

A Study on Impact of Demonetisation on the Usage of E-Wallets among the Post-Graduation Students with Special Reference to Hyderabad

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ABSTRACT

The new millennium has opened a plethora of opportunities in digital technology and has made tremendous influence in payment services. The Government of India has taken numerous steps to boost and embolden digital transactions in the country. Technology has become the driving force of the banking sector these days. In the recent days, there were different banking and monetary reforms taken place; demonetisation plays a crucial role among these reforms as part of digital India. In accordance with different technological advancements and economic policies, different utility software applications are also introduced. The e-wallets are designed for mobile devices to avoid the burden of carrying cash. The e-wallet has become the method for modern transactions. An attempt has been made to analyse the impact of demonetisation on the usage of e-wallets among The Post-Graduation Students by collecting samples from Hyderabad district. The study reveals that the usage of e-wallet has a significant change after the demonetisation and the e-wallet provides convenient mechanism to conduct monetary transactions.

Keywords: E-wallet, digital wallet, demonetisation, digital India, e banking.

Introduction

We are now in the era of digital world. India is heading on the path of a major digital revolution. In today's world, with the advent of Information and Communication Technology and the intensified connectivity provided by the Internet has transformed the nature of financial transactions. In the past decade there is a magnificent progress in the usage of various gadgets like mobile phones, laptops, smart phones, iPads, tabs and internet in India. Snowballing use of internet, mobile penetration and Government initiative such as Digital India are acting as catalyst which leads to exponential growth in the usage of digital payment. India stabs to treading towards digital payment system.

As the barter system was suffering from limitations, the concept of money has introduced. Gradually the Physical form of money shifted to financial instruments and plastic currencies. Now a days, this money is also digitalized and digital money is introduced, where the money has no physical existence or it is virtual money. Digital India is an initiative taken by the government of India. This concept is more emphasized during demonetisation policy period to reduce the usage of physical currencies and to accelerate the economy by digitalizing the transactions. The digital or electronic transactions provides more transparency and authenticity. Hence, the tax evasions and unfair trade practices can be reduced. The e-wallet is a virtual form of wallet, where we can keep digital money. It provides more convenient mechanism than e banking or mobile banking. E-wallet act as an

interface between the parties to make the transactions easier and convenient. On the other hand, both parties can enjoy more benefits by conducting electronic transactions. There are different kinds of e-wallet software's are there in India. The study is an attempt to analyse the impact of demonetisation on the usage of e-wallets among the Post-Graduation Students and the significance of their gender wise usage.

Objectives of the Study

- To analyse the impact of demonetisation on the usage of e-wallets among The Post-Graduation Students Hyderabad District
- To study the e-wallets and its dimensions.

Review of Literature

Abhay Upadhyaya (2012) describes that the e-wallet as the electronic medium that provides day-to-day functions in a convenient way. The e-wallet is more safe and secured than credit cards and debit cards. The e-wallet is quoted as personal banking system. The study also reveals the technologies and security measures used in e-wallets and the benefits of e-wallets.

Ambarish Salodkar et.al (2015) states that the importance and architecture of electronic wallet. The arrival of virtual money in different countries with the risk and need factors were taken into account. The e-wallet is considered as the mode of futuristic transactions by a click or touch, with higher securities and lower time.

Rathore H S (2016) analysed the various factors that can affect a consumer's decision to adopt digital wallet as a mode of online payment and the risk and challenges faced by consumers in use of digital wallet by using questionnaire method. And argues that, Digital wallets are the mainstream mode of online payment. Shoppers are adopting digital wallets at an incredibly rapid pace, largely due to convenience and ease of use.

Karamjeet Kaur (2015) expressed that the e-wallet as the medium for frequent online shoppers with secure, convenient, and portable tool for online shopping. Electronic Payments provides greater freedom to individuals in paying their taxes, license, fees, fines and purchases at unconventional locations and at whichever time of the day of the year.

Rathi, M. S (2017) studied the demonetisation and digital payment system in India: issues and challenges. The paper describes various electronic payment framework in India and the consequences while implementing demonetisation through digital systems. Literacy rate, volatility of Indian financial markets, cybercrimes, lack of proper internet connections and suitable electronic devices etc. were emphasized as the major problems.

