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An Analysis of the Current Status and Issues with E-Wallets in Rural Areas of Telangana State

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Abstract

In the modern day of digitization, e-wallets are a concept that is quickly gaining popularization. The need for different e-wallets has grown dramatically, particularly in India after the demonetization. Traditional payment methods like actual cash notes are being replaced by digital ones like debit cards, credit cards, net banking, etc. these days. For a number of reasons, e-wallet is swiftly overtaking other easily available digital payment options. The adoption of e-wallets in rural Telangana State, their existing state, and upcoming obstacles are the main topics of this study. The current study attempts to look into the factors that influence e-wallets and the demographics of those who utilize digital payments. Furthermore, it evaluates the influence of respondents' vocations on their use of electronic wallets.

This study uses the purposive sampling strategy together with a quantitative approach to non-probability sampling data collection. A total of 170 people responded to the online survey and submitted their responses. The data obtained indicate that perceived usefulness (PU) and trust have little effect on the continuous use of e-wallets. Chi Square was employed in the data analysis process using SPSS. It must ascertain the relationship between the respondents' characteristics and how they affect e-wallets. The current findings have practical consequences for service providers and policymakers, who can utilize them to devise policies aimed at gaining a sustainable competitive edge and encouraging continuous intention of e-wallet usage.

Key Words: economy, uses, e-wallets, smart phones, internet and Telangana State

Introduction:

India's economy is among the fastest-growing in the world. The Indian economy has been focusing on development in spite of the instability in the world economy. The business environment has undergone significant changes in recent years due to significant

developments in the Indian financial sector, which have resulted in significant shifts, trends, and transformations. Since the bulk of India's economy is in the rural areas, digital payment initiatives won't

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be considered successful unless they are completely incorporated into the growth of these areas. The use of digital payments has increased recently in both rural and urban areas of the nation. The market needs to be ready for more transparent and compliance-based systems as well as digital trends, given the government's initiatives to transform the economy into a digital one and the rise of numerous private companies offering digital transaction solutions such as mobile app solutions (UPIs), e-wallets, and RBI-issued payment bank licenses.

Nowadays, the majority of payments are made using electronic wallets that are linked to cell phones over the internet. The concept of money underwent a substantial transformation, progressing from the barter system to banknotes. These days, digital money is rapidly displacing paper money. The demonetization effort has greatly benefited e-Wallets, with even roadside stores now accepting e-wallet payments. The global market for digital wallets is starting to take shape as we continue to embrace the rapidly evolving digital environment.

Meaning of E-Wallets:

Digital assets that can be electronically moved between accounts are called e-wallets. They may be exchanged for cash at a comparable rate and are used to make

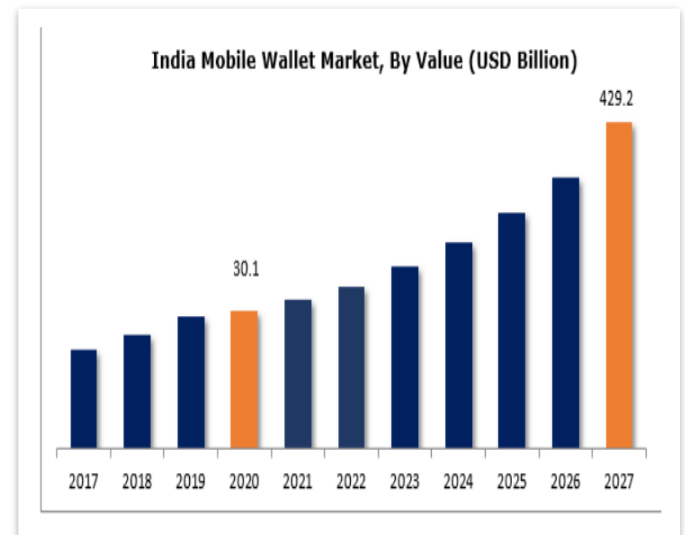
purchases and carry out other electronic financial operations.

