

A STUDY ON THE EFFECT OF DIGITAL ILLITERACY ON DIGITAL WALLET**Kampa Belliappa****Sr. Asst. Prof .****New Horizon college ,Marathalli****Ph; 9845991121****kampabelli@gmail.com**

Abstract : Cash may no more lead the market of all sense. Debit cards, e- wallets and other digital platforms are witnessing a sweep in volumes. But are we fully equipped to switch to a cash less economy? Everyone from the petty shopkeeper to the chai wala are embracing digital payment to tide over the cash crunch. While we are waiting in the long queues at ATMs to preter out and notes of 100,500 & 2000 denomination to become accessible again, the adoption of digital payment solutions is picking up at a furious pace. ET Wealth conducted an online survey to find out the level of adoption of digital payment solutions and user habits. The findings reveal that while people are getting comfortable with cashless payments, some mindset issues are holding back many from adopting the newer platforms. The findings also suggest that the usage habits of those who have taken to cashless modes could be exposing them to security threats.

History of the study:

Back to history, mobile wallet is developed from a concept called “Digital Wallet”. It dated back in 1996 when the founder of Digital Wallet, Sam Pitroda, who filed the patent in the United States [see (Sam Pitroda Patents)]. He “professed that a digital wallet would consist of a liquid crystal display not much bigger than a regular plastic bank card, which preferably a touch-sensitive screen and simple user interface that lets the user flip through the digital wallet in the same manner he/she flips through a leather wallet”. (Pitroda S., Desai M., 2010) So far, there has not been yet a proper definition for the word “Mobile Wallet” written by specific scholars. In the Non-Confidential GSMA White Paper, mobile wallet was defined as “a software application on a mobile handset that function as a digital container for payment cards, tickets, loyalty cards, receipts, vouchers and other items that might be found in a conventional wallet. The mobile wallet enables the user to manage a broad portfolio of mobile NFC [Near Field Communication] services from many different companies” (GSMA, 2012). In other words, mobile wallet is “formed” when your smartphone functions as a leather wallet: it can have digital coupons, digital money (transaction), digital cards, and digital receipts...etc. all in your smartphone. This means, you install the application that are created by some companies such as Google Inc., Apple Inc. or PayPal in your phone, and use those applications to pay directly for the products you have purchased (online/offline).

In today’s world, smartphone has become essential part of daily life. As it has become more rational, the number of smartphone users has increased radically. “India will exceed 200 million smartphone users, topping the US as the world’s second largest smartphone market by the end of 2016 due to increasing penetration of affordable smart mobile devices in the country,” the US-based research firm said in a report. According to TechSci Research’s latest report, India’s mobile wallet market could reach \$6.6 billion by 2020. Along with smartphone production, a number of services have been generated to utilize the possible functions of smartphones. Smartphones are used as communication devices, as socialized tool, entertainment tool, internet access tool, and even payment tool. Due to technology, mobile users can nowadays use their

smartphones to make money transaction or payment by using applications installed in the phone. Besides payment, people can also store receipts, coupons, business cards, bills...in their smartphones. When smartphones can function as leather wallets, it is called "Digital Wallet" or widely known as "Mobile Wallet". Consider the following scenario: "A person is at the supermarket checkout line. He fumbles through his wallet to find credit card X, rejecting many other cards in the process, to pay for the transaction. Later in the day, he falls victim to a pickpocket who steals his wallet. He is now in a state of panic; he has to remember which cards he had in his wallet and then manually cancel those cards." The above scenario highlights problems with a physical wallet; namely that finding particular items is time consuming, and finding a lost wallet is extremely hard. In addition, managing multiple monetary and identification implements is not easy. Monetary implements include cash, debit and credit cards, and stored value cards while identification includes national and/or state identification cards and driver's licenses. A solution would be to replace the physical wallet with a digital wallet integrated into an existing mobile device like a cell phone. This digital wallet would allow the owner to carry multiple monetary and identification implements. These implements could be quickly searched by name, type, or other keywords. In addition, with the right software, these implements could be managed far more effectively. Finally, security would be enhanced as all data on the digital wallet would be encrypted and back up options would make recovering from loss easier. However, the idea of a digital wallet is not new. Indeed, Japan, America, Sweden and South Korea have already rolled out cell phone-based digital wallet solutions. Consumers in those countries can use their cell phones to pay for groceries, order drinks from a vending machine, and even identify themselves at airline ticketing counters.

