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What Indians Think About Paytm

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ABSTRACT

The Indian economy is an economy which was traditionally based on cash transactions. However, after the midnight of November 8, 2016, India moved towards cashless transactions. The present study deals with Indian consumer's perception towards mobile wallet app Paytm. For this common people from India belonging to major cities were requested to participate in this study. The field work of the study was conducted during January to February, 2018. The Paytm app has both pros and cons among common respondents. One group of consumers opined that the Paytm app is both easy to use and wallet free. The other group felt Paytm app had connectivity issues i.e., it cannot be connected without internet facility. To overcome these cons and increase the pros of Paytm app, the app can be improvised to work without internet. This will pave way towards making digital India a reality.

Keywords: Indian, Consumers, Perception, Paytm app, PCA Method

JEL Classification: A1, M2, O1, C8, B4

1. INTRODUCTION

During the earlier days where no currency was held, transactions were laid by a system called Barter System. Later on, the terms of transaction have changed to currency or coins. In addition, when the digital period came, people started making transactions digitally over the internet by different modes like ATM, Credit cards, Bit coin and E-wallet. In addition to these payment modes, mobile payments have also become a popular means in India in recent years. In a few countries mobile payments have only become standard payments.

With the advent of affordable prices of smart phones, there has been a considerable increase in people using mobile payment apps. The statistics reveals that the total number of smart phone users worldwide is around 2.53 billion up to 2017. India has population of 132.42 crores with 650 million mobile phones and 300 million populations have smart phones but only 310 million bank accounts till date. The value of Indian mobile wallet market is 1200 Crore plus by 2019. Mobile wallet developed a concept from digital wallet. Sam Pitroda invented the digital wallet concept in USA in 1996. He claimed that the digital wallet would consist of a regular crystal display with touch sensitive screen not bigger than the bank plastic card. He asserted that the mobile wallet would be a user friendly interface that would resemble a user's leather wallet (Pitroda S., Desai M., 2010).

Since last couple of years with the help of smart phones use of digital wallets has taken quite move forward. Digital wallets utility is the alternative payment method instead of net banking and card based payment methods. During digital wallets, the payment infrastructure with massive development in technology has become highly customer friendly. Digital wallets will bring the next rational step in journey to a cashless society (Kunal, Taheam, Rahul Sharma, Saurabh Goswami). Mobile payment rostrums are built on regulated in particular areas and an interrelated network of industries which acquire dissimilar market approaches. Such as financial organizations and different sectors (Joao Porto de Albuquerque, et. al, 2014).

However, India is cash based economy gradually the radical actions towards digital payment encourages initiation of many digital wallets like-Paytm, Mobiwik, free charge etc, and government introduce many united payment interface solutions and BHIM app to support digital payments. In rural India and considering the benefits like transparency in transactions scope for curtail parallel economy and improving the ease of business. (S.MD. Shakir Ali, MD. Wasim Akthar, S.K. Safiuddin 2017)

Paytm launched in 2010, now it is India's largest mobile wallet app. Paytm is owned by One97 Communications. These modes are very easy to use, conveniently designed for transaction and perceived the use of the system (Pawan Kalyani, 2016). The advancement in technology is catering the comforts and convenience of the people with the help of smart phones through E-wallet. E-wallet is the digital equivalent to the physical wallet in which we carry money or keep money just like a bank account (Shukla, 2017). In 1983 David Chaum, an American cryptographer created digital cash which is a digital version of a physical wallet (Jaya Dutta, 2016). E-wallet payment is the key revenue driver in online purchases with smart phones (Trutsch, 2016). Paytm runs by one ninety seven communications and have 280 million mobile wallet users and 5 million merchant partners.

The new Indian scenario of demonetization has made Indians think about the digital payment and people became curious to know about the E-wallets to make their underlying transactions. When Government of India took a decision to demonetize all the old currency

notes of Rs.500 and 1000, people had to wait for their daily limit to fulfill their basic necessities and it has been an endless battle for common man (Prasenjit Roy, 2018). People started to use Paytm app since demonetization.

Customers are buying more goods through online as a substitute of retail shop due to cash crisis. With effect of demonetization, the customers adopted Paytm wallet as new operation method (Porinita Banerjee and Vasimraja Sayyed 2017).

