile wallet companies to increase the usage among the people. Paytm is one of the leading digital payment gateways. After the demonetization move in Nov 2016, there was a huge cash crunch which has made a quick burst of users who adopted the wallets. Paytm offers varied payment services such as mobile recharges, utility bill payments, booking movie tickets, reserving bus, train etc. When Unified Payment Interface (UPI) was introduced by government of India there was a notion that mobile wallets growth would be decreased, but Paytm has interfaced the application with UPI that eventually helped to grow the mobile wallets usage due to higher number of UPI interoperability. This study focuses on analyzing the behaviour of Paytm users and usage level of Paytm at pre and post demonetization. Primary data are collected from 50 respondents following questionnaire method. Hence, the study concludes that the behaviour of the respondents on the attributes which are available in Paytm are exercising good but at the usage level, it is low in post demonetization since the application of UPI.

Keywords: Mobile wallet, Paytm, Demonetization, Cashless Transaction.

INTRODUCTION:

Mobile wallets are taking new dimensions in the 21st century and becoming a popular medium for making payments. India is growing at rapid speed in terms of adopting the mobile payments especially using mobile wallets. The government of India has been pushing cashless transactions by introducing the Demonetization of high value currency Rs 500 and Rs1000 on November 2016. This has resulted a very high growth in digital payments because of the cash crunch situations happened at the ATMs and Banks. There are many leading wallet players in the market such as Paytm, Freecharge and Mobikwik which have been marketing the mobile payments services through the wallets across India. National Payments Corporation of India (NPCI) has launched Bharat Interface for Money (BHIM) app which offers UPI based interfaces which has helped wallet companies to strengthen the wallet business further. The Paytm is known as “Pay Through the Mobile” was incorporated in Delhi in the month of August 2010 by the One97 Communications Ltd as a prepaid mobile recharge website, founded by Vijay Shekhar Sharma. Paytm is India’s largest leading payment gateway that offers comprehensive payment services for customer and merchants. It offers mobile payment solutions to over 7 million merchants and allows consumers to make seamless mobile payments from Cards, Bank Accounts and Digital Credit. Paytm has launched Paytm Payment Banks, which aims to bring banking and financial services to Indians. After demonetization announcement on Nov 8th 2016, usage of Paytm has increased drastically and registered over 7 million transactions worth Rs 120 crore\(^1\) and added one million new saved credit/debit cards within 2 days after the demonetization and millions of consumers and merchants across the country opted for mobile payments on its platform for the first time. Although there are number of e-wallet providers, Paytm’s revenue

\(^{1}\)IMAP payment industries report in India 2016
model, diversification, have collaborated with other financial service providers and propensity to expand its service to the consumers.

LITERATURE REVIEW:

Niina Mallat (2006)² had attempted a study on “Exploring Consumer Adoption of Mobile Payments - A Qualitative Study” an empirical data was collected from 6 focused group sessions from interviewees who were from Helsinki Metropolitan area in Finland. His findings have concluded that relative advantage of mobile payments is related to the specific benefits provided by the new mobile technology such as time and place independent payments, remote and ubiquitous access to payment services, avoiding queues, complementing cash payments etc. This study has also found that in certain use of situations like unexpected need of payment, time pressure and lack of cash or loose change, the access of mobile payments plays a pivotal role. He has also suggested that many other determinants and factors are such as compatibility, complexity, costs, network extension, trust and perceived security. Since Mobile wallet belongs to mobile payments category, his study has concluded that above findings are applicable for mobile wallet adoption either partially or fully.

Shin D.H. (2009)³ study has attempted and tested “An understanding of the consumer acceptance of mobile wallet. This method follows “Unified Theory of Acceptance and Use of Technology” (UTAUT) model with constructs of security, trust, social influence, and self-efficacy. Structural equation modelling was applied to construct a predictive model of attitudes toward the mobile wallet. Individuals’ responses to questions about attitude and intention to adopt a mobile wallet was collected and analyzed with various factors modified from usefulness and ease of use are key antecedents of UTAUT. While the model confirmed the classical role of technology acceptance factors (i.e., perceived to users’ attitude), the results also explicited the users’ attitudes and intentions influenced by perceived security and trust. Hence in the extended model, the moderating effects of demographics on the relations among the variables were found to be significant.