MEANING OF DIGITAL WALLET:

A digital wallet refers to an electronic device that allows an individual to make electronic transactions. It is also referred by other names like mobile money, mobile money transfer. Mobile payment generally represents a payment services operated under financial regulation and are performed from or via a mobile device. This can include purchasing items on-line with a computer or using a smartphone to purchase something at a store. An individual's bank account can also be linked to the digital wallet. In other words, mobile money transfer refers to any method of monetary exchange that utilizes the facility of a mobile device with authorized support facility and conformance to defined and explained legal policy.

NEED FOR THE STUDY:

This study has been conducted to understand the "the challenges faced by the common people in operating the digital wallet"

OBJECTIVES:

1. To know the govt schemes aiding people to operate digital wallets in India.
2. To know the challenges faced by the Consumer in operating the digital wallet.
3. To provide information on different service providers of digital wallet to ease out technical choke.

RESEARCH METHODOLOGY:

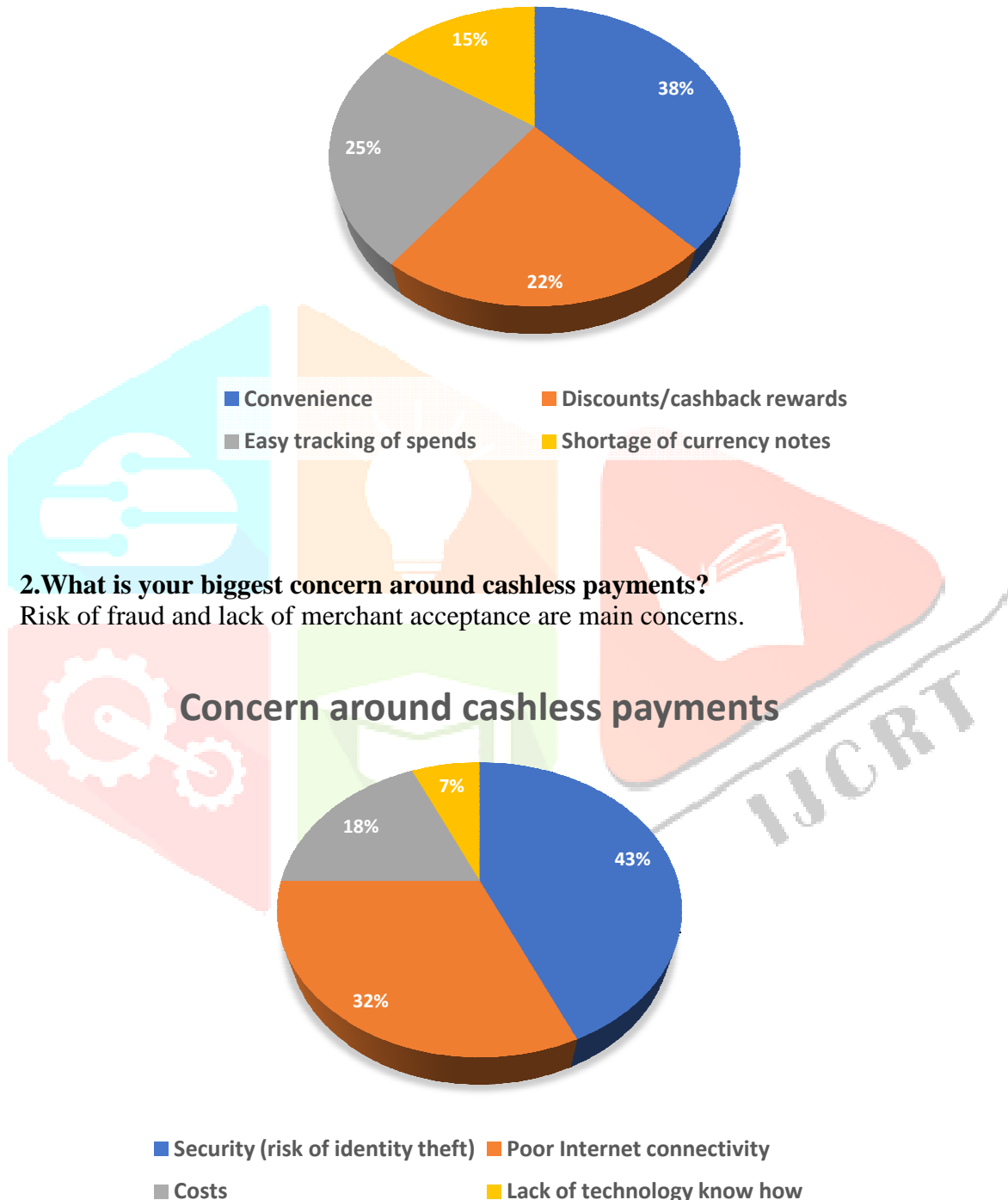
Secondary Data: The data was drawn from different sources like articles website, newspapers, write ups journals etc..

