Study on consumer perception and attitude towards Use of Mobile Wallet

Project Submitted By

Naseem Ahmad

2k14/MBA/514

Delhi School of Management

Delhi Technological University

DECLARATION

I Naseem Ahmad student of EMBA 2014-2016 batch of **Delhi School of Management, Delhi Technological University**, Bawana road, Delhi-42 declare that term project title ***"Study on Consumer perception and Attitude Towards use of Mobile Wallet"*** submitted in partial fulfillment of Executive MBA program is the original work conducted by me. The information and data given in the report is authentic to the best of my knowledge.

Name of Student with Sign

Naseem Ahmad

2k14/MBA/514

Date:

Place: New Delhi

Under the Guidance of

Dr.Rajan Yadav

Associates Professor

Delhi School of Management

Delhi Technological University

ACKNOWLEDGEMENT

I would like to sincerely thank to Delhi School of Management, DTU for giving me this Opportunity of taking up such a challenging project which has enhanced my knowledge About the Use of Mobile Wallet in India.

I am very grateful to Dr. Rajan Yadav, Faculty mentor, for his constant guidance And encouragement since the beginning of the project .His enlightening words have Always been a source of inspiration and have motivated me to build a positive outlook And pursue the work with sincerity and passion.

I would also wish to express my gratitude to the entire faculty at DSM for providing Guidance and support during the course of this project and its completion.

Naseem Ahmad

2K14/MBA/514

Delhi School of Management

Delhi Technological University

Executive summary

The selected topic for the research is "Study on Consumer perception and Attitude Towards use of Mobile Wallet" .The study is conducted during the 20th April 2016 to 25th April 2016.

The main objective of the study is to understand the consumer perception and attitude towards use of Mobile Wallet in Digital era.

To determine out the factors, which is most important in creating stimulus in Indians? To understand the use of Mobile Wallet as a payment gateway for utilities bill payment.

To figure out how Indian are comfortable in using digital payment gateway to purchase a product. To understand post purchase behavior of Indian consumers and the future of mobile wallet in India.

Index

DECLARATION ---------- **2**

ACKNOWLEDGEMENT----------**3**

EXECUTIVE SUMMARY---------- **4**

Index ----------**5 - 6**

INTRODUCTION ---------- **8**

1.1) Mobile Wallet Background ---------- ---------- **9 -10**
1.2) Device manufacturers ---------- **11**
1.3) Mobile Wallet Consumers---------- **12**
1.4) Knowledge stage ---------- **12**
1.5) Persuasion stage ---------- **13**
1.6) Decision stage---------- **14**
1.7) Implementation stage ---------- **14**
1.8) Confirmation stage ---------- **-15**
2) Future of Mobile Wallet in India ---------- **15**
3) Major Mobile Wallet Players in India Markets ---------- **16 - 20**
4) India and Internet Population ---------- **21**
4.1) Gender Wise ---------- **22**
4.2) Mobile Internet Users ---------- **23**
5) Nielsen reports on mobile wallet market in India ---------- **24**
6) Limitation of Mobile Wallet in India ---------- **25**
6.1) Eligibility ---------- **25**
6.2) Safeguards against money laundering ---------- **25**
6.3) Closed System Payment Instruments ---------- **25**
6.4) Semi-Closed System Payment Instruments ---------- **25**
6.5) Semi-open System Payment Instruments ---------- **26**
7) RBI Circular on Payment Gateways ---------- **27**
8) Research methodology ---------- **28**
8.1) Topic ---------- **28**
8.2) Period of Study ---------- **28**
8.3) Primary objective ---------- **28**
8.4) Secondary objectives ----------**-28**
9) Scope ---------- **-29**

10) Sample ---------- 29
10.1) Sample Size ---------- 29
11) Tools ----------29
12) Survey and Interpretation ---------- 30 ---- 42
13) Finding ---------- 45
14) Conclusion ----------46
15) References ----------47


MOBILE PAYMENTS
PROCESSING
PROCESSING

INTRODUCTION

Purpose of a report:

The primary objective of this research is to understand about the consumer adoption status of mobile wallet within the research area limited in India. It also measures the market situation of mobile consumers toward mobile wallet. Practically, this research will be useful for the business stakeholders of mobile wallet who would like to expand the business to earn more market shares. It is also helpful for individuals such as students to improve the knowledge of mobile wallet which can possible lead to further research.

Research was designed in quantitative method using questionnaire which was sent to potential respondents who reside in India. The findings illustrate clearly that the adoption of mobile wallet among consumers in India is only at the beginning stages of the Innovation-Decision Process. It also shows that consumers in India express positive attitudes toward mobile wallet. The research includes several findings which can benefit the stakeholders of mobile wallet.

Suggestions for future research include the studying of different aspects in mobile wallet, in addition to the consumer behaviors toward mobile wallet in India using specific case study.

In today-world, Smartphone has become important part of everyday life. As it has become more affordable, the number of smartphone users has increased dramatically. The quantity of Smartphone consumers surpassed 1 billion in 2012 and predictably it will reach 1.75 billion in 2014 (eMarketer, 2014) . Along with smartphone production, plenty of services have been created to utilize the possible functions of Smartphone. Not only smartphones are used as communication devices, but also to be used as socialized tool, entertainment tool, internet access tool, and even payment tool (Rajgopal, 2012) .Thanks 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”.

Motivation of the research came from various factors. First of all, the mobile wallet is a recent term. In other words, it is a "trendy" topic that has been discussed in technical forums and financial websites in several years lately. One can see the word "Mobile Wallet" multiple times from the internet, yet he does not know what mobile wallet is. Therefore, the research is made due to personal curiosity to gain practical knowledge about mobile wallet during the research process in order to understand how consumers perceive this new technological service. Secondly, I am one of a smartphone users and I would like to exploit the capability of the phone. Other users perhaps also have this desire. For that reason, I conduct this research to observe people's opinions about this new service.

Mobile phones today have the power of enabling financial transactions between two parties and recent estimates indicate that close to 2 billion users will be carrying mobile phones with payment processing capabilities by 2015. Consumers are demanding payment and m-commerce solutions in addition to regular mobile banking offerings. Growth is fuelled by young millennial (25 – 30 year olds) - the generation that is most likely to congregate socially in groups, split money, use public modes of transport or rent apartments together. At the same time in the Indian context – 40% of the population does not have access to a bank account in the low income group and rural sections of society. The Government of India and the Reserve Bank of India have recommended increased access to banking services for the under banked. - Source (See more at: http://www.datavsn.com/products-and-services/mobile-wallet-dvpay#sthash.A4DO2HlL.dpuf)

1.1- MOBILE WALLET BACKGROUND

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).

One view, expressed by Kevin Erickson (2013) - a technology blogger from Credera (a technology consulting firm from the USA) is that mobile wallet tries to perform these following features for single user (Erickson, 2013):

- Display and store coupons or account offers from businesses which users subscribed or engaged with
- Identify real time discounts and offers from different business locations
- Provide search engine and evaluation tool for restaurants and shops based on location
- Act as payment tool with credit and debit cards
- Organize receipts

The ecosystem of mobile wallet

There are two possible points of view when we look at the ecosystem of the mobile wallet. In terms of technology and it is based on the founder point of view, Pitroda introduced in detail the mobile wallet ecosystem in Figure 1 (Pitroda S., Desai M., 2010)

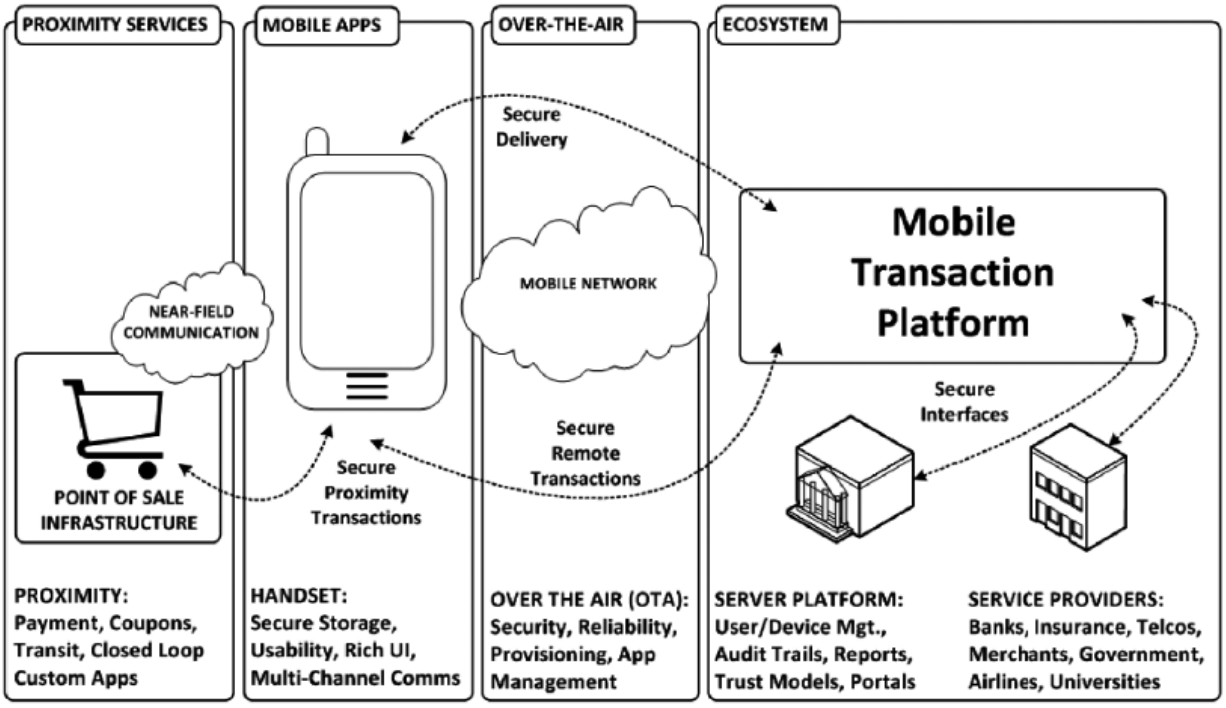


Figure 1: The official mobile wallet ecosystem (Pitroda S., Desai M., 2010)

1.2 Device manufacturers

This stakeholder is the companies who create the smartphones. Apple, Google, Samsung, HTC, Microsoft…etc. are the mostly known manufacturers. They are considered to be "the only ones that can really get consumers to pick their mobile device over their leather wallet" (Stringer, 2014). In other words, they have a large market adoption with embedded mobile payment application in their products (Carr, 2008).