Hema Swetha Rathore et.al (2016)⁴ This study explored the various factors that can affect consumer decision to adopt the digital wallet in online payment. This study conducted using ANOVA method. The study has found various factors such as usefulness, alternative choice for online payment, satisfied and security and safety are the major factors plays important role in using digital wallet. This study further suggested that promotional programme, more discounts and reward points could increase the mobile wallet popularity and adoption. This study concluded that digital wallet is quickly becoming mainstream mode of online payment. The shoppers are adopting mobile wallets at an incredible rapid phase, largely due to convenience and ease of use. Tech-savy shoppers are increasingly demanding seamless Omni-channels, retails experiences and looking for solutions. This study concluded that online cashless payments yet to penetrate all the section of people which may happen in the coming years

Manikandan.S et.al (2017)⁵ This study explained “an empirical study on consumer’s adoption of mobile wallet”. The study focused on explaining the use of wallet money supported by different companies& the various factor that decide consumer wish to adopt mobile wallet. The study was based on primary data source with the questionnaire issued to 150 respondents. It revealed the various risk& challenges that mobile wallet user face. The author concluded that Mobile wallet usage awareness as spread among the people in India due to government policy of demonetization and this as forcefully induced the usage of mobile wallet and also he said that risk factors are reduced considered which will ensure adoption and tremendous growth of mobile wallets in the coming years.

Manpreet Kaur (2017)⁶ This study has examined the role of Demonetization and the role of Electronic Payment System. This study concluded that 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. This study furthers found that 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. So, it is without doubt said that future transaction system is cashless transaction system.

²Niina Mallat (2006)“Exploring Consumer Adoption of Mobile Payments - A Qualitative Study” Sprouts: Working Papers on Information Systems, 6(44) 1-14
³Shin (2009)”Shin, D.H.: Towards an understanding of the consumer acceptance of mobile wallet. Computers in Human Behaviour. 25(6), 1343-1354
⁴Hema Shwetha Rathore (2016) - Adoption of Digital wallets by Consumers, BVIMSR's Journal of Management Research, Navi Mumbai Vol. 8 (1), 69-75.
⁵Manikandan.S et.al,(2017) “An Empirical study on consumer adoption of mobile wallet with Special Reference To Chennai City “International Journal of Research Granthaalayah 5(5), 107-115
⁶Manpreet Kaur (2017) Demonetization: Impact on Cashless Payment System” International Journal of Science Technology and Management, No.6 (1), 144-149
Ngoc Doan (2014)7 This study is more relevant for my study. This study was conducted on “the consumer adoption of mobile wallet among consumers in Finland”, He has analysed the adoption theory using four stages Innovation-Decision Process: Knowledge Stage and Persuasion Stage Moreover, it seemed to be a challenge in making them move to the Decision Stage where they actually start using mobile wallet. He has used quantitative methods to collect the data from the consumers and qualitative methods from previous researches on this area. He said that consumers in Finland express positive attitudes toward mobile wallet. Yet, security issues in transaction and privacy were the most concerned factors among the users.

STATEMENT OF THE PROBLEM:
Mobile wallet market has been growing steadily due to faster adoption of smart phone users. After Demonetization of INR 500 and INR 1000 currency notes by the government of India, mobile wallet has seen very periodical growth. After demonetization, government was not aware of how to handle the money crunch problem. But the Paytm was one of the solution finders, solved by providing the cashless transaction. The Paytm wallet was the simplest answer and people flocked to it. It went from 125 million wallet customers before demonetization, three months later it raised to 185 million, and it continued to grow, hitting 280 million users by November 20178. Paytm Company has been valued as 10 billion customers after demonetization. Despite all these growth still the adoption rate of mobile wallets is very low in many cities and towns though debit and credit cards are provided and customers are kept in a comfort zone. Yet, there is a fear in the peoples’ mind that their hard earned money is not safe in the mobile wallets due to hack and e-theft. Mobile wallet is mainly used by the Tech-Savvy users and urban users who have the bank accounts; it has not reached much among un-banked population who do not have bank accounts. Hence the study is conducted to understand the user behaviours and Paytm usage level during the Pre and Post Demonetization era. This study is conducted within the Salem city in Tamilnadu. This study solves the following research questions.
- What are the behavioural factors of Paytm Users?
- How does Paytm mobile wallet usage differ from other competitors in pre and post demonetization?