Ramakumar, R. (2018) described the demonetisation and India's elusive chase for black money. The initiatives taken by the government to implement demonetisation and the role of RBI in the demonetisation were discussed. The study includes the economic impact of demonetisation on various sectors of Indian economy.

Background of the Study

The demonetisation is a strategic movement from the government against black money and to digitalize the economic transactions of the country as it is more transparent. Nowadays, the role of mobile devices in routine life is inseparable especially among the Post-Graduation Students. Plenty of apps are available in these devices and that facilitates multiple utility functions. E-wallet is a utility software introduced before the demonetisation. The e-wallet and demonetisation emphasize on the virtual concept of money where money has no physical existence. The consumption behaviour through physical money and virtual money has significant difference as the virtual mode of transactions leads to overspending. The e-wallet provides mobile application to conduct various kinds of monetary transactions. It also provides attractive offers and discounts to get popularized. The students are also attracted with the e-wallets and they use it for different utilities. It does not reveal the actual value of money, a simple click or touch will be enough and the e-wallet promotes these kinds of transactions. While analysing the use of e-wallet among The Post-Graduation Students, majority of them get money from their parents and they have no self-income. Since they are unaware of the value of the money, they may spend as they wish. This study analyses the use of e-wallet among The Post-Graduation Students by considering the impact of demonetisation.

Research Methodology

An attempt has been made to analyze the extent to which the e-wallets are popularized in Indian e-banking industry and e-commerce. By considering the major e-wallet companies like Paytm, Mobikwik, Vodafone m-pesa etc., the services provided by such firms and their limitations are taken into account. In order to analyse the usage of e-wallet by The Post-Graduation Students, the data from both primary and secondary sources have been gathered. A structured questionnaire is prepared to collect the primary data from students by taking 150 as sample size. The statistical tools like percentage analysis and chi-square test are used to analyse the data with the help of SPSS. The major players in Indian e-wallet companies and their applications, affordability, services, payment mechanisms, offers, discounts etc. are collected through secondary sources and the software application itself.

E-wallet

The e-wallet or digital wallet is similar to the wallet but it carries electronic cash instead of physical cash or currencies. Thus the e-wallet facilitates the customer to conduct quick and convenient modes of transactions. There are different e-wallet companies in India and which provides various services to the users.

Applications of e-wallet

- Payment of bills.
- Ticket booking (Flight, Train, Bus, Cinema, etc.)
- Transfer of money.
- Instant and prompt payment in stores and shops.
- Fee, rent, tax etc. payments.
- Mobile recharges and other recharges.

- Insurance services and premium payments.
- Hotel booking.
- Online purchases and sales.
- Bank account management.

Merits of e-wallets

- Quick and prompt payment mechanism
- Secured mode of transactions
- No need to keep physical money or wallet.
- Keeps record for each transactions.
- Provides offers and discounts for customers.
- Transactions can be done at 24x7 even at remote locations (device with internet connection is enough)
- No need to access bank account. Hence, it is secured than card transactions (debit card, credit card etc.) and online banking.
- The money will be refunded to the-wallet in case of failure in transactions.

Demerits of e-wallet

- Greater degree of risk is associated with online payments.
- Snatching or losing of phone may lead to loss of money.
- Accelerates the purchase behavior, hence it may lead to overspending or unwanted purchase.
- In order to make payment, both payee and recipient should requires e-wallet or online banking facility. Since, small firms and illiterate persons may not be able to afford it.

Types of e-wallets

➤ ***On the basis of storage***

Server side e-wallet

A server side e-wallet stores the customer information on the remote server belonging to a particular merchant or wallet publisher. While conducting the transactions, the authorized customer can access to the server and retrieve the data regarding the transaction.

Client side e-wallet

The client side e-wallet stores the customer information on his computer storage or internal memory devices. Majority of the e-wallets are client side-wallets. The user has to download the e-wallet software from internet sources, and he should require an account in that software.

➤ ***On the basis of usage***

Closed e-wallet

The closed e-wallet is issued by a company to its customer for some specified purchases. The closed e-wallet restricts the customer transactions by enabling some limited purchase of goods and services from a specified merchant. These-wallets never allows the customer to withdraw or to redeem the cash from wallet.