Most of these companies have tried to develop their own mobile devices so that they can acquire a big amount of consumers. For instance, Google has successfully developed Nexus smartphones; Amazon also had intention to create its own phone, even Facebook had the same plan too (Bilton, 2012). The reason is that mobile devices are the easiest tools to bind customers with the mobile wallet brands. Moreover, one of the manufacturers' advantages is that they are not attached to only one payment type (Stringer, 2014). Hence, the companies can adjust their products to give the consumers what they want.

The device that allows consumers to get what they want better than the others will win, and the wallet that wins will be on that device" (Stringer, 2014).

1.3 Mobile Wallet Consumers

For any business, it is undeniable that consumers are the most important factor. The great and "cool" technology is not forceful enough to trigger the consumers to use mobile wallet. Thus, it is very crucial to gain the adoption from consumers. The interesting thing is that paying by mobile device does not have much attraction toward consumers. The marketing and loyalty programs are (Stringer, 2014). When we find the example, we should look at Starbucks' successful mobile wallet application. According to Forbes' article written by Steven Bertoni, Starbuck's mobile wallet is used the most in America. "About 10 million customers pay for their lattes with the app, making more than 5 million transactions per week" (Bertoni, 2014). Its loyalty program had been designed excellently that enabled its customers experiencing all the available marketing campaign directly from their phones, which illustrated by "offers instant discounts for free coffee or food and links to directly to Starbucks' hot reward program in real time" (Bertoni, 2014). This factor needs to be thought through carefully once companies would like to launch mobile wallet for their business.

1.4 Knowledge stage

Knowledge stage inaugurates when an individual is introduced about the existence of innovation and that individual can gain some knowledge of the innovation's functionalities (Rogers, 1983, p. 164). Interestingly, as stated by Rogers (1983), the individual receives the existence signal of innovation accidentally. Thus, he/she cannot actively seek for information of innovation until they know its presence. As we can see in medical field, it is because of the communication channels and messages such as salesperson and marketing campaigns, the doctors or physicians are able to obtain information of new existing drugs (Coleman, 1966). It is the same story with mobile wallet. In order to make it acknowledged (in India), the business stakeholders have a job to give out the information by advertising, blogging, or creating seminars to inform the image of mobile wallet.

In addition, Rogers (1983, p.167) raised a paradox of need versus awareness in this stage. He questioned "Does a need precede knowledge of a new idea, or does knowledge of an innovation create a need for that new idea?". He explained that there had not been a research can answer this question properly (so far until 1983). When a person has knowledge of an innovation, a need might be created and vice versa; when he is in need, he will seek for the information. Thus,

knowledge of innovation existence can lead to the motivation of consumer adoption (Rogers, 1983, p. 166).
Types of knowledge and how they influence the awareness of consumers were also discussed by Rogers (1983). However, this paper will not focus much on this part.

1.5 Persuasion stage

Knowing about the innovation does not mean that an individual will adopt and use it. The characteristics of decision making unit will have effects on the adoption. They are the social status, belief…such as individual might not find the new innovation is useful for him or it does not fit into his current situation. To make the information become relevant, the knowledge will continue going through the innovation-decision process. This is where the persuasion stage takes place.
In this stage, the individual forms a favorable or non-favorable attitude toward innovation (Rogers, 1983, p. 169). The information that individual has perceived now will lead to psychological thinking. He will search for more information about the innovation. Hence, it is important that where he finds the knowledge, what messages he receives, and how he interprets those messages in favor of his own understanding.
Innovation can be viewed as highly uncertain (Feldman, 1994). For that reason, it generates certain uncertainty level in individual leading to the feeling of need for social-reinforcement of his attitudes toward new idea (Rogers, 1983, p. 170). He would like to compare his opinions to others to make sure he is "walking" on the right track. Partly, mass media also plays some role in this reinforcement.

The consumers tend to ask these questions in this stage: "What are the innovation's consequences?", "What will its advantages and disadvantages be in my situation?" (Rogers, 1983, p. 170). Mobile wallet creators should be able to answer those queries. The favorable or non-favorable attitude toward mobile wallet depends heavily on this stage. The formation of these attitudes does not result directly in adoption or rejection. Nevertheless, it does form a tendency. It is undoubtedly that when someone tells us about the positive image of a new idea, we are often motivated to adopt it (Rogers, 1983, p. 170). Yet in case the innovation is undesirable, support for rejection will be sought [instead of adoption] (Seligman, 2006, p. 116).

1.6 Decision stage

Decision stage occurs when an individual (or other decision-making unit) involved in activities that lead to adoption or rejection an innovation. Adoption is understood as the decision to use an innovation. And rejection is a decision not to adopt an innovation (Rogers, 1983, p. 172).
In reality, the innovation will not be adopted by consumers if they have not yet tried to use it. Checking the innovation to see whether it is useful for one's situation is necessary. In some cases, the innovation cannot be put for trial. Therefore, innovations that can be divided for testing will have a better chance to be adopted in a more rapid speed of adoption (Rogers, 1983, p. 172). A similar view is held by Seligman (2006) that "partial adoption and vicarious trial adoption allow the individual to encounter new stimuli for further adjustment of perceptions of the technology and for understanding how the innovation can be incorporated into the individual's environment" (p. 117). One of the suggestions to facilitate the trial of innovation is distribution of free samples to consumers/clients (Rogers, 1983). With mobile wallet, it is not an easy task to implement the trial due to the fact that it relates to a number of stakeholders for the operation, which can lead to high cost. It perhaps needs marketing departments to create brilliant and innovative solutions to put mobile wallet on trial.

It is hard to forget that in this stage, an individual can reject the innovation for various reasons. There are 2 different types of rejections developed by Eveland (1979):

1.7 Implementation stage

Implementation occurs when an individual (or other decision-making unit) puts an innovation to use (Rogers, 1983, p. 174) and seeks technical information for the implementation (Seligman, 2006). Rogers (1983) pointed out that consumers in this stage will likely have these questions "Where do I obtain the innovation?", "How do I use it?", "What operational problems am I likely to encounter and how can I solve them?" (p. 174). Relating it to mobile wallet case, the companies should have responsibilities to make these answers available in the market, as well as offer technical assistance when needed to users.

1.8 Confirmation stage

This is the last stage in the innovation-decision process model. The individual (or other decision-making unit) seeks the reinforcement for the innovation decision which he already made, but he may reverse this decision if he encounters conflicting messages from the innovation (Rogers, 1983, p. 184). The individual may be encouraged by dissonance and he may reverse his decision depending on the information he receives (Seligman, 2006, p. 117).

To prevent the "conflicting message" from happening, Rogers (1983) suggested that the agents should have additional duty of providing supporting messages to consumers. He expressed that one of the possibilities of high rate of discontinuance in innovations is that the agents think that adoption will continue automatically once it is secured. But without having continued effort toward consumers, the discontinuance will take place; because negative messages about innovation of course exist in most consumers' system (Rogers, 1983, p. 186).

---

2 Future of Mobile Wallet in India -

"A large number of banking, financial services and insurance, and telecom companies have entered into the mobile wallet market in India. Tier I cities such as Delhi, Mumbai, Kolkata, Bangalore, Pune, etc., have been the early users of mobile wallet market for shopping, money transfer, mobile recharge and payments, etc. The mobile wallet trend is gaining momentum in Tier II cities such as Jaipur, Lucknow, Chandigarh, Indore, Patna, etc., as well on account of rising smartphone and mobile internet penetration rates", said Mr. Karan Chechi, Research Director with TechSci Research, a research based global management consulting firm.

According to TechSci Research report, **"India Mobile Wallet Market Opportunities & Forecast, 2020"**, mobile wallet market in India is projected to reach US$ 6.6 billion by 2020. The mobile wallet market in India is projected to exhibit exponential growth during the forecast period, on account of rising smartphone penetration rate, growing mobile internet user base, and increasing government support. In addition, mobile wallet companies operating inIndia are also offering attractive deals and incentives to attract new users. In recent years, wallet companies have increasingly formed collaborations with service providers and financial institutions to offer a robust and seamless mobile wallet platform to the users. Usage of mobile wallet is growing across various applications such as money or banking transactions, mobile recharge & bill payments, ticket bookings, utility applications, etc. In addition, approval of payment bank licences of major companies such as Paytm, Vodafone, Airtel, etc. is projected to drive growth in the number of banking transactions through mobile wallet over the next five years.

"India Mobile Wallet Market Opportunities & Forecast, 2020" has evaluated the future growth potential of Indiamobile wallet market and provides statistics and information on market structure, size, share and trends. The report is intended to provide cutting-edge market intelligence and help decision makers take sound investment evaluation. Besides, the report also identifies and analyzes the emerging trends along with essential drivers, challenges and opportunities available in India mobile wallet market. (SOURCE TechSci Research)

---

3 - Major Mobile Wallet Players in India Markets:-

Paytm -

One97 Communication Limited, ItzCash Card Ltd., and One MobiKwik Systems Pvt. Ltd., are few of the major players operating in India mobile wallet market. Companies such as One97 Communications Ltd. (Paytm), MobiKwik etc., are investing in advertisements to promote mobile wallet concept across the country. In 2014, Northern and Western regions of India accounted for maximum number of mobile wallet users as well as transactions across the country. With expanding smartphone user base and rising awareness regarding the benefits of using mobile wallets in Eastern and Southern regions of the country, the country's mobile wallet market is forecast to witness robust growth during the forecast period. Leading telecom operators in India such as Airtel, Vodafone, Idea, etc. have also entered into the mobile wallet market space, which would help subscribers make convenient payments, and thereby have a positive impact on the market over the next five years.

Number of installs: 1,000,000+

---

3. PayUMoney

PayUMoney, a Gurgaon-based company that provides online payment solutions launched its wallet service last year. This e-wallet by PayUMoney enables the user to store cash and pay for various services and transactions. In order to differentiate themselves from other players, they provide a wide range of benefits that include one-touch check out and discounts / cashback offers on every transaction made. This e-wallet also provides instant refunds on order cancellations and buyer protect to ensure the right purchase and customer satisfaction.
Number of installs: 100,000+

4. Mobikwik

MobiKwik is an independent mobile payment network that supposedly connects 25 million users with 50,000 retailers and more. This mobile wallet lets its users add money using debit, credit card, net banking and even doorstep cash collection service, which can in turn be used to recharge, pay utility bills and shop at marketplaces.