OBJECTIVES OF THE STUDY:
The objectives of the study are framed based on the research questions:
1. To Study the behavioural factors of Paytm users.
2. To Correlate Usage level of Paytm with their competitors in pre and post demonetization

RESEARCH METHODOLOGY:
The study is an empirical nature based on Survey Method. Data used for this study is primary as well as secondary. Primary is collected from 50 respondents those who are using the Paytm in Salem city. A questionnaire is comprised of 50 questions and all the questions are collected from the users. Samples of the 50 Paytm users are selected to measure the usage level of Paytm. As the samples are floating population the data collection is based on the Paytm users who are available in mall, supermarket, recharge shops, etc. in the Salem city. So the respondents are selected on the basis of convenience sampling.

FRAMEWORK OF ANALYSIS:
The analysis is based on with reference to the objectives of the study.
1. To study and analyse the behaviour of the customer, the attributes relevant to the usages of Paytm percentage analysis is used.
2. To know the significant impact of the behaviour of the customer, T- test is applied.
3. To correlate customer’s usage level of Paytm with their competitors in pre and post demonetisation, paired t- test is applied.

RESULTS AND DISCUSSIONS:
An attempt is made to categorize the demographic characteristics and attributes of the usages of Paytm, mean scores are used and presented in table 1& 2

---

7 Ngoc-Deon (2014) –“Consumer Adoption in Mobile Wallet-A study of Consumers in Finland” Bachelor of Business Administration, International Business, Turkey University of Applied Science, 1-51
8 IMAP report, Opctit.2016

Vol.–VI, Issue –1(2), January 2019 [80]
The table 1 explains the demographic characteristics of the respondents selected for the study. The gender classification reveals that the majority of the respondents incorporated for the study are male with 62 percent and female are 38 percent. The age classification of the respondents examines that the majority of the respondents come under the category of 42 percent. The educational qualification of the respondents studies that 34 percent of Higher Secondary level and 4 percent of Primary level. The marital status of the respondents shows that the 58 percent are unmarried. The monthly income of the respondents is 38 percent. The table 2 shows that the various attributes of Paytm based on the respondents selected for the study. The purpose of using the Paytm by the respondents to Recharge is 42 percent and minimum responses are for utility bills with 6 percent. The 48 percent of the respondents use the Paytm for Cash back offers to the extent. There are majority of 44 percent of the respondents who maintain account less than 5000 in their Paytm account. The respondents feel to continue the service of the Paytm account with 74 percent opting for all categories. The majority of the respondent involved in the study reveals that they are likely to refer to their friends to use the Paytm account.

Behaviour of Paytm users:
In order to know behaviour pattern of Paytm user, average score is used and presented in the Table-3
The table indicates that the respondents ranges from strongly agree to neutral in the various attributes such as convenience, perceived use, perceived easy of usefulness, new technology, 24 x 7 services, simpler and speed. Some of the respondents are between disagree and strongly disagree in some of the variables viz., trust, cost, secured, cash crunch and coupons and offering. Hence it is concluded that majority of the respondents feel that features available in Paytm are good while using wallet account. In order to know the significant impact on behaviour of Paytm users among the variable, one sample t-test is used to the hypothesis and presented in table 4.
HO: There is no relationship among the variables that determines the behaviour of customers using Paytm
The one sample t-test reveals that all the variables involved in the study have significant relationship which is explained by the p-values of the respective variables. These variables have significant impact on the behaviour of the customers in the usage of the Paytm. The p-value of less than 0.001 reveals that the test is significant at one percent level which enables to reject the null hypothesis. The rejection of null hypothesis examines that the variables are correlated with each other in making the customer in using the Paytm. These twelve variables have significant effect on the minds of the customers to make use of the Paytm services.
An attempt is made to know the usage level of various brands of e-wallet with Paytm user in pre and post demonetization, Paired t-test is used in the table 5.
HO: There is no relationship in the usage level of the various brands of e-wallets before and after demonetization
The table shows that the values of the paired t-test based on the usage level before and after demonetization. The p-values of the test reveals that pair 4 has significant values and null hypothesis of the pair is rejected. There is a significant relationship among the usage of the Oxygen wallet before and after demonetisation. The p-value of the other pairs is not statistically significant and hence the null hypothesis is accepted. Therefore it can be concluded that the other four pairs of Paytm, Pay U Money, Mobikwik and Free Charge do not have any relationship in the usage before and after demonetisation, but the case of oxygen wallet has some significant relationship in pre-post period i.e., usage level more or less same in pre and post period of demonetisation.