Comparable to paper checks, e-wallets are quicker, safer, and more versatile. They are used in e-commerce for transmitting and receiving money among other things. There are also more conventional activities like buying movies and TV series, purchasing fast food and similar things online, or buying tickets for events like concerts, movies, or flights.

The increase in digital transactions is being driven mostly by e-commerce companies and rising internet usage as well as the growing acceptability of various digital payment options. The local Afghan company owner and small-scale farmer may be able to obtain the trustworthy and affordable financial services they require with the availability of digital payment systems. Because rural and crisis locations have fewer agents and resources, scaling digital payment projects is difficult. Small financial institutions in remote locations are underequipped to create a completely new digital payment system. The market for mobile wallets is expected to grow from USD 10.88 billion in 2023 to USD 35.63 billion over the estimated period of 2023–2028.

The India mobile wallet market was estimated to be worth USD 30.1 billion in 2020 by Blue Weave Consulting, a strategic consulting and market research business. The market is predicted by the study to expand at a CAGR of 46.3%, generating USD 429.2 billion in sales by the end of 2027. Following the government's demonetization of the Rs. 500 and Rs. 1,000 in 2016, mobile wallet transactions surged. Payment procedures have changed as a result of the Indian government's provision of a range of digital wallets to citizens, including BHIM, Aadhaar Pay, UPI, and Payment Banks.

Since more people are using smart phones and are becoming aware of the handy payment choices offered by mobile wallets, the Indian market for mobile wallets is consequently expanding rapidly. Additionally, because mobile wallets require less infrastructure setup and transaction fees than traditional card-based payment systems, retailers are embracing them quickly. Nonetheless, inadequate internet connectivity, restricted internet accessibility, and cyber security issues could significantly impede the market's expansion.



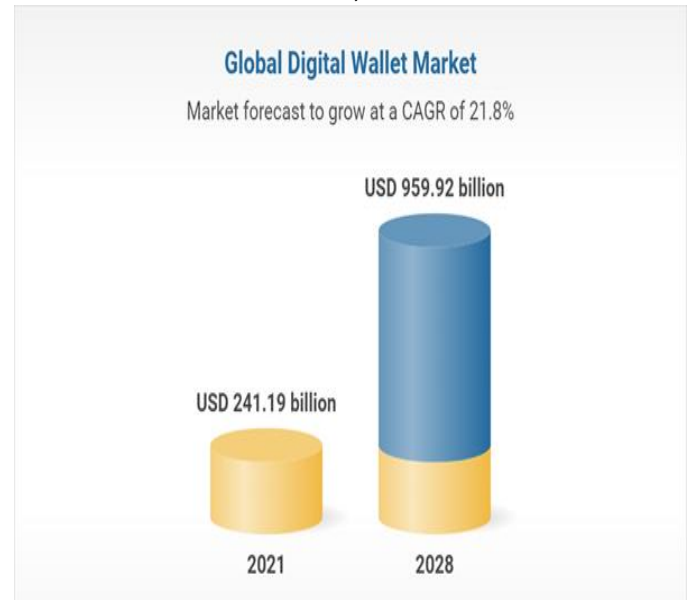
Global Digital Wallet Economy:

Digital wallets are vital in the emerging economies of the world. Governments invest a lot of money on digitization and educate the public about the ease, safety, and simplicity of using digital payment methods. Digital wallets consequently gain a great deal of popularity. This significant market analysis also highlights the critical role that digital wallet platforms play in nations where access to traditional financial institutions is restricted, highlighting the innovative ways in which these governments employ digital wallets to provide financial empowerment to their inhabitants. This market research report, which provides strategic insights into the global digital wallet phenomena, should be read by senior company leaders and decision-makers who wish to successfully navigate the digital financial landscape. By investing in

your knowledge of this market today, you may benefit from its great potential and possibilities.

Digital wallet sales are expected to rise from US\$241.193 billion in 2021 to US\$959.915 billion in 2028, representing a compound annual growth rate of 21.81%. The frequency of digital transactions has increased as a result of growing digitization. According to the World Bank, every country has seen a notable increase in internet usage. For example, the proportion of global internet users rose from 38% in 2014 to 60% in 2020. In Saudi Arabia, the UAE, Iceland, Kuwait, Qatar, Bahrain, and Liechtenstein, all 100% of people used the internet in 2021. As a result, growing wallet acceptability among different e-commerce enterprises and higher internet penetration has helped to boost industry expansion.

