A Study On The Impact Of Online Shopping Towards Adoption And Usage Of Digital Wallets

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Abstract: The exponential rise of online shopping has significantly influenced consumer behavior and led to the widespread adoption of digital wallets as a preferred payment method. This study explores the impact of e-commerce growth on the adoption and usage of digital wallets among Indian consumers aged 18 to 55. By employing both qualitative and quantitative research methods, including surveys and secondary data analysis, the study identifies key factors driving digital wallet usage—such as convenience, security, faster checkout, and promotional offers like cashback. Findings reveal that while a majority of users appreciate the speed and ease of use provided by digital wallets, concerns around security, privacy, and limited merchant acceptance remain notable barriers to adoption. The research also highlights the growing trend of digital wallets being used for impulse purchases and daily transactions. Based on the insights gained, the study offers suggestions to enhance digital wallet features, promote trust, and expand their usability. Ultimately, the study underscores the transformative role digital wallets play in shaping the future of online shopping and digital payment ecosystems

Keywords: Digital wallets, online shopping.

I.INTRODUCTION

The study examines how buying online affects the adoption and use of digital wallets, why they have become so prevalent, and the issues that consumers encounter in adopting them, as well as the way in which these technologies have become integral to shopping culture. By understanding the digital wallet adoption behavior, likes, and opinions through an analysis, this research seeks to build a better understanding of how digital payment solutions are revolutionizing the experience of shopping on the internet and how they can remake the future of digital payment. Ultimately, the study will provide valuable insights into how the status of digital wallets in

online business is evolving and how they can contribute towards the future of digital payments. The growth and adoption of digital wallets were so interlinked with e-commerce growth and technological advancement in payment systems that it is challenging to separate the two. The concept of digital wallets appeared during the late 1990s when the internet began gaining popularity as a retail transaction platform. As the popularity of online shopping increased, people increasingly needed secure, efficient, and easy payment options. The early digital wallets were basically web-based payment systems, and one of the earliest such widely popular services was PayPal, launched in 1998.

Objectives:

- To identify the key factors influencing the use of digital wallets for online shopping.
- To analyse the impact of online shopping on the growth and popularity of digital wallets.
- To investigate the correlation between online shopping and the adoption of digital wallets

II.STATEMENT OF PROBLEM

The upward push of online shopping has brought about an improved use of virtual wallets, however this shift gives demanding situations inclusive of protection dangers, privacy issues, restrained access for sure companies, and inconsistent adoption by using traders. These troubles want to be addressed to make sure digital wallets can be used securely and efficaciously with the aid of all customers and companies. The boom of online shopping has pushed the considerable adoption of virtual wallets, however challenges consisting of information protection, privacy concerns, loss of standardization, and restricted access for a few customers prevent their full capability. These issues want to be addressed to make sure safe, inclusive, and green use of digital wallets in online transactions

III.RESEARCH METHODOLOGY
TOOLS AND TECHNIQUE USED

The analysis has been made through the questionnaire.

- Simple Percentage Analysis
- Likert Scale Analysis

SIMPLE PERCENTAGE ANALYSIS

Simple percentage analysis is used to study and interpret the data collected from respondents by converting the numbers into percentages. This method helps to understand how much of the total population shares a particular opinion or behavior. To analyze the simple percentage the following formula is used:

Simple percentage analysis   =   Number of respondents / Total number of respondents   X 100

LIKERT SCALE ANALYSIS

The Likert scale is commonly used rating scale in surveys to measure respondents' attitudes, opinions, or perception regarding a particular subject, such as customer experience, satisfaction, or brand perception. To analyze Likert scale data the following formula is used:

Likert Scale   = $\sum$ (F X X) / Total number of respondents X 100

LIMITATIONS OF THE STUDY

The research is based on a limited sample size within a specific geographic and demographic segment, the data collected is primarily self-reported through surveys and interviews, which may lead to response biases such as exaggeration or misreporting. The dynamic nature of technology and e-commerce trends also poses a limitation, as consumer preferences and digital wallet features evolve rapidly, possibly making some findings less relevant over time. Additionally, external factors such as internet connectivity, smartphone penetration, digital literacy, and regional infrastructure are not deeply explored, though they significantly influence digital wallet adoption.