Paytm the name is an acronym for “pay through mobile” first Indian company to obtain finances from Chinese E-Commerce Company Alibaba, this company has largest stakeholder in Paytm parent company one 97 communications (Sasmita Sahoo, 2017).

Paytm, started as a recharge platform in 2010, and then changed into virtual bank business model. It is one of the pioneers of the Cash back business model and now became the India’s largest mobile payments, E-wallets and commerce platform. It is an Indian E-wallet giant serving 100 million registered users through mobile payments, banking services, market place, gold, recharge and bill payments, etc. Paytm is a semi-closed wallet approved by RBI to store currency in digital form, which is available to buy goods and financial services such as identified market locations, establishments or entertainments like super markets, petrol pumps, movie tickets, etc. of the companies that are in specific contract to accept these payment instrument. It is a digital payment platform that allows users to transfer cash into the integrated wallet via online banking (Venkatesan, 2018). It was ahead already of its digital payment competitors with 100 million users even before the push of Cashless Indian Economy (Deepa Joshi, Sapna Parihar, 2017).

Paytm new model will facilitate small merchants include kirana stores, to buy stock honestly from large sellers and manufacturers. It will helpful to the small merchants to get a huge profit margin by buying directly from manufacturers and it cut the middleman ship like wholesalers and distributors (John Sarkar, 2018).

India is more focuses towards cashless economy because it will reduce money related thefts. The cashless transactions will reduce the cash carrying risk also. It will also reduce corruption in another way and attract more investors to the country. The cashless transaction will become easier banking transactions and reduction banking service cost (Thilagavathy and Naga Santhi, 2017).

India is fighting against counterfeit currency. The transaction from cash to cashless can help India put check on counterfeit currency (Alvares and Cliford, 2009). India is having more scope for cashless transactions. Technology moves to fast remittances and payments. The cashless transactions will pay a major role in all financial institutions, financial houses and banks.

With the help of digital commerce, transparency increases, corruption will go down, economy rises and an increase in availability of lot of financial services to the users is seen (Sant Kumar, et. al 2018). Considering the benefits of Paytm app, the researchers collected opinions from Indian consumers on the app. The present study is based on Indian consumer’s perception towards mobile wallet app Paytm. The study was conducted considering two main factors i.e., Pros on the use of Paytm and the Cons of using the Paytm app.

2. OBJECTIVES OF THE STUDY

- To throw a light on positive aspects of Indians towards Paytm app

- To blurb the cons of Paytm app

3. HYPOTHESIS

H₁: There are pros of using Paytm app

H₂: Consumers are finding cons in using the Paytm app

4. METHODOLOGY

4. 1. Questionnaire design

The questionnaire method was used for the survey. Based on the literature and the researcher's understanding of the concept, a questionnaire was developed. However, preliminary several times checked the questionnaire to ensure the reliability. The questionnaire consisted of 5 demographic questions and 13 questions related to pros and cons of using Paytm app. The 5 point Likert scale with the anchors being "Very low influence" and "High influence" was used for framing the questions in the questionnaire. The reliability of the questionnaire was checked by calculating the Cronbach's Coefficient Alpha value. The Cronbach's Coefficient Alpha of the overall scale for this study was calculated to be 0.810. This confirmed the current study validity and reliability. Two variables, pros of Paytm app and cons of Paytm app were considered. The alpha values were separately calculated for both the variables to check for the reliability of the further study. To verify the measurement scales, their validity and reliability were analysed by SPSS 23.0 for exploratory methods. The H₁ and H₂ are accepted. The Cronbach's coefficient alpha value for pros and cons in using Paytm app were found to be 0.80 and 0.71 respectively (See Table 1).

Table 1. Scale Construction.

Questionnaire	Items	Alpha
M -Wallet Indian Thinking		
Pros	8 Items	0.80
Cons	5 Items	0.71

(Source: Primary Data)

4. 2. Respondents and research approach

In this cross-sectional study, common people from India were requested to participate in the study. Male and female respondents were included in the study. The random sampling techniques were used for collecting the data. The researcher ensured anonymity and

respondents need not to write their names and identification. 32 % of the respondents were females. 17 % of the respondents having graduate degree, 53 % had PG qualification and 10% had a PhD degree. In total, more than 250 questionnaires were distributed. 205 of the total respondents participated in the study. The response rate for the study was calculated to be 82 % which is sufficient to conduct the further analysis. The field work of the study was conducted after one year of demonetization during January to February, 2018.