Owing to the growing need for convenience, MobiKwik has also recently tied up with large and small time grocery, restaurants and other offline merchants.

Number of installs: 10,000,000+

5. Citrus

Citrus Pay is a popular e-wallet app for cash storage, payments and money transfers. Besides tying up with online service providers from varied sectors, they are now collaborating with Woohoo, a gifting and shopping portal to let its customers shop at more than 5000 offline stores listed with them.

Number of installs: 100,000+

6. State Bank Buddy

This mobile wallet application was launched by State Bank of India to let users transfer money to other users and bank accounts, pay bills, recharge, book for movies, hotels, shopping as well as travel.

This semi-closed prepaid wallet offers its services in 13 languages and is available for non-SBI customers as well. This app also allows its customers to set reminders for dues, money transfers and view the mini-statement for the transactions carried out.

Number of installs: 100,000+

ICICI Pockets

Pockets by ICICI is a digital bank that offers a mobile wallet for its customers. It provides the convenience of using any bank account in India to fund your mobile wallet and pay for transactions.

With Pockets, one can transfer money, recharge, book tickets, send gifts and split expenses with friends. This wallet uses a virtual VISA card that enables its users to transact on any website or mobile application in India and provides exclusive deals or packages from associated brands.

Number of installs: 1,000,000+

. HDFC Chillr

Chillr is an instant money transfer app created by HDFC to simplify money transfer and payment process for its customers.

Using this mobile payment app, one can transfer money to anyone in their phone book, thereby cutting out on the hassles of adding a beneficiary. It is currently available only for HDFC Bank customers and can be used to send money, recharge, split bills, request funds or transfer and will soon be able to pay at online & offline stores.

Number of installs: 100,000+

LIME

Axis Bank, the third-largest private sector bank launched ‘LIME’, an application that offers a mobile wallet, payments, shopping and banking facilities.

This mobile wallet is available for both account & non-account holders and lets a user add money using his or her credit, debit and net banking details. One can also share the wallet with their loved ones or pool in funds into a shared wallet for a particular purpose (Example: Gifts, vacations, etc.)

Number of installs: 10,000+

Oxigen Wallet

Oxigen Wallet is India's first RBI approved non-bank wallet to be integrated with NPCI allowing instant money transfer from the Wallet to 60+ banks and vice versa using the Immediate Payment Service (IMPS).

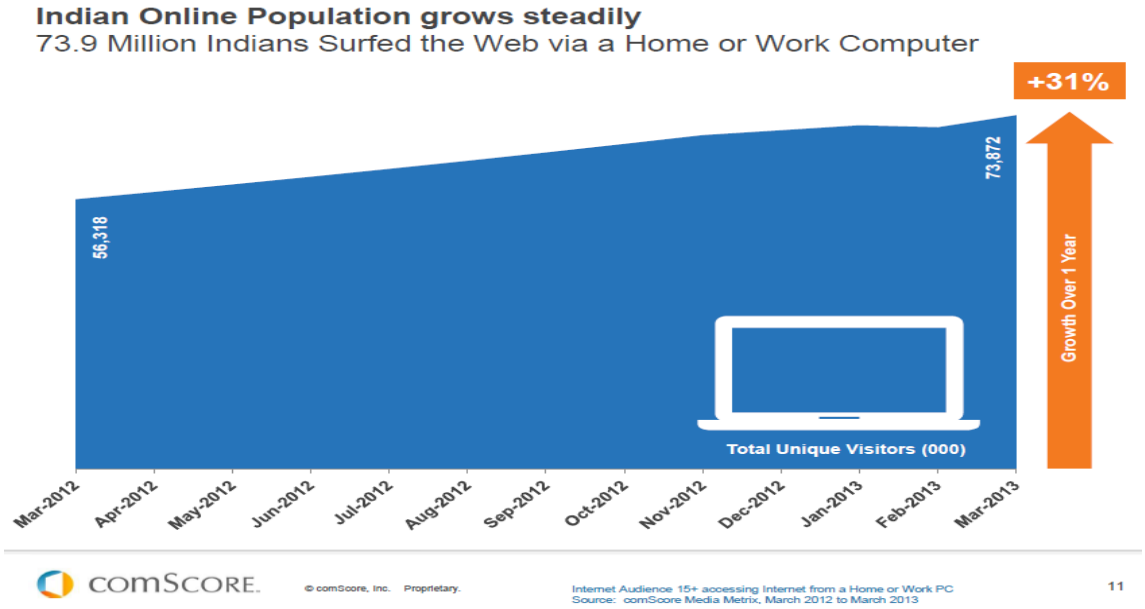
Operating since 2004, Oxigen services already has over 1,30,000 retail touch points with over 40 million monthly transactions. You can use the Oxigen Checkout Services by registering as a merchant partner.

4 INDIA & INTERNET POPULATION

India, with 1,270,272,105 (1.27 billion) people is the second most populous country in the world, while China is on the top with over 1,360,044,605 (1.36 billion) people. [10] The figures show that India represents almost 17.31% of the world's population, which means one out of six people on this planet live in India. Although, the crown of the world's most populous country is on China's head for decades, India is all set to take the numerous positions by 2030. With the population growth rate at 1.58%, India is predicted to have more than 1.53 billion people by the end of 2030. [11]

India is currently having online population of 213M, among them 60% are males and 40% are females. In have 110 M mobile internet users, among them 80% are males and 20% are females. 176M of the total internet population are part of Social Medias. [11]

India has bypassed Japan to become the world's third largest Internet user after China and the United States, and its users are significantly younger than those of other emerging economies, global digital measurement and analytics firm comScore has said in a report. Riding on a 31% year-on-year increase, India's online population grew to 73.9 million. With an extended online universe in excess of 145 million the market is at a tipping point for online businesses. The numbers are lower than other recent estimates, possibly reflecting comScore's methodology that only factors in PC and laptop-based Internet usage.



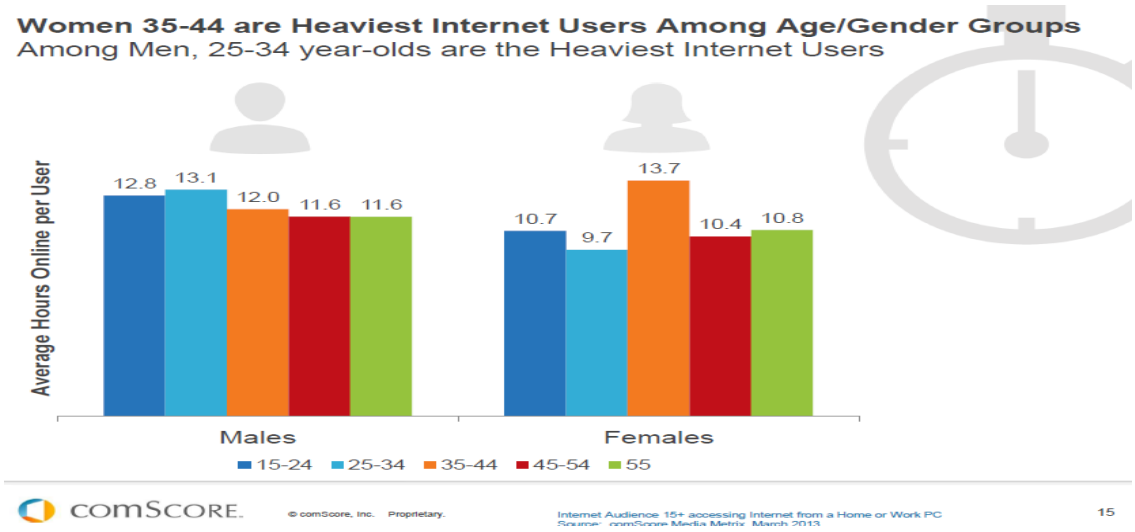
4.1) Gender Wise

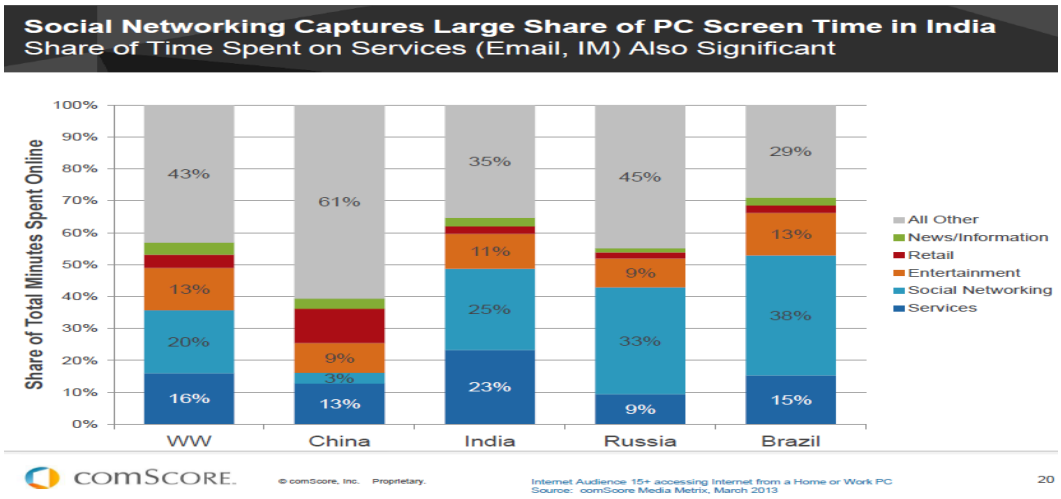
India currently have online population of 213M, among them 60% are males and 40% are females. In have 110 M mobile internet users, among them 80% are males and 20% are females. 176M of the total internet population are part of Social Medias.