With digital wallets, consumers may track payments, pay bills, save money, and perform a variety of other operations using their laptops, desktop computers, or cell phones as bank accounts. The shift of economies around the world to a digital economy is promoting the broad adoption of digital wallets.



As work and education had been relocated online, the COVID-19 outbreak has also resulted in a huge increase in internet usage. As a result of social distancing, mobile wallet purchases were perceived as the safer and more convenient option, which is why individuals stayed at home during the lockdown.

E-Wallets in Rural Areas:

Bharat, or rural India, does appear to be a land of golden potential for marketers, especially those that operate mobile wallets. Reason: The countryside, which is home to over 870 million people, would be busy during the next ten years, per a recent analysis by management consulting firm BCG. A BCG analysis titled "Rising Connected Consumer in Rural India" predicts that by 2020, nearly half of India's internet

users will live in rural areas. Even though it is projected that there will be a 30% annual compound growth in the number of connected rural consumers by 2020 (from about 120 million in 2015 to about 315 million in 2020), rural growth will still outpace growth in metropolitan areas.



- Because of it, the owner has the maximum flexibility to finish any electronic transaction.
- With a few button clicks, the digital units can be transferred from your personal account to the desired account instantaneously.
- Transactions with a cash wallet are substantially faster and less expensive than those through a bank.

Types of E-Wallets:

- **Closed:** Companies provide their clients with these electronic wallets to use for goods and services purchases. Users are able to transact with that particular service provider only with these wallets. But you are unable to take money out of them.
- **Semi-Closed:** These e-wallets are used to pay for goods and services at specific establishments, especially financial ones. These merchant websites have agreements with the e-wallet provider to accept payments from the wallet. Furthermore, you are unable to take money out of these.
- **Open:** Wallets that are semi-closed and those that are open are similar. They also allow the buying of goods and services at sale terminals. These,

Benefits of E-Wallets:

- E-wallets played a role in facilitating the globalization of e-commerce. It is required for all transactions and financial activity made online.
- E-wallets make it simple to pay bills of all kinds, including retail and restaurant invoices as well as government and commercial bills.

on the other hand, allow cash withdrawals from ATMs or establishments.

To use an e-wallet account, the user must install the required software on their device and provide the required information. The program is also referred to as the "application". It is necessary for the e-wallet user to create a strong password. He or she can now add money using a debit or credit card, or online. Following an online purchase, the user's data is instantly entered into the payment form by the e-wallet. A bank account, a smart phone, an internet connection, and an e-wallet application are required in order to open an e-wallet.

OBJECTIVES OF THE STUDY:

1. To examine at the connection between the study area's e-wallet usage and its demographic variables.
2. To evaluate how respondents' professions as customers affect their use of electronic wallets.

RESEARCH METHODOLOGY:

The study employs a design for descriptive research. It explains the different traits of a population that a sample has been chosen from. This study has employed primary and secondary data to identify a solution for the stated aims. Primary data was gathered by

delivering online questionnaires to respondents via Facebook, Instagram, Gmail, WhatsApp, and other platforms to get their unique opinions. Secondary data have been gathered from various sources and books. This poll is only conducted in rural areas and is limited to those over the age of 13. There are 170 respondents in all who utilize e-wallets in rural areas. The study acquired primary data from e-wallet users in rural India using simple random sampling methodologies. Using SPSS, the analysis was conducted using the Chi Square Test and Cramer's V.