5. DATA SYNTHESIS

We first data synthesized the factor structure of Indian consumers towards Paytm app items using the KMO and Bartlett’s test was conducted for quantifying the sampling adequacy. This is the important step as help to quantify the samples. The next step was determining the factor analysis with principle component Analysis (PCA) with SPSS 23.0.

5. 1. KMO and Bartlett's Test

The KMO and Bartlett’s test was conducted for quantifying the sampling adequacy. The Kaiser-Meyer-Olkin test of sphericity is a check of sphericity may be measure of sampling adequacy that is suggested to examine the case to variables quantitative relation for the analysis. In most educational and business studies, KMO and Bartlett’s test plays a crucial role for accepting the sample adequacy. Whereas KMO ranges from 0 to 1, the global accepted index is 0.6. The Bartlett’s test of sphericity must be less than 0.05 (Sriram Peri, 2012).

The KMO Bartlett’s test relates to the importance of the study, thereby shows the reliability and validity. Kaiser-Meyer-Olkin measure of sampling adequacy was found to be 0.655 and the Bartlett’s test of sphericity was found to be 0.000 which means highly significant (See Table 2). Hair, et al. (2006) explained about measure of sampling adequacy must exceed 0.50 (Tabachnick and Fidell, 2007). This makes the sample indicates strong partial correlation presented in the data. This is adequate for factor analysis. Hence, the instrument was recommended for further study.

Table 2. KMO and Bartlett's Test.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.655
Bartlett's Test of Sphericity	Approx. Chi-Square	141.837
	Df	78
	Sig.	.000

(Source: Primary Data)

5. 2. Factor Analysis

Thirteen questions relating to pros and cons in using Paytm app were factor analysed using principal component analysis with Varimax rotation. As evident from the Scree plot which levels off to a linear decreasing pattern and the analysis, five major factors were elicited (See Figure 1). The five factors elucidated for selected criteria of Eigen values greater than 0.1. Each factor contains factor loadings greater than 0.05. These 5 extracted factors explained a total accumulated variance of 74.19 % for pros for use and consumer identified cons of the Paytm app (See Table 3).

Table 3. Factor Analysis.

Total Variance Explained						
Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	Percentage of Variance	Cumulative Percentage	Total	Percentage of Variance	Cumulative Percentage
1	4.348	33.449	33.449	4.348	33.449	33.449
2	1.651	12.697	46.146	1.651	12.697	46.146
3	1.454	11.186	57.332	1.454	11.186	57.332
4	1.176	9.048	66.381	1.176	9.048	66.381
5	1.016	7.812	74.192	1.016	7.812	74.192
6	.752	5.787	79.979			
7	.670	5.154	85.133			
8	.505	3.882	89.015			
9	.447	3.437	92.452			
10	.385	2.965	95.417			
11	.226	1.739	97.156			
12	.212	1.633	98.790			
13	.157	1.210	100.000			
Extraction Method: Principle Component Analysis.						

(Source: Primary Data)