According to the Internet And Mobile Association of India (IAMAI), the Internet user base in the country stood at 190 million at the end of June, 2013. For the whole year 2013, the internet user base grew 42% to 213 million, from 150 million in 2012. With more and more people accessing the web through mobile phones, the internet user base in the country is projected to touch 243 million by June 2014, a year-on-year growth of 28%.[13]

Younger males and women aged 35-44 emerge as power users

India males aged between "15-24" are major users among Males and in females 35-44 are major users of internet. Age wise distributions are given below. [12]





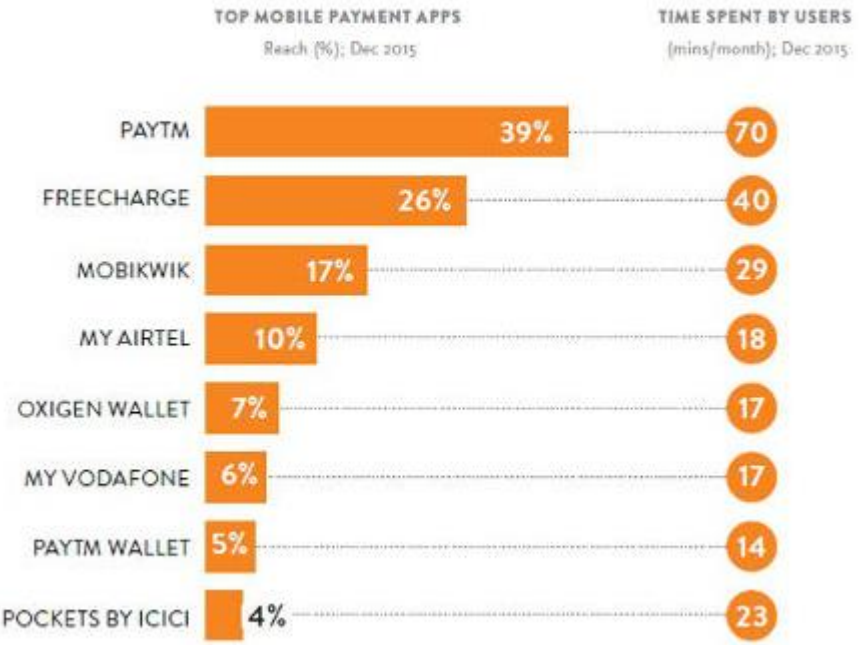
4.2) Mobile Internet Users

Internet penetration in India is driven largely by mobile phones, with some of the cheapest and most basic hand-sets today offering access to the internet. According to IMAI, India has 110 million mobile internet users of which 25 million are in rural India. The growth of internet penetration in rural India is driven largely by the mobile phone; 70% of rural India's active internet population accesses the web via mobile phones. This may have to do with the difficulty in accessing PCs. Forty-two percent of rural India's internet users prefer using the internet in local languages. The high prevalence of content in English is a hurdle for much of rural India.

Research report of InMobi showing the behavior mobile user in internet, 21% of their total consumption is for Entertainment and Social Media, which followed by Games, General Information Search and Email.

5 - Nielsen reports on mobile wallet market in India

By Rian Boden • 14 March 2016, 16:28



TOP APPS: Nielsen's research ranks mobile wallet usage in India *(click to enlarge)*

Paytm is the most popular mobile payment app among Android smartphone owners in urban India, research from **Nielsen**reveals, with 39% of users with an internet connection making use of the service for an average duration of 70 minutes a month. **Freecharge** is the second most popular service with 26% reach and 40 minutes of usage per month.

Mobikwik (17% reach and 29 minutes) is the next most popular service followed by **My Airtel** (10% and 18 minutes), **Oxigen Wallet** (7% and 17 minutes), **My Vodafone** (6% and 17 minutes), **Paytm Wallet** (5% and 14 minutes) and **Pockets by ICICI** (4% and 23 minutes).

Of those who downloaded Paytm in May 2015, however, only 25% were still using the service in July. 20% of those who installed Mobikwik in May were still using it as of July, and 14% were still using FreeCharge.

6 - Limitation of Mobile Wallet in India

Eligibility

Banking & non-banking entities, current or planned are covered

Only banks, which have Mobile Banking approval are permitted to launch mobile based prepaid instruments

Non Banks would be permitted to issue only closed system prepaid payment instruments & semi-closed system prepaid payment instruments

Closed Instruments out of purview of guidelines

6.1 -Safeguards against money laundering – KYC/AML/CFT provisions

Uses of prepaid instruments for cross border transactions are not permitted.

The maximum value of any prepaid payment instrument shall not exceed Rs 50,000/-.

Semi-Closed System Payment Instruments up to Rs 1000/- may be issued without any KYC subject to reporting Issuer to ensure that, more than one card is issued to the same person.

Semi-closed Prepaid payment instruments which permit only payment of utility bills/ essential services up to a limit of Rs 10,000/- can be issued without any KYC being undertaken by the issuer

6.2 - Closed System Payment Instruments:

Shoppers Stop Gift Vouchers

Exempt from the purview of draft guidelines

6.3 -Semi-Closed System Payment Instruments:

Redeemable at a group of clearly identified merchants/ establishments

Specific contract with the issuer to accept the payment instrument

No limit on the number of such merchants

No cash withdrawal or redemption in cash allowed

6.4 - Semi-open System Payment Instruments:

Can be used for purchase of goods & services at any card accepting merchant locations (Point of sale terminals)

No additional specific contract required between issuer & merchant

No cash withdrawal or redemption in cash allowed

Mobile Prepaid Instruments:

Prepaid talk time issued by mobile service providers

Can also be used for purchase of 'value added services‘

Cannot be used to purchase goods or pay for other non VAS services

Sr No.	Models	Example	Remarks-Allowed	License
1	Closed	Within Entity. Cash-in by customer and in return can redeem Voucher from the business entity	No Cash-out	Operators
2	Semi Closed	Bill Payments, Utility payments Ticket etc.	No Cash-out	Operators
3	Semi-Open	Any POS terminal. Customer Cash-in can be used to pay at any POS terminal	No Cash-out	Operators
4	Open	Cash-Out Allowed	Cash-out	Bank Only

Table 6 Comparison model of payment system

7 - RBI Circular on Payment Gateways

The Reserve Bank of India ("RBI") has recently issued a fresh circular in an attempt to facilitate cross-border e-commerce transactions, which can be accessed here ("Circular"). Prior to this Circular, the authorized banks were permitted to offer the facility to repatriate only export related remittances by entering into standing arrangements with Online Payment Gateway Service Providers ("OPGSPs") in respect of such export of goods and services. This Circular takes a step ahead by permitting the authorized banks to offer a similar facility for imports transactions. Some of the key guidelines as laid down in this Circular are highlighted below for ease of reference:

AD Category-I banks should report the details of each of their arrangements with OPGSPs, as and when entered into, to the RBI and should take all steps as laid down in the Circular for operationalizing such arrangement, namely, carrying out due diligence of the OPGSPs, maintenance of separate export and import collection accounts in India for each OPGSP, etc.

Foreign entities which are desirous of operating as OPGSP are required to open a liaison office in India with the prior approval of the RBI. The Circular also prescribe the duties of such OPGSPs for operationalizing such arrangement, namely, ensuring compliance with Information Technology Act, 2000 and all other laws in India, placing mechanism for resolution of disputes and redresses of complaints, etc.

Indian entities functioning as intermediaries for electronic payment transactions, which are desirous of undertaking cross border transactions, are required to maintain separate accounts for domestic and cross border transactions.

In India only a bank can make a payment gateway. All the others can borrow their infrastructure and become a payment aggregator like EBS, PayU, PayTM Payments to name a few. This is what has been mandated by RBI.
So now to answer your question. You don't want to be a payment gateway in India but rather a payment aggregator in India like the companies I have mentioned above.

If that is indeed what you want to become then you don't need a RBI license. What you need to do is negotiate with the bank whose service you are going to piggy back and meet their requirements.
A few notes of advice - don't try and tie up only with one bank use multiple. You

don't know when the service of one bank will fail resulting in you not able to complete transactions. And check for fraud and chargeback.

8 - Research methodology

Research methodology is a way to systematically solve the research problem. It may be under stood as a science of studying how research is done scientifically. It is a system and in-depth study for any particular subject. Its purpose is to find out answer to questions through the application of scientific methods. It involves collection, analysis and interpretation of data. It deals with the application and utilization of data.

8.1 - Topic

The selected topic for the research is " *Study on consumer perception and attitude towards Use of Mobile Wallet*

8.2 - Period of study

The study is conducted during the 20th April 2016 to 27th April 2016

8.3 - Objectives of the study

8.4 - Primary objective

The main objective of the study is to understand consumer attitude towards use of Mobile wallet and it's future in India.

8.5 -Secondary objectives

To know likeness in customers that what kinds of payments they do through mobile wallet gateways.

To understand what are the factors that affect the use of mobile wallets?

To understand the limitation imposed by the Reserve Bank of India

9 - Scope

The scope of work in this project mainly focuses on key market players involved in the m-payment ecosystem in India. These key players are constituted by the banks and mobile operators, who would be involved in provisioning an m-payment service to their customers. Within the thesis work, multiple mobile based payment services in India will be described in detail. Their constituting mechanisms will be researched with a special emphasis on their participating entities, including the different actors involved in the system. The reader of this thesis should also note that the research work focuses on the current m-payment systems in India and elaborates on the roles and responsibilities of the key actors with a strong focus on the amalgamation of business and technology

10 - Sample

Sample means a representation of the whole universe by a small population. Samples for this research are under Indian youth and young Indians, who come under 18 to 60 year age groups and who have online presences.

10.1 - Sample size

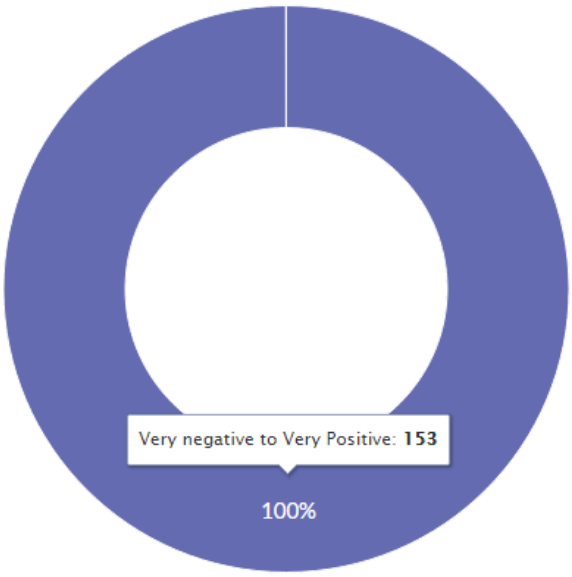
The number of sample units selected from the total population is called sample size. Sample size selected for this study is 20. Among them 2 are Females and 18 are males.