Primary Data: A questionnaire was given to 30 respondents and results were analysed.

DATA ANALYSIS

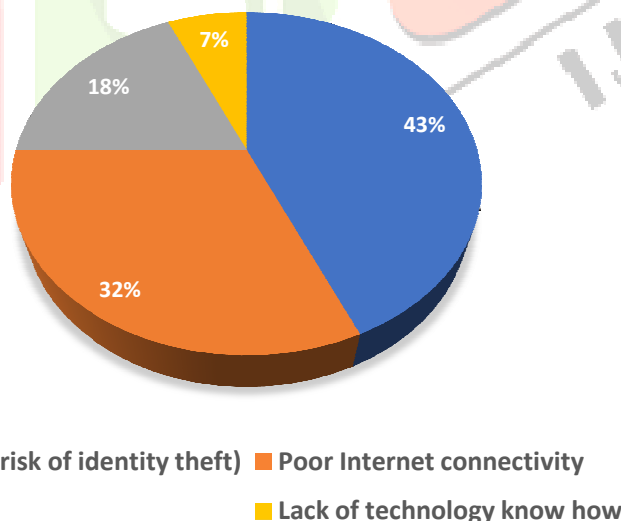
1. What is the main reason behind most people are switching to digital payments for its sheer convenience.

Switching to digital payments



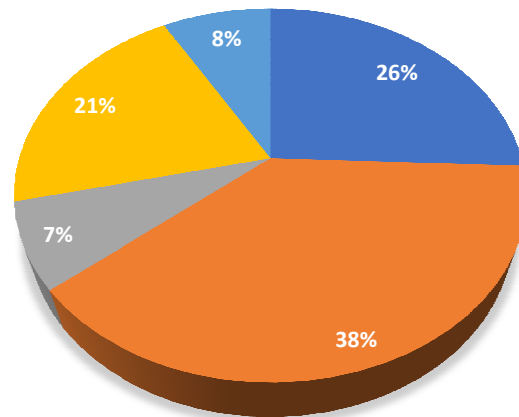
2. What is your biggest concern around cashless payments?
Risk of fraud and lack of merchant acceptance are main concerns.

Concern around cashless payments



3. What has been your preferred mode of payment since 9 November?
Card have been the preferred mode of payment since the demonetisation.

Preferred mode of payment



■ Net banking ■ Credit /debit card ■ Cash ■ E-wallet/Mobile app ■ Cheque

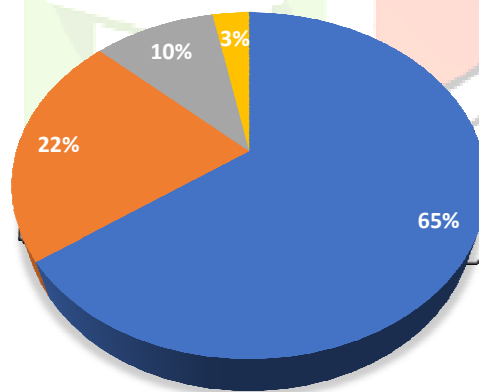
4. For high-value transactions, what is your preferred mode of payment?