IV. ANALYSIS AND INTERPRETATION

RESPONDENTS ACCORDING TO AGE

TABLE 1

S.NO	AGE	NO. OF RESPONDENTS	PERCENTAGE
1	18-24	30	25
2	25-34	25	20.8
3	35-44	32	26.7
4	45-54	25	20.8
5	ABOVE 55	8	6.7
	TOTAL	120	100

INTREPRETATION

From the above table it shows that 25% (30) of the respondents belongs to the age category of 18- 24,20.8%(25) of the respondents belongs to the age category of 25-34,26.7% (32) of the respondents belongs to the age category of 35-44, 20.8% (25) of the respondents belongs to the age category of 45- 54,6.7(8) % of the respondents belongs to the age category of above 55.

TABLE SHOWING THE USE OF DIGITAL WALLET FOR REWARDS, CASHBACK, OR PROMOTIONS OFFERED BY THE RESPONDENTS

TABLE 2

S.NO	PARTICULARS	NUMBER OF RESPONDENTS	LIKERT SCALE VALUE	TOTAL
1	Strongly Agree	27	5	135
2	Agree	8	4	32
3	Neutral	59	3	117
4	Disagree	15	2	30
5	Strongly Disagree	11	1	11
	TOTAL	120		325

Likert Scale   = $\sum$ (F X X) / Total number of respondents X 100

=   325/120

=   2.70

Likert scale value is 2.70 , which is slightly below the midpoint value of 3. This suggests that the respondents are feel safer to use digital wallets.

V.FINDINGS

The study reveals several key insights into the adoption and usage of digital wallets in the context of online shopping. A significant portion of respondents, particularly those aged between 35 and 44 years, are actively engaged in online purchases, with the majority being male and degree holders. Most of them are self-employed and tend to shop online occasionally or monthly, preferring mobile phones for making purchases. Among the various payment options available, digital wallets are the most preferred, with 30% of the respondents using them for transactions. Interestingly, 35% of users reported using digital wallets occasionally, while 30% use them frequently, and 23.3% always use them.The study also highlights that cashback and reward offers are the most influential factors driving the use of digital wallets, with Google Pay emerging as the most popular platform among the respondents. However, security concerns remain a major barrier to wider adoption, as cited by 25.8% of respondents.

VI.SUGGESTIONS

Enhance Security Features by improving encryption, two-factor authentication, and promoting secure usage practiced. Increase Awareness and Trust through educational campaigns addressing privacy and security concerns. Promote Cashback and Discounts to attract new users and increase digital wallet transactions. Improve User Interface by simplifying wallet setup and improving navigation for better user experience. Expand Merchant Acceptance by collaborating with more businesses to increase digital wallet usability. Ensuring faster refund processes for cancelled orders or failed transactions can build customer trust. Introduce 24/7 customer service with chatbot integration and dedicated helplines to assist users with wallet-related issues.

VII.CONCLUSION

The study reveals that digital wallets are steadily gaining popularity, particularly for online shopping, due to their convenience and efficiency. However, despite this rising trend, certain challenges continue to hinder their widespread adoption. Security concerns are a major issue, as users often worry about the safety of their financial data and the risk of fraud. Additionally, limited merchant acceptance restricts the usability of digital wallets, especially in smaller stores or local markets, reducing their overall appeal. Despite these concerns, many users are drawn to digital wallets primarily because of cashback offers, discounts, and other incentives that provide

immediate financial benefits. These rewards play a crucial role in attracting new users and encouraging frequent transactions, making them an effective tool for boosting digital wallet adoption.

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