11 - Tools

Tools used for this research is an online questionnaire, which consist of 22 questions.

12- Survey and Interpretation

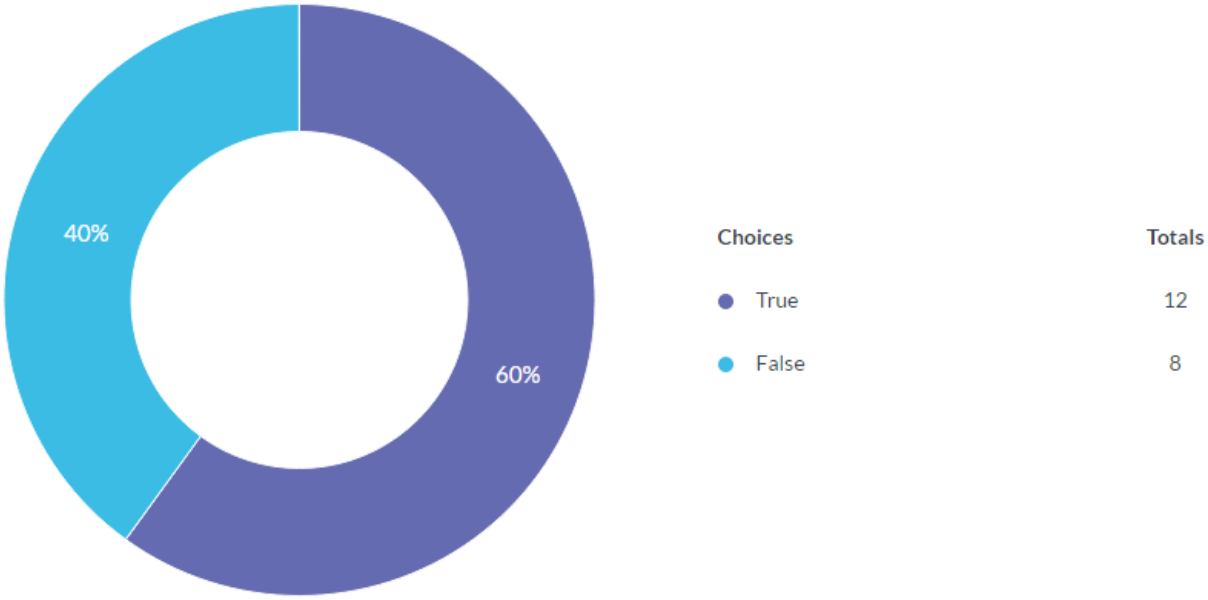
1) **On a scale of 1 – 10 with 10 being the most positive, how would you describe the overall experience of using Mobile wallet for Utility payment?**



Choices	Totals	Averages
Very negative to Very Positive	153	7.65

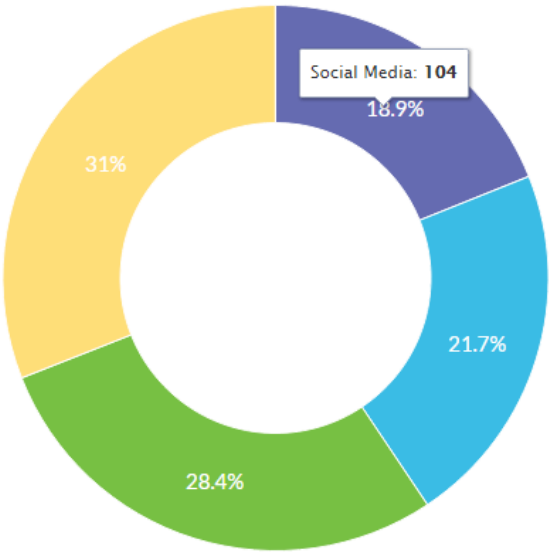
Interpretation for 1 - 75 % of the consumers are satisfy with the overall experience of the mobile payment gateways only 25% consumer are not happy the mobile wallet payment platform. Still payment gateways companies need to make more robust platform.

2) **Have you ever witnessed any technical problem / error in using Mobile payment platform?**



Interpretation for 2: 60 % of the consumer faced technical problems while using the mobile wallet gateway for the payment. Mobile payments are gaining in popularity but they still have a way to go before they reach critical mass, especially for the mobile wallet, a recent report shows.

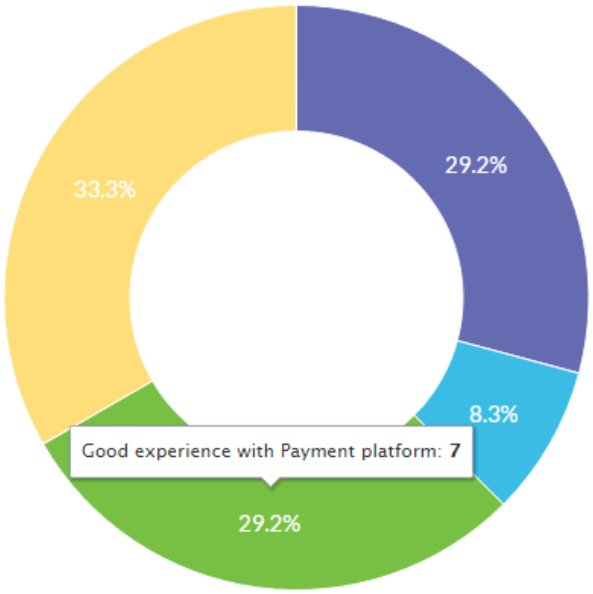
3) **On a scale of 1-10 with 10 being the strongest influence please rate the following factors as to their likelihood of contributing in use of Mobile Wallet?**



Choices	Totals	Averages
Social Media	104	5.2
Friends and Family	119	5.95
Discount offered by companies	156	7.8
Ease of doing payment	170	8.5

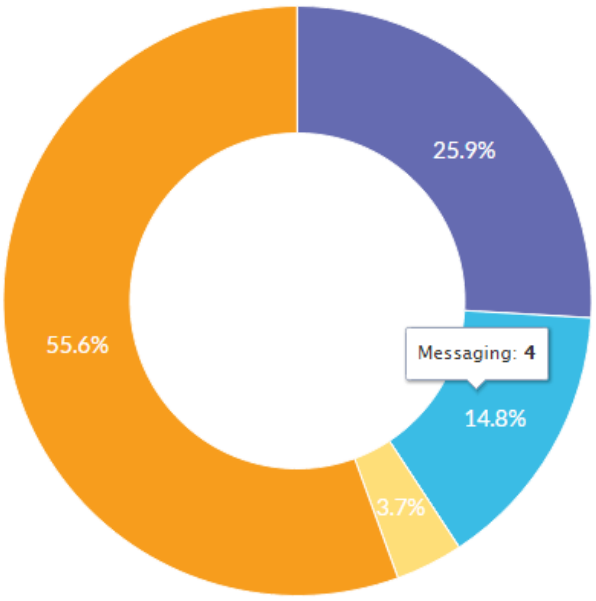
Interpretation for 3: In our survey we asked to the consumer what factors influence to use the mobile wallet gateway for the utility payment, 31% consumers answered with the ease of doing payments and 28% consumers said they influenced by the discounts is being offered by the companies . 21% influenced by the friends and families.

4) **After Payment, what type of experience will you share with others?**

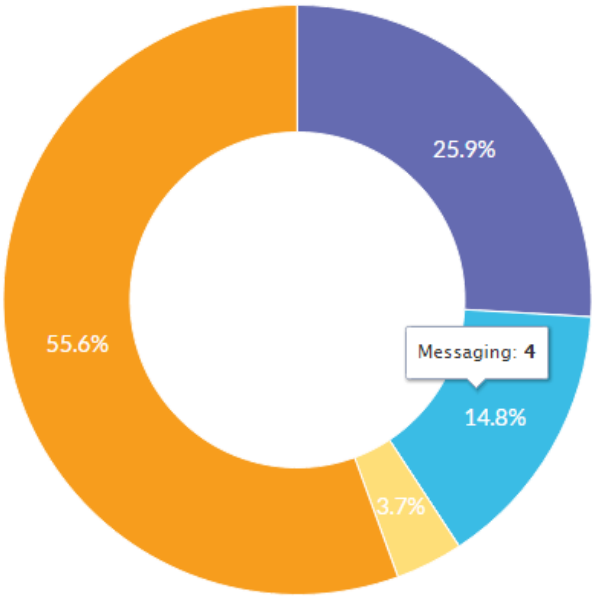


Choices	Totals
Nice deal which you got in terms of price	7
Bad experience with the Payment platform	2
Good experience with Payment platform	7
All the above mentioned	8

5) **How will you share your experience with others after using Mobile Wallet?**



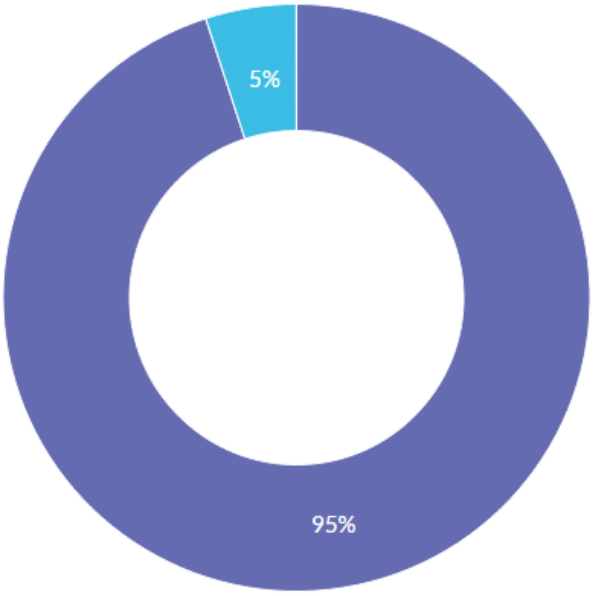
Choices	Totals
Social networking sites	7
Messaging	4
Write a blog	0
In company website	1
Through face to face talk	15



Choices	Totals
Social networking sites	7
Messaging	4
Write a blog	0
In company website	1
Through face to face talk	15

Interpretation for 4 and 5 : We asked to the respondent , how they will share mobile wallet experience with others , the most preferred platform is face to face talk 55% our respondent for the and the second most preferred platform for sharing experience is social media with 26% .