FINDINGS:
When several wallet companies are competing each other, it is necessary to study the wallet companies which are providing high level of service to the customers. So the researcher has chosen the Paytm user as a case study and also taken four leading competitors along with the Paytm to identify the usage level in the pre and post demonetisation period. For this, few tests are used and some the key findings that table -2 and 3 show that means score about features of Paytm and user behaviour on it. It shows about all the respondents range from strongly agree to neutral in the various attributes such as convenience, perceived use, perceived easy of usefulness, new technology, 24 x 7 services, simpler and speed. Some of the respondents are between disagree and strongly disagree in some of the variables viz., trust, cost, secured, cash crunch and coupons and offering. Moreover the usage level of paytm along with competitors is not significantly associated with pre and post demonetisation period except one wallet viz., Oxygen Wallet.
The respondents feel that, the respondents range from strongly agree to neutral in the various attributes such as convenience, perceived use, perceived easy of usefulness, new technology, 24 x 7 services, simpler and speed. Some of the respondents are between disagree and strongly disagree in some of the variables viz., trust, cost, secured, cash crunch and coupons and offering. Hence it is concluded that majority of the respondents feel that features which are available in Paytm are good while using wallet account.
CONCLUSION:

In India, digital payments systems like mobile wallet is fast growing e-transfer. There are many initiatives taken by government such as digital India and demonetisation which have helped the mobile wallet companies disseminate knowledge to the people. Paytm is one of the leading digital payment gateways which has highest number of wallet user. So the researcher taken the paytm wallet users for the study to know the behaviour about the attributes available in the wallet and also usage level in pre and post demonetization period. Therefore, it is concluded that behaviour of respondents on the attributes which are available in paytm are good but usage level is low in post demonetization period when compare with pre demonetization period due to implementation of UPI (Unified Payment Interface) which was implemented by the government. Hence it is suggested that the Paytm Company has to concentrate on simplified procedure or application to transfer the money through the wallet account.

REFERENCES:

Ara, A. Das, Kishore K. (2015). Growth of E-Commerce in India, International Journal of Core Engineering & Management (IJCEM) Vol 2 (4) 25–33.

Ghuman, K. Srivastava, S. (2016). Recharging: The Right Way??, A case study on e-payment giants: Freecharge & Paytm, IOSR Journal of Business and Management, 87–92.

Hema Shwetha Rathore (2016). Adoption of Digital wallets by Consumers, BVIMSR’s Journal of Management Research, Navi Mumbai Vol. 8 (1), 69-75.

Horn, G. and Preneel, B. (2000). Authentication and payment in future mobile systems. Journal of Computer Security, 8(2-3): 183-207.

Jaradat, M., & Al–Mashaqba, A. M. (2014). Understanding the adoption and usage of mobile payment services by using TAM3, International Journal of Business Information Systems, 16(3), 271-296.

Lièbana-Cabanillas, F., Sánchez-Fernández, J., & Muñoz-Leiva, F. et al (2014). The moderating effect of experience in the adoption of mobile payment tools in Virtual Social Networks: The payment Acceptance Model in Virtual Social Networks (MPAM-VSN). International Journal of Information Management, 34(2), 151-166.

Majid taghiloo (2010). Mobile based secure digital wallet for Peer to peer payment system International journal of ubicomp 1, (4) 1-11.

Mallat, N. (2007). Exploring consumer adoption of mobile payments - A qualitative study. Journal of Strategic Information Systems, 16(4), 413-432.