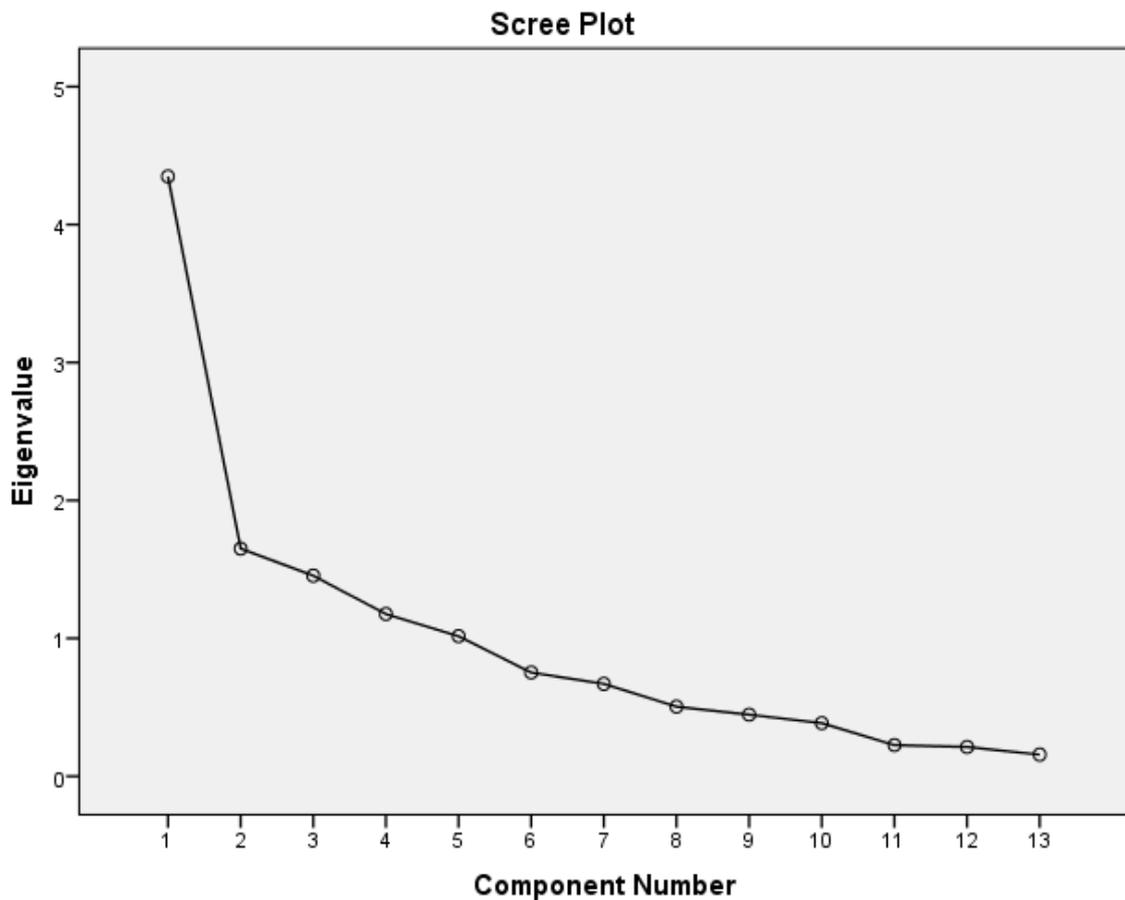


Figure 1. Scree Plot
(Source: Primary Data)

5. 3. Measurement Model - Principal component analysis (PCA)

Table 4. PCA Analysis Rotated Component Matrix.

Component Matrix ^a						
	Factors					
	1	2	3	4	5	
Pros						
P1 More protected than Cash						.891
P2 Rewards	.676					

P3 Trouble free access			.626		
P4 Economize Time	.613				
P5 More secure than Cards	.693				
P6 Squabble Free	.869				
P7 Less Documentation	.745				
P8 Leave wallet					.874
Cons					
C1 Without internet cannot work		.903			
C2 Preferred Retailers Don't know internet access		.605			
C3 Security Concerns			.577		
C4 Transaction Cost is very high				.783	
C5 Fear of losing Mobile			.826		
Extraction Method: Principal Component Analysis.					
Rotation Method: Varimax with Kaiser Normalization.					

(Source: Primary Data)

Table 5. Summary and Labelling the Factors

Component Matrix ^a					
Factor Name	Factors Loading				
	1	2	3	4	5
F1 Easy to Use					
Rewards	.576				
Economize Time	.613				

More Secure than Cash	.593				
Squabble Free	.869				
Less Documentation	.745				
F2 Connectivity Issues					
Retailers don't know Internet Access		.605			
Without Internet cannot Work		.903			
F3 Security Issues					
Trouble Free Access			.626		
Security Concerns			.577		
Fear of Losing Mobile			.826		
F4 Unaffordable					
Transaction Cost is Very High				.783	
F5 Wallet Free					
Leave Wallet					.891
More Protected than Cash					.874
(Source: Primary Data)					

PCA with Varimax Kaiser Normalization was performed. Five factors were extracted. The analysis yielded five factors which represented 74.19 % of the total variance of the original variables which is quite acceptable for factor analysis. The five factors represented (See Table 4) the two dimensions covered under pros and cons to use Paytm app. Five factors (See Table 5) represented pros of Indian consumers towards Paytm app i.e., Easy to use and wallet free. Three factors explained the cons of Paytm app usage i.e., Connectivity issues, Security issues and Unaffordable.