6) **Where do you lives Metro city or Non Metro city?**



Choices	Totals
Metro	19
Non Metro	1

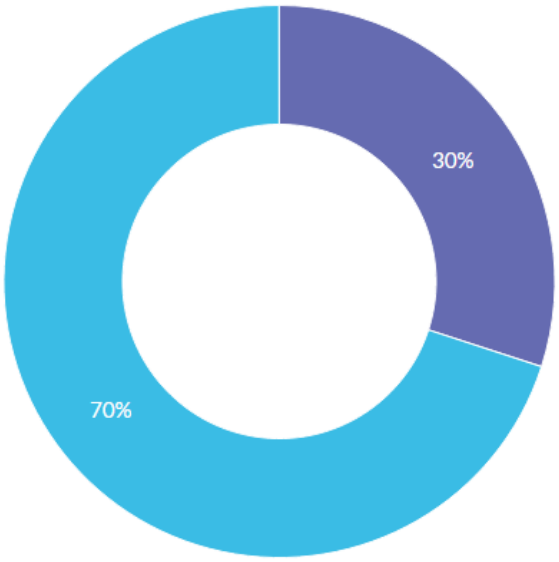
Interpretation for **6** : 95% our respondents are from the metro cities .

7) In Your Opinion, What is the future of Mobile Wallet in India?

Latest Responses	Date
Very good	1:11 PM
recommend for next generation transactions	12:36 PM
need to be more organize and stable	12:08 PM
Future is very good because peoples are becoming more lazy & slave of electronic/internet.	Apr 25
It's certainly bright.	Apr 25

Interpretation for **7**: All our respondents are very hopeful with the future of mobile wallets in India, But only 10 % of financial institutions offer mobile payments, while 47 % plan to offer mobile payments within the next 1-2 years and 43 % do not plan to offer mobile payments.

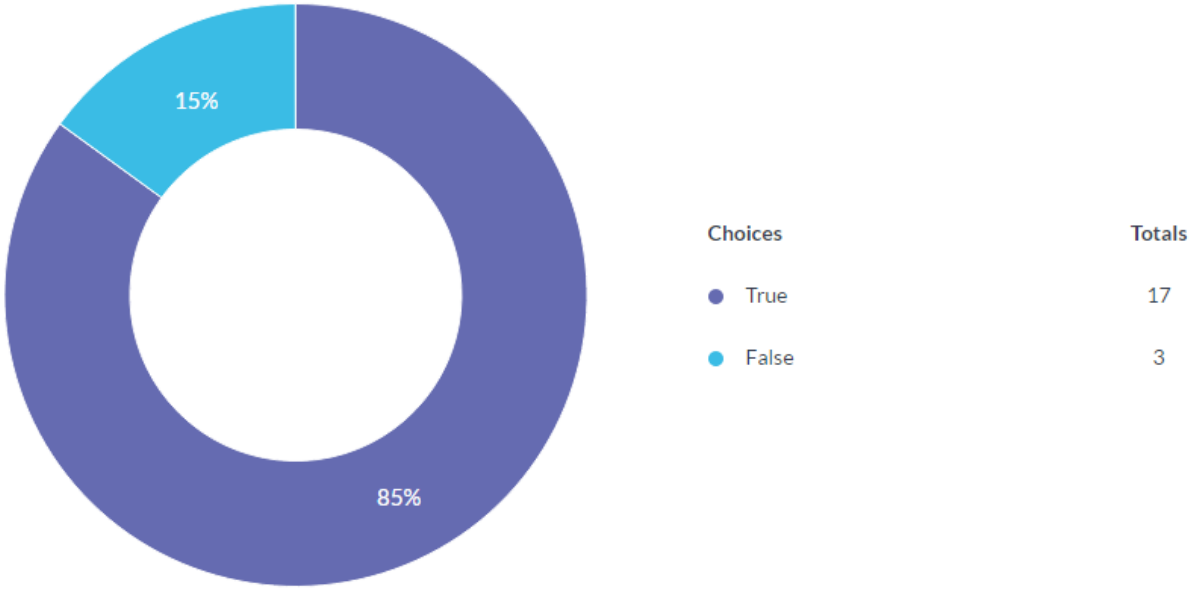
8) In Your Opinion, Mobile Wallet companies making profit in India?



Choices	Totals	Ratings
0 - Incorrect	6	0
1 - Correct	14	14

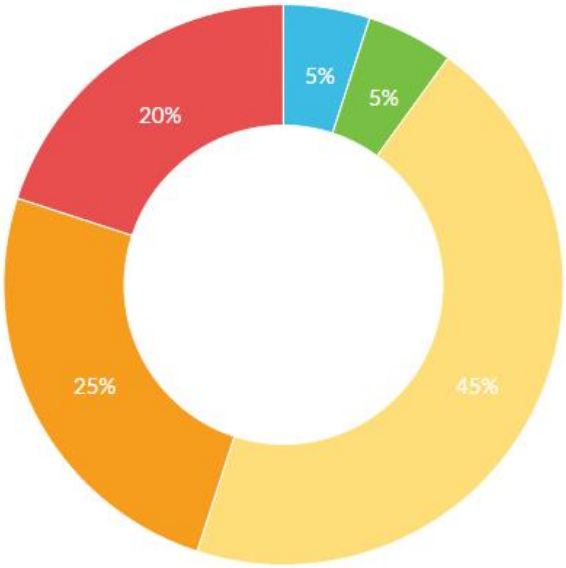
Interpretation for 8: 70% of the mobile payment platform companies are making profits in India, only 30% respondent voted for companies are not making profits. In a very short time the size of mobile wallet market in India grew significantly. According to a study by research firm RNCOS, the current Indian market size for mobile wallet (m-wallet) stands at about Rs 350 crore and is estimated to rise to Rs 1,210 crore by 2019.

9) **Will you use mobile wallet payment option in your next shopping?**



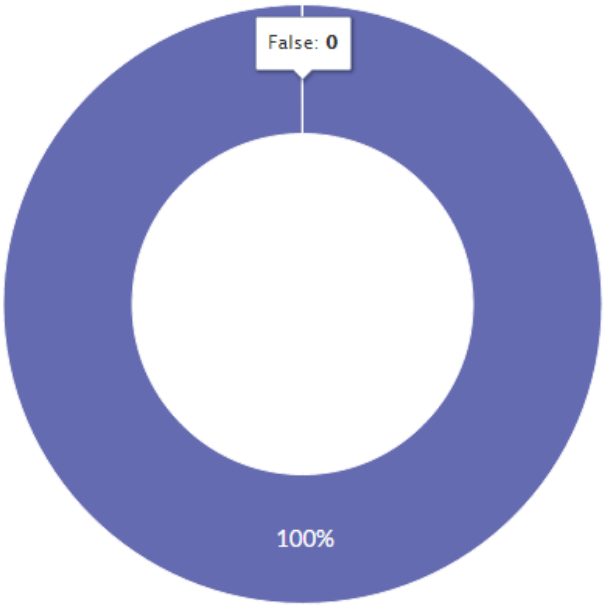
Interpretation for 9: 80% our respondents shall use mobile wallets at the time of their next purchase .Use of digital payment options increasing in India, According to NASSCOM 80% population would have internet connectivity in India.

10) **Does mobile wallet provide secure payment options?**



Choices	Totals	Ratings
1 - Very Disagreeable	0	0
2 - Disagreeable	1	2
3 - Somewhat Disagreeable	1	3
4 - Somewhat Agreeable	9	36
5 - Agreeable	5	25
6 - Very Agreeable	4	24