Chi-Square:

A statistical method for identifying the discrepancy between observed and expected data is the chi-square test. Will can also perform this test to see if it has any correlation with our data's category variables. Determining if a discrepancy between two categorical variables is the result of random variation or a relationship between them is helpful. The Chi-Square Test Formula:

$$\chi^2 = \sum(O_i - E_i)^2/E_i$$

Where as

c = degrees of freedom

O = Observed Value

E = Expected Value

Cramer's V:

Cramer's V is a scaled version of the chi-squared test statistic χ^2 and takes values in $[0,1]$ $[0, 1]$ $[0,1]$. It is calculated as $\chi^2 / (n (k - 1)) \sqrt{\chi^2 / (n \cdot (k - 1))}$ $\chi^2/(n(k-1))$, where n is the number of observations, and k is the smaller of the number of levels of the two variables.

Test of Hypothesis:

H01: There is no association between Demographic variables and Electronic Wallets usage.

H02: There is no association between professions of respondent son Electronic Wallets usage.

Results Analysis and Discussion:

A collection of techniques known as descriptive statistics are employed to enumerate and characterize a dataset's primary characteristics, including its distribution, variability, and central tendency. These techniques give the data a broad picture and aid in seeing connections and patterns. The descriptive statistics show that the demographic factors have an impact on rural E-Wallet users. A total of 163 respondents who used e-wallets in rural areas made up the sample size.

There are 170 responders in all, all of whom used e-wallets in rural areas. The sample,

which consists of 56.2% men and 43.8% women in the rural area, shows a nearly equal distribution of males and females. Furthermore, observations revealed that 34% of participants are between 19 and 21 years old, 28% are between 36 and older, 22% are between 22 and 35 years old, and 15% are between 13 and 18 years old. 52.9 % of those surveyed.

Twenty-two percent of the pupils identified by the researcher were members of the service class. 13.7% of people run their own business, making them businesspeople in rural areas, whereas 9.2% of people belong to other categories, such as professionals or housewives. Of the 163 respondents, 97 use electronic wallets, while 56 do not, according to the survey. It also said that the 56 respondents gave a long list of primary excuses for not using e-wallets, including ignorance of the payment option, legal requirements (KYC authentication), and security and trust issues. Security issues have become one of the most significant issues as a result of the increase in cybercrime. Many are skeptical about how safe using e-wallets will protect their money.

FINDINGS:

- Based on the data previously mentioned and its interpretation, the

research study concludes that 110 out of 170 respondents used electronic wallets, while 60 did not. As a result, electronic wallets have not yet gained traction in the rural market even after demonetization.

- The study discovered that using electronic wallets has been hindered by legal formalities (KYC authentication), a lack of understanding about these payment methods, and trust issues.
- The recent increase in cybercrime has given rise to security concerns, which has become a significant and rather noticeable issue. Many do not know if using an e-wallet will keep their money safe.
- It shows those respondents in the age categories of 19 to 22 and 22 to 35 use electronic wallets more frequently, indicating that age has an effect on their use. This implies that younger users are significantly more comfortable using electronic wallets than are those over the age of thirty-six.
- It also shows how much more flexible and comfortable the younger generation is with change.

- The use of electronic wallets by respondents is independent of their gender or place of employment.

CONCLUSIONS:

E-Wallets, a new payment gateway, are a rapidly developing technology in India that allows users to use their mobile phones to make payments anywhere in the country without having to carry actual cash. Smartphone's and reliable internet access are essential for this technology to succeed, but both are extremely difficult to come by in India. Although the use of electronic wallets has grown in popularity in India, only younger age groups (19–35 years old) are more inclined to use them in rural areas of the country. The fact that some people do not own smart phones is one of the primary reasons why people are not using electronic wallets. People have trouble feeling secure and trusted.

The statutory requirements, such KYC. Even the massive telecom company Airtel has launched a new initiative called "Airtel Banking scheme," which functions somewhat like a bank but on a smaller scale. Interest is even being offered by Airtel on funds placed in these types of wallets. For these operators and service providers, the rural Indian market has significant prospects;

nonetheless, the primary obstacles are the lack of smart phone and reliable internet connectivity. Many people in rural areas still do not own smart phones. Few people who use smart phones are unaware of e-wallets or are scared of the security risks associated with financial transactions. A small percentage of them are unable to utilize e-wallets due to concern that internet connectivity may break during a transaction.

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