Semi closed e-wallets

A semi-closed wallet has more applications than closed wallets. It can be used for goods and services, including financial services at selected merchant locations or establishments. Normally such firm keeps a contract with the issuing authority or the issuing company. The transactions are restricted with those specified merchants only.

Open e-wallet

Open e-wallet can be used to purchase any goods and services without restrictions. The open e-wallet allows the customer to conduct purchases, payments, fund transferring, etc. The open wallet facilitates the customer to withdraw or redeem money from the-wallet through automated teller machines and other authorized electronic devices.

Data Analysis**Demographic Profile analysis****Table 1:** Demographic Profile analysis.

Profile	Frequency	Percentage
Gender:		
Male	95	63.3
Female	55	36.7
Total	150	100
Age:		
Less than 20 years	7	4.7
20-25 years	136	90.7
26-30 years	4	2.7
More than 30 years	3	2.0
Total	150	100
Educational qualification:		
Undergraduate	55	36.7
Postgraduate	87	58
Doctoral	8	5.3
Total	150	100
Mode of accommodation:		
Hostel	76	50.7
Day scholar	74	49.3
Total	150	100

Source: Primary Data

Table 1 shows the demographic variables of the respondents, out of 150 samples, 63% of respondents are male and 37% are female. 91% of the respondents are in the age category of 20-25 years, 5 %are belongs to less than 20 years category, 2% belongs to 26-30 years category and the rest are of more than 30 years. While analysing the educational status, 38% of the respondents are undergraduates, 58 percentage are postgraduates and the rest are

research scholars. 50 percentage of the respondents are hostlers and another 50 percent belongs to day scholars.

Chi-square Analysis

H₀₁: There is no significant change in the usage of e-wallet after demonetisation.

H_{a1}: There is significant change in the usage of e-wallet after demonetisation.

Table 2: Chi-Square analysis on Impact on demonetisation

Statements	Calculated values	Significant values (at 5%)
Average amount spent in a month	9.799136	0.020
Change in the consumption behaviour	6.108235	0.047
Transfer of money	6.867822	0.009
Agrees that e-wallets promotes cashless payments to next level	9.636063	0.002

Source: Compiled data

The table 2 represent that the average amount spend through e-wallet has been increased at a lower amount of expenses. The consumption behaviour has slightly increased. The demonetisation accelerated the transfer of money through e-wallets. And the respondents agrees that e-wallet promotes cashless transactions to next level. Hence, there is significant relationship between demonetisation and usage of e-wallet.

H₀₂: There is no significant different between the use of e-wallet and gender.

H_{a2}: There is significant different between the use of e-wallet and gender.

Table 3: Gender wise Chi-Square analysis on usage of e-wallet

Statements	Calculated values	Significant values (at 5%)
Frequency of the usage	11.384189	0.023
Payment of bills through e-wallets	4.099828	0.043
Convenience	11.552808	0.001
Attracted with offers and discounts	5.775803	0.016

Source : Compiled data

The table 3 shows the frequency of the usage of e-wallet, the e-wallet usage of male is greater than female as they frequently uses it. The female agrees that e-wallet is more convenient to them. In terms of payment of bills and offers and discounts, the male uses the e-wallet than female and they also attracted with the offers and discounts given by the e-wallets. Hence, there is association with gender and usage of e-wallet.

Conclusion

The e-wallet is the product of technological revolution in banking sector. Since, it provides an interface to user by providing a secured and authenticated virtual location to keep electronic cash. The e-wallet shows the amount in the account instead of cash. The physical form of cash is converted into electronic means. Thus, it facilitates convenience and

easiness to the customers while conducting the transactions. The e-wallet ensures higher security by verifying the authenticity of the user and accelerates the speed of transactions through gateway transactions. The study reveals that the demonetisation has a significant impact on the usage of e-wallet among The Post-Graduation Students. While analysing gender wise the use of e-wallet, male has higher satisfaction level and uses e-wallet frequently than female. The respondents are attracted with the offers and discounts provided by e-wallets. The hostel students frequently uses e-wallet than the day scholars for money transfers and online purchases. Convenience and offers and discounts act as the major attraction of e-wallet usage among students. The applications of e-wallets has wider scope in the Indian market, that it provides different payment services which are recurring or routine in the day-to-day life of every individual.

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