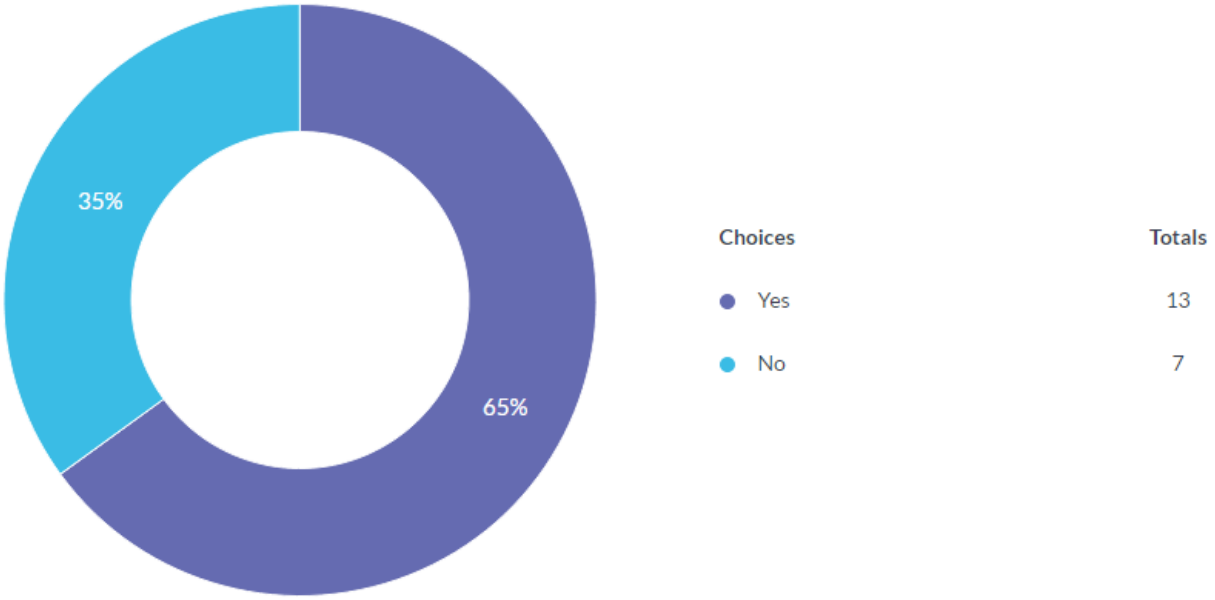
11) **Do you use mobile wallets?**



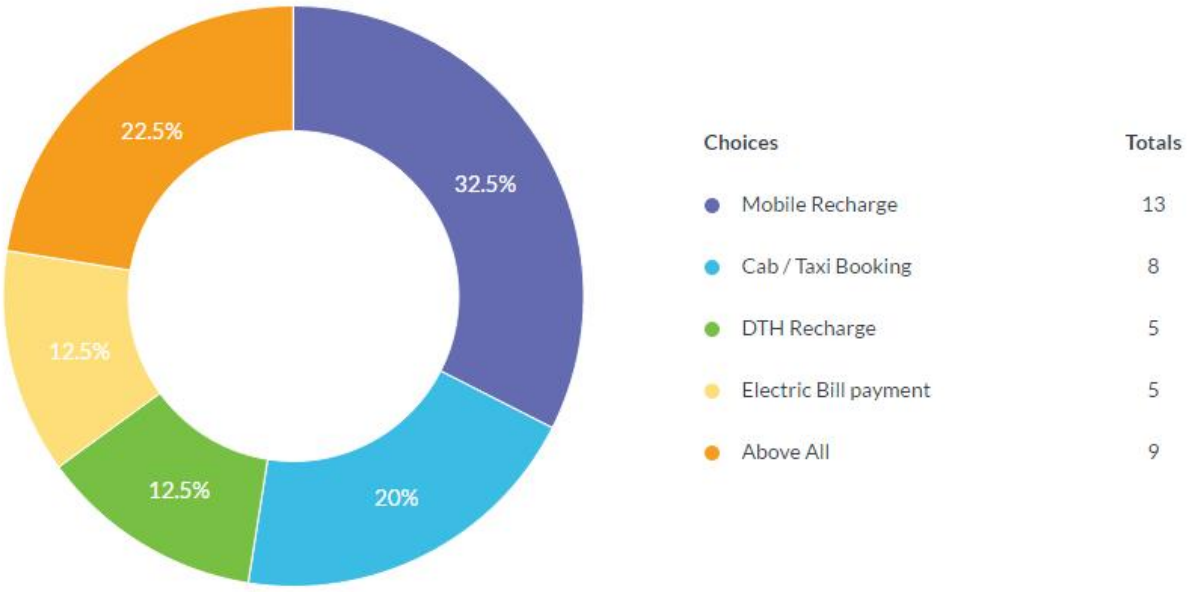
Choices	Totals
True	20
False	0

12) **How many times you make payments through Mobile Wallets in a month?**

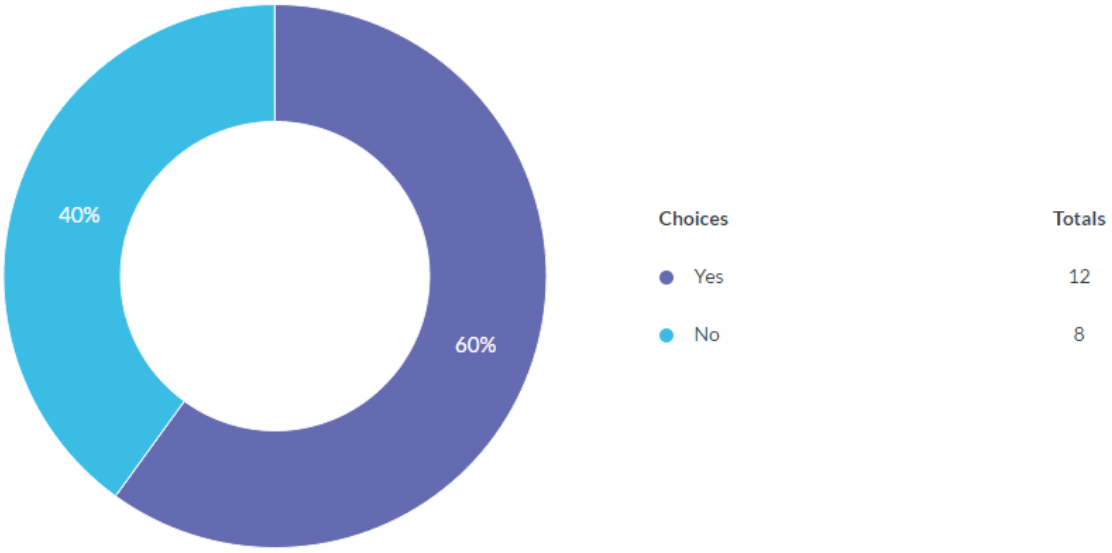
13) **Would you like to replace the cash you carry with a mobile wallet?**



15) What kinds of bill you pay through mobile wallets?



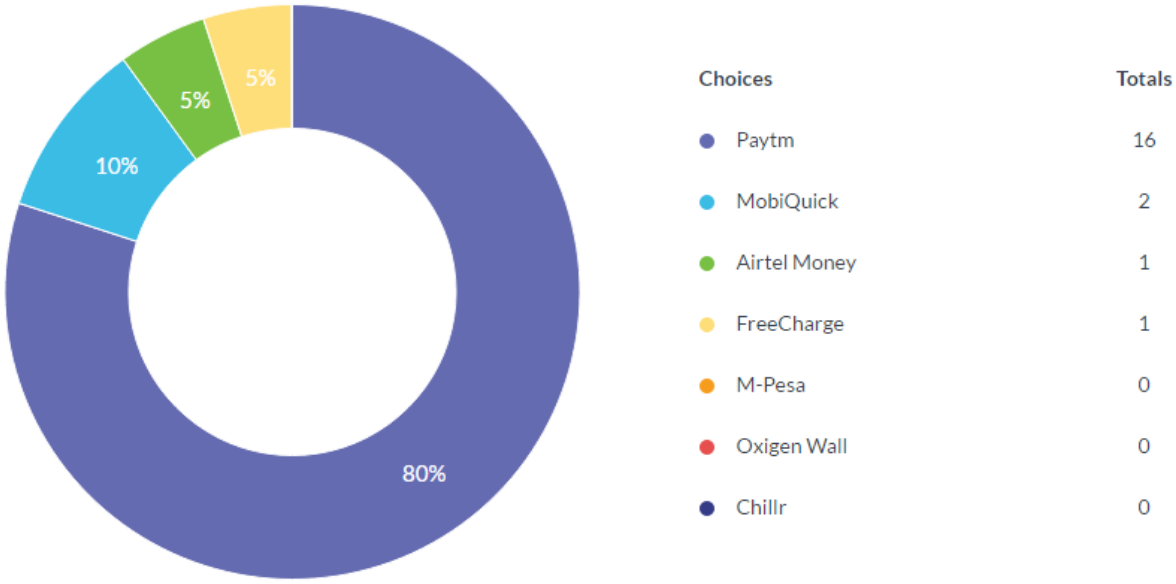
16) Do you feel your phone is secure is secure as your wallet?



Interpretation for 10 -16 : 60 % respondent feel mobile payment is secure option for the utility payments and they use mobile payment for cab booing , electricity , Mobile recharge , and DTH recharge , And 65%

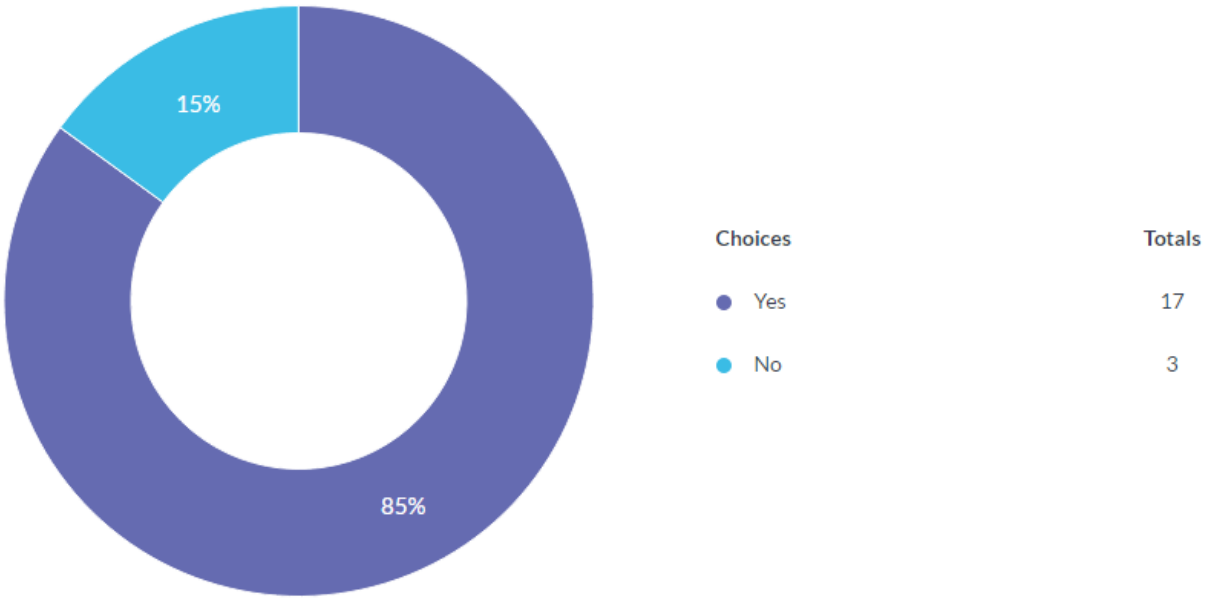
peoples are ready to replace cash with mobile wallet option. 100% our respondents use mobile wallet for utility payment .