Consumers seem to prefer Net banking for high-ticket trans.

4. Would you use cashless payments if notes come back into circulation?

Almost two-third of the respondents are likely to continue with digital payments for most transactions.

Cashless payments instead of Notes



■ For most transactions ■ For some transactions
 ■ For rare transactions ■ Never

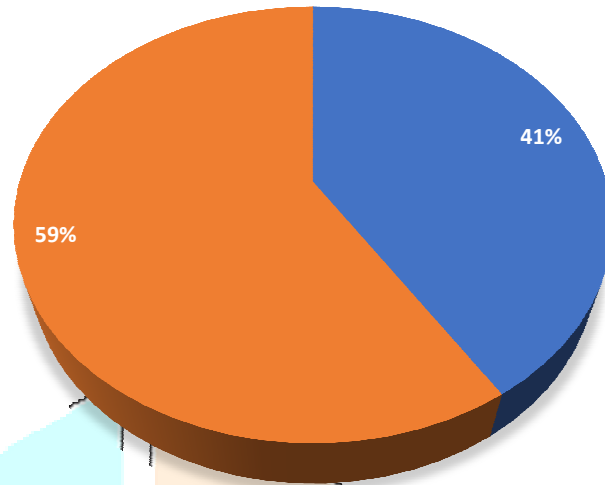
6. Have you installed antivirus or malware protection on your phone?

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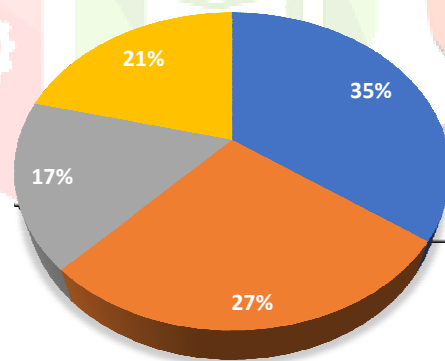
Malware protection on your phone



8. How often do you change device passwords, PIN of debit/credit cards?

One out of every five respondents admit to never changing their security passwords.

Device change password frequency

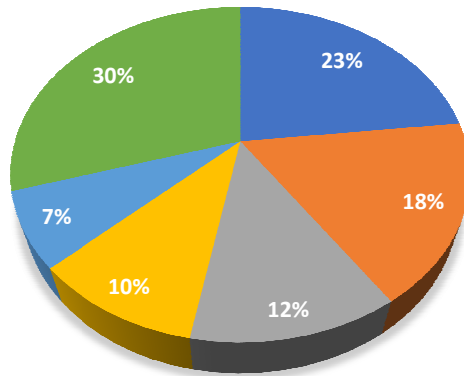


■ Once in 6 months ■ Once in a year ■ Every month ■ Never.

9. What can be safely shared when you do cashless transactions?

Several users seem comfortable sharing critical financial details during digital transactions.

