

Mobile Wallets in India: A Framework for Consumer Adoption

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ABSTRACT

Adoption of technology by the Indians is setting an example for the others. Considering the penetration of mobile phones and its usage success stories all over the world, a good number of companies are exploring new uses of mobile technology. Many companies have come up with a new use of mobile technology, mobile wallets. This research article has been undertaken to understand the previous research work on the adoption of mobile technology in the developed countries and the factors that are influential to understand the reasons for such adoption. The Unified Theory of Acceptance and Use of Technology (UTAUT) Model has been taken as a base for understanding the adoption by Indian consumers and two factors namely – Trust in mobile wallet services and trust in mobile wallet service providers have been examined for their impact on its adoption. A survey was conducted across Delhi NCR to examine attitude of Indian consumers for mobile wallets adoption.

KEYWORDS

Mobile Payments, Mobile Wallets, TAM, Trust, UTAUT Model

1. INTRODUCTION

The rise in e-commerce industry is a big hit for a developing nation like India. E-commerce has opened new gateways to provide more convenience to its customers through its better services and make the things easier and hassle-free. The entry of retailers on the virtual platform is transforming the Indian consumers and their buying behaviors. The shopping orientations are changing from being experiential shopping to convenient shopping and the aspiration for further convenience is simply rising. Adoption of technology by the Indians is setting an example for the others.

The attraction towards online shopping is extremely high, the reason being huge and exciting discounts and offers to the consumers if they shop. There have been a good number of drawbacks which lessen the charm of shopping online. The highest amongst all is the issues rising due to making payments to these virtual vendors. A study conducted by Priya (2014) revealed that Debit Cards and Net banking lead the segment of payments through online mode with 61% followed by credit cards (50%), COD (24%), prepaid cash cards (10%) and the last in the row is Payments through Mobile which is merely 3%.

Considering the penetration of mobiles and its usage success stories all over the world, a good number of companies are exploring this new mode of making payments. A mobile payment system

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in Kenya, M-Pesa, had been successful in targeting socio-economic groups and geographies and simultaneously drawn its attention to mobile as a provider of financial services. M-Pesa as a payment system has fulfilled many of the immediate needs of people like safety and convenience associated with cashless payments, and ease of money transfer.

The growth of smart phones is projected at a lightning speed. The results from a survey conducted by Gartner revealed the growth in the number of smart phones users in India by 2018 will be as high as 500million. Additionally, many of these smart phone users between these three years will use the internet for the first time. Hence, this segment of consumers represents a huge area of potential for the companies.

Hence, under the given situations while considering the changing dynamics of consumers and markets, the need for undertaking research is urgent. This study explores the factors influencing Indian consumers in adoption of mobile wallet services. It applies the Unified Theory of Acceptance and Use of Technology (UTAUT Model) to propose a research model that incorporates trust and promotional deals as enhancing constructs to predict users' motivations for adopting a mobile wallet.

2. BACKGROUND

2.1. Changing Dynamics of E-Commerce

Customers are dynamic in nature and they are changing at a very fast pace with the advancement of technology and information technology is central in catering and affirming customer needs. A study emphasized that technology can enhance an individual's feelings of competency and control (Unruh, 1996). Moreover, the internet based interactive technologies and online services offer an ever-broadening array of options to customers for handling their service transactions.

With the advent of e-commerce, customers changed their shopping modes and started taking interest in online shopping. Online shopping raised the usage of debit and credit cards, net banking, etc to promote more and more shopping. With the development of technology, the range of devices and processes to transact electronically are also rising continuously. This has led to reduced number of cash and cheque transactions.

Consumers have an option to choose amongst the different ways to pay for their e-commerce transactions based on their preferences. The selection of the same is based on certain criteria like convenience, security, availability, etc. But, the issue is that most of these tools still fail to gain sufficient support from online merchants (Hsieh, 2001). A study conducted by Worthington (2005) concluded that developing countries have a lot to do to establish an infrastructure for payment cards and also to encourage consumers to hold and use such cards.

Developing countries like India rely much more on electronic funds transfer and smart cards based electronic payment system. Eventually, credit cards are becoming one of the most preferred methods of payment in India (Sumanjeet, 2008). In his study (2009), he remarked that different countries prefer the different forms of electronic payment system. The consumers have been looking at credit card payments on the internet as one of possible time-tested alternative, but this payment system has raised several problems before the consumers and merchants. The payments done through credit cards suffer from many limitations like security, merchant risk, high costs and affordability. Additionally, credit cards have the highest possibility of frauds (Prabhu, 2014).

These developments have led to the evolution of mobile technology in the recent years. Being one of the major technological developments, the smart phones have become an integral part of our daily lives. Therefore, with the rising population and smart phone penetration, India is going mobile and digital (Srivastava, 2014). India had an impressive 930.2 million mobile phone subscribers (compared to 27.41 land line subscribers). According to a report of TRAI, 2014 penetration of broadband was higher in case of mobile phones (60.19 million subscribers) than the land line subscribers (15.13 million). India was the sixth largest mobile market and in 2013-2015 its growth rate was expected to be 459.7% pushing it to third position globally (Azevedo, 2014).

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