17) **In your opinion, which is your favorite payment gateway for utility bill payment?**

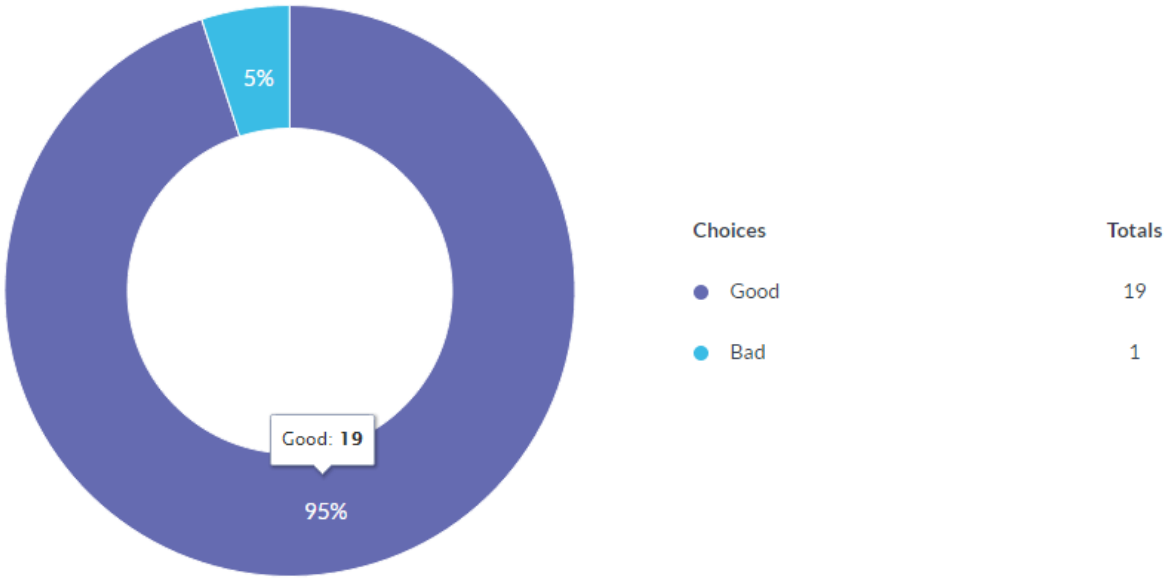


Interpretation for 17: PayTM is the most favorite payment platform in India 80% peoples voted as most favorite platform followed by MobiQuick.

18) **Do you use free coupons and cash back offered by the Mobile wallet Companies?**

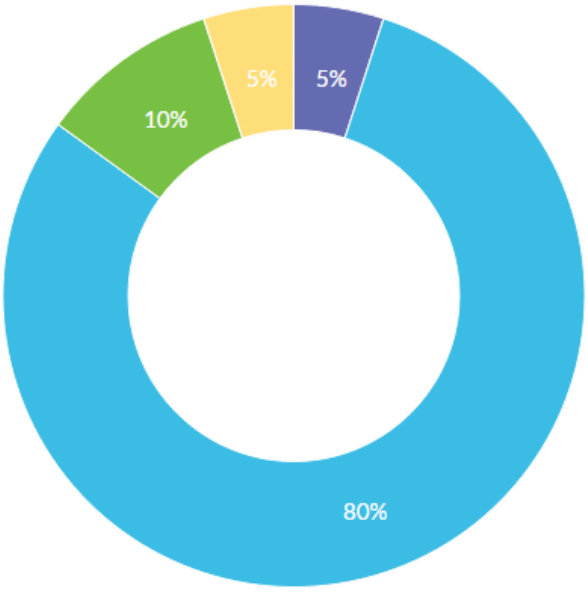


19) **What is your experience of using mobile wallets in India?**



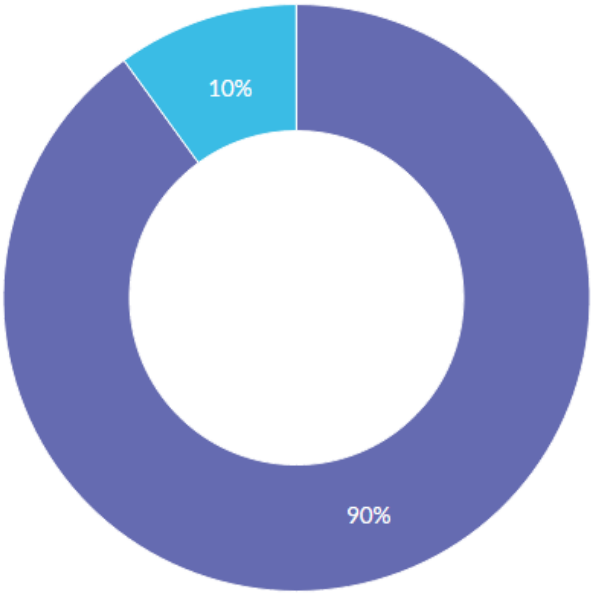
Interpretation for 18 to 19: 85% peoples used cash back offer being offered by the mobile wallet companies and 90% of respondents has been voted for good experience with mobile wallet.

20) **What is your Age?**



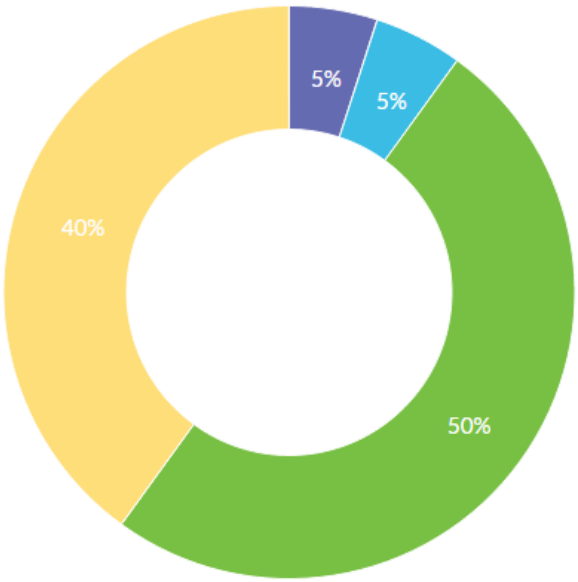
Choices	Totals
18 to 25 Years	1
25 to 35 Years	16
35 to 50 Years	2
More than 50 years	1

21) **Gender?**



Choices	Totals
Male	18
Female	2

22) **Annual Family income?**



Choices	Totals
2 Lacs to 4 Lac	1
4 Lac to 6 Las	1
6 Lac to 10 Lac	10
More than 10 Lac	8

Interpretation for 20 -22: 80% of respondents fall under the age group of 25 to 35 and 90% are our respondents are male. 50% respondent's family income between 6 L to 10L and the second largest income group is more than 10L income group.

FINDINGS

- Indian customers are highly information seekers. They collect more information about quality, price and refer customer's experiences before purchasing a product.
- Advertisements have high impact for creating stimulus in Indian customers.
- Indian consumers have high tendency to go for online purchase. They have high affinity to go online for electronic products and apparels.
- One of the current trends in Indian youth and young Indians are watching the T.V programs via online portals. May be the main reason is convenience of time, they can watch programs which they had skipped due to some reasons.
- The same thing is happening for the newspaper also, people have more affinity towards online news portals. Here's the reason may be they can get news updates very early; they don't need to wait for daily newspapers.
- In both of these cases, one opportunity is lost for marketer and one opportunity is emerging for them to reach their T.G.
- More than 90% of the samples have a mobile or Smartphone and laptops or PC. 96% of samples have an internet connection is any of these gadgets, this showing the penetration of internet in India.
- If we take tablet, penetration in Indian is low. But it doesn't mean that no one is using tabs. More than 30% of samples have tablet. For brands they are getting three more platforms to reach their T.G and engage them.
- 33% of the samples are using these gadgets while they are with their friends, so just think about the reach. If one person noticed something which is cool and awesome they will surely communicate to others.
- 25% of the samples are using these gadgets while watching T.V; it's again a barrier for brands which use TVC only. 21% of the samples are using this gadget for chatting and

16% are using for surfing. What they are surfing? It can be about a product, local events or locations...etc.

- In this situation, one opportunity is again losing to brands and one opportunity is emerging for brands to reach their T.G.
- More than 90% of samples are noticing ads, among them 35% of samples noticed ads through online media, followed by TVC and Newspapers.
- 48% of samples are telling they give more importance to online ads and 34 % of samples give importance to T.V.C.
- From the first part of this research itself, we know that customers are highly information seeker. It may be the reason for high trust in online ads. They can search for more information after seeing an ad or online is the only two way communication channel for customers.
- 22% of the samples do research through their lap or PC before purchasing a product from the retail shop and 21% do research via mobile.
- Most of the Indians prefer to purchase from a retail shop only, but before going to retail shop they will seek information about the product through an online platform. Here is actually change happens in consumer buying journey, early times consumer belief a product only after seeing the product in a retail shop.
- But now Indian customers want to get conviction about a product before going to retail shop. So from a marketers view they want to convince their customers before going to a retail shop.
- Brands want to build a cool presence over digital platforms because the customer will do research about the product after seeing an ad or after getting stimulated.
- Brands are getting more touch points to reach target group in a cost effective manner.

CONCLUSION

1) The Findings of this project indicates that the future of marketing is in the hands of digital. Digital marketing is not only concerned with placing ads in portals, it consists of integrated services and integrated channels. Marketers want to use these components in an effective way to reach target groups and to build a brand. In this digital era marketer is not the custodian for a brand, people who are connected across the digital platforms are the custodians.
2) Brands want to build their presence over digital platform, because customers have high affinity towards digital media than other media's. More than that customers are highly information seekers and digital media is the only platform for two way communication between brands and customers.
3) Digital media is the best platform to convert a product to a brand. Because it is more cost effective and it provide lot of touch points to marketer. Brands can able to engage their target group in an effective way through digital platforms. Digital media is not only for engagement, brands can increase their customers or they can retain their existing customers. Digital platforms help to increase the impact of brand recall in target groups.
4) The research focused on the consumer buying behaviour shows that, Indian consumers are highly information seeker and they will do research about a product before going to a retail shop. So brands want to give platforms to consumers to understand their product or to get a really feel of that brand.
5) I conclude my research by quoting again that "Brands can't sustain without digital presence".

REFERENCES

1) comScore,2013. *INDIA DIGITAL FUTURE IN FOCUS 2013*. [pdf]

2-)TOI,2014. *Indian to have 243 million internet user by june 2014: IAMAI*. [online] Available from: http://timesofindia.indiatimes.com/tech/tech-news/India-to-have-243-million-internet-users-by-June-2014-IAMAI/articleshow/29563698.cms [Accessed on 10 November 2015]

2)) Social Video Report, 2013. [online] Available from: http://socialvideoreport.com/ [Accessed on 10 November 2015]
3)) INMOBI research report, 2012. *Media Consumption* [pdf]
4) http://www.ipost.com/blog/email-marketing/push-or-pull-which-type-of-digital-marketing-is-most-effective/
5) http://empoweringabc.com/2010/08/04/a-is-for-aisas/
6) comScore.2014.[online] Available from: http://www.comscore.com/About_comScore/comScore_Fact_Sheet
7) http://research-methodology.net/consumer-buyer-behaviour-definition/
8) https://www.thinkwithgoogle.com/research-studies/2012-zmot-handbook.html
9) Wikipedia
10) Twitter Archive for the FMCG brand images