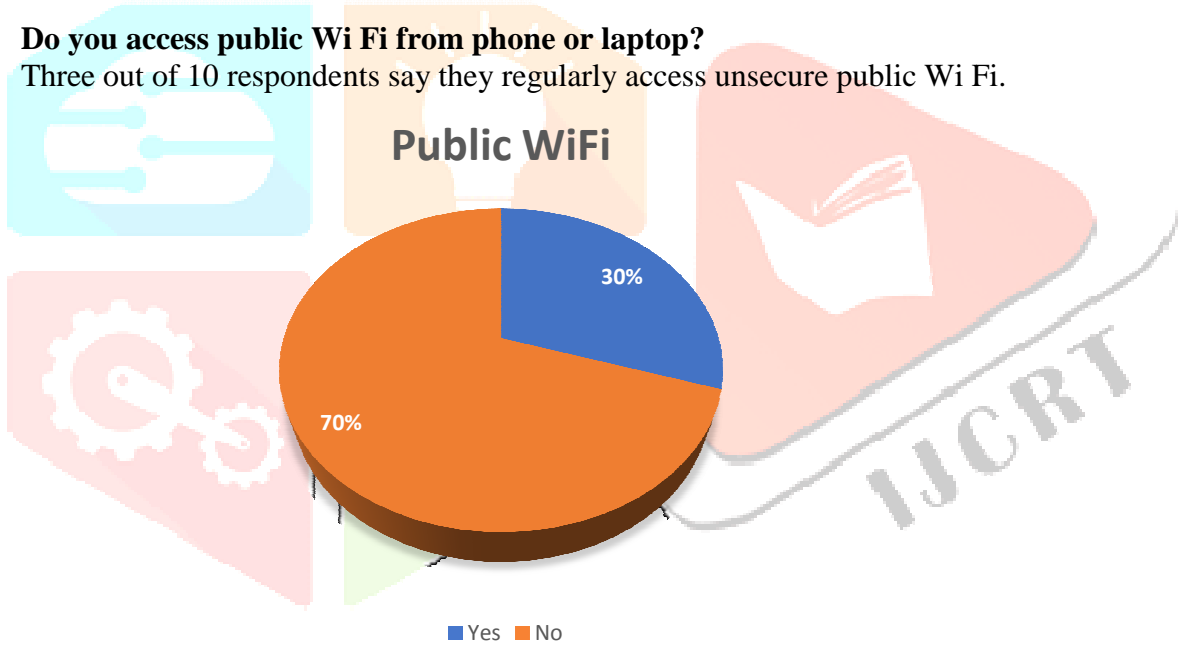
Device change password frequency



- Aadhaar
- PAN
- Bank account number
- Credit/Debit card number
- All of these
- None of these

Do you access public Wi Fi from phone or laptop?

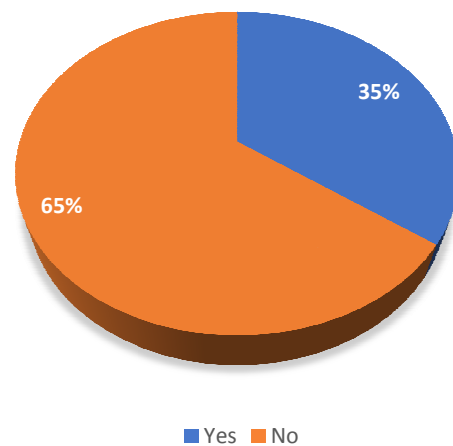
Three out of 10 respondents say they regularly access unsecure public Wi Fi.



10. Do you store card details on your phone or laptop?

More than two-third prefer convenience to safety and store financial details on their devices.

Storing card details in phone



Inferences from the study:

The government is going all out to encourage the adoption of digital payment platforms. It initially waived off the service tax on card transactions up to Rs 2,000 and announced discounts on purchase of petrol, diesel and railway tickets, among others, if paid for digitally. It is also pushing for a sharp cut in the transaction charges, levied by banks on merchants, on debt and credit cards.

More recently, the government launched two schemes, Lucky Grahak Yojana and DigiDhan Vyapari Yojana, offering around Rs 340 crore in cash rewards to encourage digital payments between Rs 50 and Rs 3,000. It is also aggressively pushing UPI (United Payment Interface) and is expected to launch an app that users can download to transact across multiple banks. An upgraded, feature-rich version of the USSD (Unstructured Supplementary Service Data) platform, which allows banking transactions through feature phones without Internet connectivity, is also to be unveiled.

Those without mobile phones can now also transact digitally through Aadhaar based payments using just their fingerprints. E-wallet providers have also jumped at the opportunity. It is raining discounts and cashbacks in this segment, which is attracting more users on these platforms. For instance, Freecharge recently ran a two-day flat 100% cashback campaign on purchases like movie tickets, meals and online shopping. It claims that during this short window more than 3 lakh new wallets were created, and volumes rose 15 times.