Manikandan.S et.al., (2017). An Empirical study on consumer adoption of mobile wallet with Special Reference To Chennai City, International Journal of Research Granthaalayah 5(5), 107-115

Manpreet Kaur (2017). Demonetization: Impact on Cashless Payment System” International Journal of Science Technology and Management, No.6(1),144-14

Mohammad Salah Udine.et al., (2014). E-Wallet System for Bangladesh an Electronic Payment System - International Journal of Modeling and Optimization, 4(3), 216-219. doi:10.7763/ijmo.2014.v4.376.

Nagamani Mutteni (2017). Demonetization: Impact Of Digital Wallets, International Journal of Computer Science and Network Security, 17(11)136 – 140

Ngoc-Deon (2014). Consumer Adoption in Mobile Wallet-A study of Consumers in Finland, Bachelor of Business Administration, International Business, Turkey University of Applied Science , 1 -51

Niina Mallat (2006). Exploring Consumer Adoption of Mobile Payments - A Qualitative Study, Sprouts: Working Papers on Information Systems, 6(44) 1-14

Nisha Chanana, Sangeeta Goele. (2012). Future of E-Commerce in India, International Journal of Computing & Business Research, ISSN (Online): 2229–6166.

Pranjal, Dixit (2017). Heuristic Analysis of Growth of Paytm, International Journal of Engineering and Technical Research (IJETR) Vol2 (4), 33044.

Revathi C, Shanth K, Saranya A.R et al (2017). A Study on E-Commerce Security Issues, International Journal of Innovative Research in Computer & Communication Engineering. 3(12), 61 -67.

Shaw, N. (2014). The mediating influence of trust in the adoption of the mobile wallet. Journal of Retailing and Consumer Services, 21(4), 449-459.

Trilok Nath Shukla (2016). Mobile Wallet: Present and the Future, International Journal in Multidisciplinary and Academic Research (SSIJMAR 5, (3), 216 to 219.
Table 1: Demographic features of the respondents

| Variables      | Category          | Frequency | Percent |
|----------------|-------------------|-----------|---------|
| Gender         | Male              | 31        | 62      |
|                | Female            | 19        | 38      |
|                | Total             | 50        | 100     |
| Age            | Below 25 years    | 17        | 34      |
|                | 26 to 35 years    | 21        | 42      |
|                | 36 to 45 years    | 6         | 12      |
|                | Above 45 years    | 6         | 12      |
|                | Total             | 50        | 100     |
| Educational Qualification | Illiterate   | ---       | ---     |
|                | Primary level     | 4         | 8       |
|                | Higher Secondary level | 17    | 34      |
|                | Under Graduation level | 8      | 16      |
|                | Post Graduation level | 16    | 32      |
|                | Others            | 5         | 10      |
|                | Total             | 50        | 100     |
| Marital Status | Married           | 21        | 42      |
|                | Unmarried         | 29        | 58      |
|                | Total             | 50        | 100     |
| Monthly Income | Below Rs 10,000   | 10        | 20      |
|                | Rs. 10,001 to Rs. 20,000 | 19    | 38      |
|                | Rs. 20,001 to Rs. 30,000 | 10    | 20      |
|                | Rs. 30,001 to 40,000 | 6      | 12      |
|                | Above Rs 40,000   | 5         | 10      |
|                | Total             | 50        | 100     |

Table 2: Attributes of the Usages of Paytm

| Variables      | Category          | Frequency | Percent |
|----------------|-------------------|-----------|---------|
| Gender         | Male              | 31        | 62      |
|                | Female            | 19        | 38      |
|                | Total             | 50        | 100     |
| Age            | Below 25 years    | 17        | 34      |
|                | 26 to 35 years    | 21        | 42      |
|                | 36 to 45 years    | 6         | 12      |
|                | Above 45 years    | 6         | 12      |
|                | Total             | 50        | 100     |
| Educational Qualification | Illiterate   | ---       | ---     |
|                | Primary level     | 4         | 8       |
|                | Higher Secondary level | 17    | 34      |
|                | Under Graduation level | 8      | 16      |
|                | Post Graduation level | 16    | 32      |
|                | Others            | 5         | 10      |
|                | Total             | 50        | 100     |
| Marital Status | Married           | 21        | 42      |
|                | Unmarried         | 29        | 58      |
|                | Total             | 50        | 100     |
| Monthly Income | Below Rs 10,000   | 10        | 20      |
|                | Rs. 10,001 to Rs. 20,000 | 19    | 38      |
|                | Rs. 20,001 to Rs. 30,000 | 10    | 20      |
|                | Rs. 30,001 to 40,000 | 6      | 12      |
|                | Above Rs 40,000   | 5         | 10      |
|                | Total             | 50        | 100     |
### Table 3: Behaviour of Paytm users