The first principal component factor was labeled easy to use which explained the time economization; squabble free, less documentation, more secure than cash and rewards. The cumulative variance explained by this factor is 33.44 %. Second principal component factor was labeled as connectivity issues which reflected on retailers don't know internet access and without internet the Paytm app cannot work. The second factor described up to 46.14 % variance. The third principal component factor was labeled security issues which explained about Paytm app to be trouble free access, security concerns and fear of losing mobile to

purchase using Paytm app. The cumulative variance elucidated by this factor is up to 57.33 %. The fourth principal component factor was labeled unaffordable which included Paytm transaction cost is very high. The fifth principal component factor was labeled wallet free it includes leave wallet and more protected than cash with cumulative variance of this factor being 74.19 %.

6. RESULTS & DISCUSSION

This study determined the effect of five factors with CFA model. The first principal component extracted was easy to use. The correlation values of 0.676, 0.613, 0.693, 0.869 and 0.745 were found for the responses given by consumers under the considered component. The highest correlation value of 0.869 under the first component was squabble free. Paytm app is a mobile wallet app which is economical in time; more secure than cash and less documentation is needed. Nazim sha and Rajeshwari (2018) opined their paper most of the people opined that Paytm is the app it is more protected than cash and it is encourages cashless economy in India. The highest correlation value of 0.903 was related to without internet Paytm cannot work. They found that fear of losing mobile plays a challenging factor for the users of mobile wallet. Most of the degree students using Paytm though they are opined the same fear of losing mobile plays an important role (Chauhan et al, 2017). The correlation value of 0.783 showed that the common people were facing high transaction cost with Paytm app. The last component extracted was Wallet free. The correlation values of 0.891 and 0.874 were found pros of Paytm of the study. Manikandan and Jayakodi (2017) in their empirical study on consumer adoption of mobile wallets with special reference to Chennai city also obtained similar findings. They found that security of funds played a challenging factor for the users of mobile wallets. Vidya shree DV, Yamuna and Nithya Shree (2015) opined in their paper on a study on new dynamics in digital payment system with special reference to Paytm and Pay U money that Paytm is providing rewards and economize time compared to all digital payments(Kari minder Ghuman, Shruthi Srivastava, 2016). Mobile wallets are not just for mobile payments, now a day's Paytm is major contributor for shopping experience to the consumers in India. It is offering more secure and safe shopping.

7. IMPLICATIONS OF THE STUDY

The present study focuses on importance of Paytm app as an e-transaction method for carrying out every day monetary exchanges. The study revealed the pros and cons in using Paytm app. The study revealed the different opinions of consumers about the use of Paytm app.

8. LIMITATIONS OF THE STUDY AND SCOPE FOR FURTHER RESEARCH

There are few limitations of the study. First this study is descriptive based study. The study is based on primary as well as secondary data. The present study is confined to Paytm app only. The current study is confined to consumers from major cities in India. The similar

kind of study can be conducted with Tej, mRupee, Jio Money, Airtel money, Mobiwik, chillr, etc.

9. CONCLUSION

The present study has revealed the opinions of Indian consumers about the mobile wallet app, Paytm in the wake of termination of physical money to unravel the issues being sweet-faced by common public. Paytm app is a familiar app used for e-transactions. The app has both pros and cons. Two unrelated patterns of responses were obtained on the Paytm app when a questionnaire was distributed among common respondents. One group of consumers opined that the use of Paytm app was both easy and made them move from place to place without carrying a physical wallet. The other group felt Paytm app was not connected without internet facility. To overcome these cons and increase the pros of Paytm app, the Paytm app should be modified to work even in absence of internet connectivity. This will further increase the reach of the Paytm app to different sections of consumers in our country. This will pave way to march towards digital India.

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BIOGRAPHY

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