Others service providers such as Paytm and MobiKwik have also been lining up cashback offers. Banks are not far behind in promoting their debit and credit cards. Nearly nine out of the 10 respondents in our survey have been using debit or credit cards regularly since 9 November—the day after the notes ban was announced. For higher payments, nearly three out of four respondents now prefer Internet banking and more than half use debit or credit cards and also cheques.

However, neither the cash crunch nor the discounts or rewards are the main drivers behind the growing attraction towards digital platforms—as many as 84% of the of the respondents

say they would switch for the sheer convenience afforded by digital payment platforms. Only 34% admitted they were forced to adopt cashless modes due to the ongoing cash crunch.

CONCLUSION

MOST COMMONLY USED DIGITAL WALLETS IN INDIA

On a global perspective, mobile wallets are enabling economies to transition to a cashless society. The major tech giants all have solutions of their own - there's Apple Pay, Google Wallet, and Samsung Pay, to name a few. The popular digital wallet in India includes:

1)Paytm:

Paytm started out with mobile recharges, DTH plans, and bill payments, and then launched an ecommerce marketplace in February 2014. Its walletpartners include Uber, Book-my-show, and Make my-trip, along with others in categories such as shopping, travel, entertainment, and food. It has a license from RBI to set up a payments bank, enabling it to offer current and savings account deposits, issuing debit cards and offering Internet banking services.

2) Free Charge:

Free Charge lets one recharge any prepaid mobilephone, postpaid mobile, electricity bill payments, DTH and data card in India. It recently added metro card recharging as a feature of its platform. The wallet can be topped up with debit cards, credit cards and net banking, and can be managed via an app or from the Web browser.

3)MobiKwik:

MobiKwik can also be used to recharge mobiles and pay bills, but it's also accepted across merchants such as Book-My-Show, Make-My-Trip, Domino's Pizza, eBay, among others. MobiKwik has also tied up with Big Bazaar and SagarRatna franchises enabling mobile payments. It has a section with cash backs offers listed on its website with include both online and offline players. Top ups can be done using net banking, debit cards, and credit cards, the app can be used to send and request money between friends and family members as well, using a mobile number or email ID. There is no additional charge for such remittances.

4)VodafoneM-pesa

Vodafone M-pesa claims to be India's largest cash out network, with over 85,000 M-pesa agents spread across the country. The service lets you send money to anyone, to recharge prepaid numbers, DTH connections, post paid Vodafone numbers, utility bills and online shopping. Money can be transferred to bank via its inbuilt IMPS service or to a mobile number. DTH and prepaid recharges can be done through m-pesa for free.

BENEFIT OF USING DIGITAL WALLET TO VARIOUS PARTIES

Digital wallet appears to be beneficial in generating real revenue stream to all those stakeholders of mobile ecosystem like- customers, banks, mobile-operators, financial institutions.

📌 Benefits to Customers

- anywhere, anytime payment experience which is the essence of immediacy & ubiquity.
- No dial-up, no configuration or booting requirement to ensure instant connectivity through wireless route

- Substituting voice communication through texts & images for deaf or mute users.
- State of the art security platform.

Benefits to Bank

- Additional income stream through innovative user friendly services.
- Enhanced brand image through alternate sales channel in mobile payment space and thus leading to loyalty development
- Extending value-added services through 24x7 branchless banking experience.

Benefits to Financial Institutions

- Ensuring enhanced customer's satisfaction & their retention together with direct marketing promos for tailored offerings to specific clients.
- Generating new business leads by one to one bank client relationship.
- Enables FIs to keep constant connection with clients through 24x7 formats to serve their diverse needs everywhere, all the time.
- Increased reach to more customers, specially the unbanked segment due to increasing mobile usage rate and thereby reduced operating costs out of fewer direct teller interactions happened physical branches.

Beneficial gains to mobile operators

- Expanded service portfolio & increased brand promotion to create a differentiating factor to generate more new leads.
- Lucrative route to strengthen client loyalty base vis-à-vis lessen churn & attrition rates.
- FIs gain increased revenue by high mobile traffic build up.
- It enables users to check bank account status & recharge prepaid mobile account instantly using mobile payment gateway (IMPS).

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