| Particulars                  | SA | % | A | % | N | % | DA | % | SDA | % |
|-----------------------------|----|---|---|---|---|---|----|---|-----|---|
| Convenience                 | 16 | 32| 32| 65| 2 | 4 | 1  | 2 |     |    |
| Perceived Use               | 14 | 28| 33| 66| 2 | 4 | 1  | 2 |     |    |
| Perceived easy Usefulness   | 13 | 26| 32| 64| 5 | 10|    |   |     |    |
| Trust                       | 21 | 42| 14| 28| 13| 26| 1  | 2 | 2   | 2 |
| Cost                        | 14 | 28| 17| 34| 16| 32| 2  | 4 | 1   | 2 |
| New Technology              | 27 | 54| 13| 26| 10| 20|    |   |     |    |
| Secured                     | 22 | 44| 18| 36| 6 | 12| 1  | 2 | 3   | 6 |
| 24 x7 Service               | 24 | 48| 22| 44| 4 | 8 |    |   |     |    |
| Cash Crunch                 | 14 | 28| 27| 54| 7 | 14| 1  | 2 | 1   | 2 |
| Coupons and Offering        | 20 | 40| 13| 26| 12| 24| 1  | 2 | 4   | 8 |
| Simpler (User Interface)    | 19 | 38| 22| 44| 8 | 16| 1  | 2 |     |    |
| Speed                       | 27 | 54| 14| 28| 8 | 16| 1  | 2 |     |    |

### Table 4: Usage Behaviour of Paytm users – One Sample t-test

| Particulars                  | Mean | Std. Dev | t     | Sig   |
|-----------------------------|------|----------|-------|-------|
| Convenience                 | 4.28 | 0.53     | 16.89 | <0.001**|
| Perceived Use               | 4.18 | 0.69     | 12.08 | <0.001**|
| Perceived easy Usefulness   | 4.16 | 0.58     | 14.04 | <0.001**|
| Trust                       | 4.06 | 0.98     | 7.67  | <0.001**|
| Cost                        | 3.82 | 0.96     | 6.03  | <0.001**|
| New Technology              | 4.37 | 0.78     | 12.23 | <0.001**|
| Secured                     | 4.10 | 1.09     | 7.12  | <0.001**|
| 24 x7 Service               | 4.40 | 0.64     | 15.50 | <0.001**|
| Cash Crunch                 | 4.04 | 0.83     | 8.84  | <0.001**|
| Coupons and Offering        | 3.88 | 1.21     | 5.16  | <0.001**|
| Simpler (User Interface)    | 4.18 | 0.77     | 10.78 | <0.001**|
| Speed                       | 4.32 | 0.89     | 10.48 | <0.001**|

### Table 5: Usage level-pre and post demonetization-Paired t-test

| Pair          | Particulars                  | Mean | Std. Dev | t     | Sig |
|---------------|------------------------------|------|----------|-------|-----|
| Pair. 1       | Paytm- Paytm                 | 0.18 | 1.21     | 1.06  | 0.30|
| Pair. 2       | Pay U Money- Pay U Money     | -0.40| 1.32     | 0.21  | 0.83|
| Pair. 3       | Mobikwik- Mobikwik           | 0.12 | 0.96     | 0.88  | 0.38|
| Pair. 4       | Oxygen Wallet- Oxygen Wallet | 0.36 | 1.26     | 2.02  | 0.04|
| Pair. 5       | Free Charge-Free Charge      | 0.04 | 1.80     | 0.16  | 0.88|