

Adoption of E-Wallets by Unorganised Sector – A Study near Shopping Areas of Bengaluru City South Zone

Dr. M Muniraju¹ Swaminath S²

Abstract:

The Indian Economy is characterized by the presence of a vast majority of informal or unorganized labour employment. As per Economic Survey 2018, India's formal sector is considerably bigger than earlier projections, while its informal economy is shrinking. Formal jobs now comprise over a quarter of our employment, higher than previous estimates, which pegged the informal sector employing over 90 per cent (including agriculture) of our 460 million-odd workforces. Every day, hefty transactions take place in and around Bengaluru city by unorganized sector. The medium of exchange popularly known as cash and most of the merchants believed that cash is the best source of payment which gives value for money. Even today, cash is the most trusted and loyalty payment mode for transactions across the world.

In India, the policy approach to build cash-less economy is gaining momentum. India is moving towards becoming a cashless economy with the launch of Unified Payment Interface (UPI); with this new payment avenue and the emergence of Smart Phone Technology with the help of Artificial Intelligence, the unorganized sector is getting ample opportunities in gripping the customers with variety of payment channels present for their transactions. It is also believed by most of the merchants that; through e-payment channels, accurate account of their daily business can be maintained and not even a single penny is missing, just like in case of cash transaction in the form of inexpressible discount.

The purpose of the study is to understand the change in landscape of payment system from traditional cash payment to E-Wallets for all their business transactions. As I already mentioned, Bengaluru is a dynamic hub for changes and payment system are not far away from its purview. The shopping areas of south zone of Bengaluru is considered for study and adequate sample will be drawn to understand the paradigm shift as well as factors influencing them to shift to new payment gateways.

Key Words: *Artificial Intelligence, Unorganized Sector, E-Payment, Universal Payment Interface (UPI), Payment Gateways, E-Wallet*

¹Dean & Chairman, Department of Commerce, Bangalore Central University, Bangalore – 560001, Ph: 9448686143 Email-ID: drmmr2010@gmail.com

²Assistant Professor, Government First Grade College, Kengeri, Bengaluru – 560060
Ph: 9535492692 Email-ID: iams_redeblue@yahoo.co.in

Introduction

The development of technology and technological advancement as made smartphone to become essential part of daily life of people. Smartphones are used as a source of communication device, socialized tool, entertainment, internet and even payment tool. Mobile wallet with the support of mobile technology as allowed the owners of smartphone to carry out many financial transactions in an effective manner. India stirred a step closer towards becoming a cashless economy with the launch of National Payments Corporation of India's (NPCI's) Unified Payment Interface (UPI) on 12th April, 2016. UPI is a platform which facilitates micropayments and Person-to-Person payments. The system will allow customers to instantaneously transfer funds across different banks with the use of a single identifier which will act as a virtual address and eliminate the need to exchange sensitive information such as bank account numbers during a financial transaction. So, the introduction of UPI, in particular unorganised sector extensively using the e-wallet applications for business transactions in recent times, particularly at shopping areas of Bangalore South Zone.

Background of Research Problem

The payment system of Unorganised Sector was restricted only to cash and they were so hesitant to accept payment in debit and credit card too. It was a time when merchants assumed that payment in debit and credit card lead to disruption of their earnings. Unorganised sector used to demand for cash for all types of business transactions and customers use ATM frequently to withdraw money for all payments. Those days are gone now, payment in debit and credit card is also one of the old fashions because of an introduction of e-wallet by various payment banks approved from RBI. The basic advantages of having e-wallets are account for money, cash back schemes and within a less time transactions will get over, more importantly it is user friendly from customer as well as merchants' point of view. The technology is the driving force for all changes in the world.

Statement on Significance of Research

The Government of India has taken several initiatives for modernization and for improving sustainability of the E-Commerce sector. The Digital India project aims to offer online government services that will have mobile phone as the backbone for its delivery. The programme will give a strong boost to the E-Commerce market by bringing internet and broadband to remote corners of the country, which is expected to give rise to an increase in trade and efficiency. National Payments Corporation of India (NPCI), during its journey in the last seven years, has made a significant impact on the retail payment systems in the country. Unorganised sector has proven to be one of the fastest

growing market for e-payments as it understood that people are more dependent on unorganised sector and their business transactions. It is highly significant and implicit to understand the adoption of e-payment channels by them to get account for each penny.

