Chapter I

Introduction

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INTRODUCTION

"A cashless economy is secure, it is clean, you have a leadership role to play in India towards an increasingly digital economy."

-   ***Shri Narendra Modi***

In the current scenario, India is developing at a fast pace. The Government has taken various efforts to transform the Indian economy into digitalized economy. The biggest initiative so far with respect to this is the Digital India campaign that was launched by our honorable Prime Minister Shri. Narendra Modi in the year 2015. (*Source: https://csc.gov.in/digitalIndia).* The objective of this programme was to ensure that the Government services are made available to all citizens electronically by improving the online infrastructure and internet connectivity by empowering the country in the field of digital technology. At this point, the history of digitalization has subjugated to the evolution of the business worldwide. The advent of new technological improvement has completely transformed the way in which various activities are executed. Digitalization is one of the highest revolutions that has happened in the financial industry which led to the development of fintech. The features which contributed to the progression of fintech in India are policies driven by Government which includes Digital India, Demonetization and Start-up India etc.

The increasing smart phone market and the escalating internet users in the country provide a good groundwork for Prime Minister's dream of India becoming a cashless economy. As part of encouraging cashless transactions and switching India into cashless society the people have started using different modes of digital payment mechanisms viz., e-wallets which are virtual replacements of traditional physical wallets in which cash is carried for making payments.

Innumerable wallets today are clustered with several cards and more. The e-wallet will provide all the functions of wallets eliminating the need for a handful of cards and diverse security features which is not witnessed in regular wallet where identification is required for each and every transaction. Processing payments through e-wallets have low transaction fees compared to their cash and card counterparts.

The adoption of e-wallets has been tremendously raised by enhancing the payment system that can be exceptionally convenient for businesses. It increases the promptness of transactions which helps to reduce the waiting time for customers. The level of transparency needed for today's companies cannot be provided by traditional payment systems. The worldwide adoption of e-wallet gives satisfaction to everyone involved in this technological era. All electronic information transactions comes with a risk, but e-wallet payments are making it more convenient and highly secured.

Through e-wallets, the payment infrastructure with immense advancement in technology has become highly consumer friendly. With continually expanding level of infiltration of portable cell phones, e-wallets have been anticipated to bring the next coherent stride in transit to a cashless society. The growth rate in use of smart phones and tremendous increase in use of mobile internet among all age groups specifically has obligated to come up with a comparative generational analysis on users perception and satisfaction on e-wallet services among Gen Y and Z.

1.1 DESCRIPTION OF GENERATION Y AND GENERATION Z

Generation Y are the people born during the period 1981-1996. They are also called as Millennials. They witnessed the origin and the elevation of the internet and other digital technologies. They had constant access to new technology like computers, laptops, and cell phones. They employ updated forms of electronics to do their day-to-day activities.

The current generation of people are known as **Generation Z** or Centennials are born during the period 1997-2012. They grew up with technology, they are competitive, tech-savvy, independent, and entrepreneurial. They have arrived with a tablet and a smartphone under their arms. *(Source: https://pediaa.com)*

1.2 STATEMENT OF THE PROBLEM

In our country, "The Digital India" initiated by the Government has given a massive boost to the digital transaction systems. The mode of payments has become digitalized in the last few years, specifically after demonetization (2016). In order to encourage cashless transactions, the Reserve Bank of India (RBI) has periodically encouraged and approved numerous cashless payment solutions, one such form of payment that has become common

in India under the Prepaid Payment Instruments (PPIs) is the e-wallets. Under the Payment and Settlements Act, 2007, RBI approved mobile wallets and initially, it was not recognized as a common means of payment in the Indian economy. This was because of the psychological barrier existed in people's mind to adapt to new technology. In the latter process, the demonetization implemented by the Government of India was the main reason for sudden rise in usage of cashless payments and transactions. Understanding the current scenario, many e-wallet organizations provide various benefits which motivates the consumers to use the wallets. Initially due to lack of technical knowledge there have been handful users of e-wallets whereas at present due to the enormous use of smartphone and internet the e-wallet have gained its popularity. In the current digital scenario the customers seek out for the flexible payment system, hence they tend to use various digital modes for their transactions. In this context, the study has been undertaken to analyse the perception and satisfaction of Gen Y and Z users on e-wallet services, challenges faced by them, level of awareness towards the features, satisfaction level as well as the factors that motivates the consumers in adoption of e-wallets in Coimbatore city.

In the above background the following questions have been raised in the mind of researcher.

➢ Are they completely aware on various features of e-wallets and the services provided by them?

➢ What factors influences the consumers to use e-wallets?

➢ Are they satisfied with the facilities provided by e-wallet services providers?

➢ Are there any challenges faced by them during the usage of e-wallets?

To discuss the above questions, the present research has been taken up with the following objectives:

1.3 OBJECTIVES OF THE STUDY

1. To analyze the demographic profile, awareness and the factors that influences the consumers of Generation Y and Z in availing e-wallet payment service.

2. To explore the users preference and level of perception towards e-wallet payment services among Generation Y and Z.

3. To investigate the users satisfaction towards the facilities offered by various e-wallet payment services among Generation Y and Z.

4. To examine the challenges faced by the users of Generation Y and Z while availing e-wallet payment services.

5. To develop a path analysis between awareness, perception and satisfaction towards e-wallet payment service with parallel mediator of challenges faced by the users of Generation Y and Z.

1.4 HYPOTHESES

1. Demographic profile of users belonging to Generation Y and Z have no significant association with their level of awareness regarding the features of e-wallet payment service providers.

2. Perception of users belonging to Generation Y and Z on the e-wallet payment service does not vary significantly based on their demographic profile.

3. The level of satisfaction of the users towards the services offered for Generation Y and Z does not vary significantly based on their demographic profile.

4. The extent of challenges faced by the e-wallet users of Generation Y and Z do not vary significantly based on their demographic variables.

1.5 RESEARCH METHODOLOGY

1.5.1 Sample technique

A sample of 800 e-wallet users (i.e. 400 each from Generation Y and Z) of Generation Y and Z in Coimbatore city has been taken for the study.

The sample size for one generation calculated using Cochran's formula since the population and proportion of e-wallet users are unknown.

$$n = Z^2 / 4e^2$$

Where n = required sample size

e = acceptable sampling error (e=0.05)

Z = Z value at significance level

(Significance level 0.05; Z=1.96)

n= $(1.96)^2 / 4 (0.05)^2 = 384$ respondents.

As per Cochran's formula, sample size of 384 is sufficient. But considering the accuracy of data, the sample is rounded off to 400 by adopting Snowball sampling technique, Questionnaires have been circulated to 400 respondents of each generation, namely Generation Y and Z which constitute a total sample of 800 respondents. (i.e.) 400 each from Generation Y and Z respectively.

Pilot study has been carried out by collecting data from 100 respondents through questionnaire. Based on the pilot study and in consultation with academic experts, necessary changes have been incorporated in the questionnaire.

To measure data reliability, Cronbach Alpha test has been carried out. The result of the test discloses that the collected data are reliable. Assumptions such as normality, validity and homogeneity have been checked for final data.

1.5.2 Source of Data

Both primary and secondary data have been used for the study. A structured questionnaire has been framed to collect data from e-wallet users of Generation Y and Z. The questionnaire includes questions to know the opinion of the respondents relating to the following areas.

- ➢ The demographic profile and level of awareness towards the features of e-wallet users.
- ➢ Preference and level of perception towards e-wallet users.
- ➢ Influencing factors towards the mobile wallet preference and services.
- ➢ Satisfaction towards facilities offered in e-wallet payments.
- ➢ The challenges faced by the users.

Secondary data have been obtained from various published books, reports/articles and websites of e-wallet applications.

1.5.3 Period of study

The study has been undertaken during two years starting from October 2020-September 2022.

1.5.4 Area of study

The study has been undertaken in Coimbatore city.

1.5.5 Framework of analysis

The statistical tools viz.,Descriptive statistics, Percentage Analysis, Chi-Square test, Analysis of variance (ANOVA), t-Test, Weighted average rank, Garrett ranking, Multiple Regression analysis, Correlation analysis, Factor analysis and Path analysis have been applied to analyse the collected data.

1.6 SCOPE OF THE STUDY

The study spotlights on the e-wallet users of Generation Y and Z and it roofs nine e-wallets in India. Numerous research studies have been ushered on various e-wallet services among over all users. This research concentrates on probing the perception and satisfaction regard to e-wallets. Thus, this study mainly pitches into Generation Y and Z and components such as awareness, influencing factors, preferences, perception, satisfaction and challenges of the focused respondents. The research work is to analyse about the Generation Y and Z e-wallet users, because they are the lively users of various e-wallets for making transactions.

1.7 SIGNIFICANCE OF THE STUDY

The resoluteness of the study examines the use of e-wallet services among Generation Y and Z. In today's world, handling of e-wallets has become vital and requisite with regard to various e-wallets. When the exertion of e-wallets are exploded, it is the time to study the overall perception and satisfaction among Generation Y and Z. In fact, e-wallet application users among these generation community are indicative due to high adoption rate and increasing number of users. It is vital to conduct a comparative generational analysis to understand more about the e-wallets services via marketing concept among the users of selected e-wallet applications.

1.8 LIMITATIONS OF THE STUDY

➢ The study has been conducted in Coimbatore city which may not represent the entire population.

➢ The sample size is restricted to 800 (i.e. 400 each from Generation Y and Z) e-wallet users of Generation Y and Z.

➢ Generation Y and Z user's perception changes from time to time due to the frequent updation of e-wallets.

1.9 CHAPTER SCHEME

The present study is organized into seven chapters.

Chapter I deals with introduction of the study, statement of the problem, objectives of the study, hypotheses, research methodology, scope of the study, significance of the study, limitations of the study and chapter scheme.

Chapter II encompasses the review of various research works undertaken in the field relating to the present study.

Chapter III covers about e-wallets in India, its history and evolution, its types, methods, merits and demerits and its RBI guidelines about e-wallets.

Chapter IV, V-A, V-B, VI-A and **VI-B** discuss the results of data analysed using various statistical tools.

Findings, suggestions and conclusion of the study have been discussed in **Chapter VII.**