Statement of Research Problem

The burgeoning use of e-payments has made the possession of an e-card inevitable for an individual. Nowadays everyone wants to use these services. The government of India endeavoured to make the country 'cashless' by introducing multifarious E-Payment protocols to perform financial transactions. The objective and the purpose of the government can materialize only when a proper and adequate infrastructure is developed. The unorganised sector in particular, has opened itself to the marvels of technology too, after being forced to use innovative e-payment channels post-demonetization in India. So, the study mainly highlights adoption of various e-payment channels for their business transactions and moving towards cash less economy.

REVIEW OF LITERATURE

- 1. KaramjeetKaur, Dr. AshutoshPathak,(Feb, 2015)** the researcher identifies SWOC of e-payment protocols and has conducted a primary research to identify the quality of customer care service as well as to understand the intensity of usage of technology in performing transactions.
- 2. AmbarishSalodkar, Karan Morey, Prof. Mrs. MonaliShirbhate, (Dec, 2015)** the crux of research paper is on characteristics, risks and need for electronic payments. The research paper also states the required mobile infrastructure and the infrastructure present in India.
- 3. Dr.MunaKalyani, Hod& Reader, (Jan 2016),** the purpose of research paper is to analyses Indian informal sector in detail. The research paper states the classification of unorganised sector in India with statistics and the contribution of workforce on national income. The emphasis is mainly on the current situation of informal sector as well as analysis of percentage on income and GDP and National Income.
- 4. Pawan Kalyani (June 2016),** the research paper conveys all the available e-payment platforms with special reference to e-wallet and its usage by youth of India. The researcher identifies a paradigm shift in performing financial transactions by financial literates from traditional payment methods to modern methods. It also brings out the importance of a developing country like India to adapt itself to an ever-dynamic world.
- 5. Dr.S.Balamurugan and B.K.Hemalatha, (Nov, 2016)** the researcher narrates the impact of demonetization and its impact on large, medium and small-scale organisations. Central government's recent decision to demonetize the high value currency is one of the major steps

towards the eradication of black money in India. The demonetization drive will affect to some extent the general public, but for larger interest of the country such decisions are inevitable. Also, it may not curb black money completely, but it has a significant impact in curbing black money to a large extent.

6. **POONAM PAINULY and SHALU RATHI (2016)** in their research paper “Mobile wallet :An upcoming mode of business transaction “have analysed that ease of transaction ,secured profile and convenience in handling application put forth the benefits of wallet money and also concluded that business sectors like banking ,retail, hospitality etc., are making use of wallet money and mobile payment instruments including contactless and remote payment in the customers –business and customers to customers areas.
7. **RAJESH KRISHNA BALAN, NARAYAN RAMASUBHU, GIRI KUMAR TAYI (2006)** in their research paper “Digital wallet: Requirement and challenges “have identified about Singapore’s use of digital wallet and analysed the key challenges in building and deploying a digital wallet.
8. **Dr.HEM SHWETA RATHORE** in her research paper “Adoption of Digital wallet by consumers “have analysed about the factors that influence consumers in adoption of digital wallet and also analysed the risk and challenges faced by consumers in usage of digital wallet and concluded that shoppers are adopting digital wallet largely due to convenience and ease to use and in the future years digital wallet will gain more widespread acceptance.

Research Gap

The contribution in the field of adaptation and access of e-payment protocols and its impact on unorganized sector and their business operations are minimal. More often than none of the researchers are mainly concentrated on few important areas such as demonetization and its impact on organised and unorganised sector as well as analysis of e-payment protocols in India. So, the present study will fill the lacuna, by carrying a research work in understanding the factors which influence Merchants of Unorganised Sector to adopt and cherish the improvement in technology for their business earnings.

Objective of the Study

- To know the impact of E-Wallet or Mobile App usage on Monthly Income of Merchants.

Scope of the Study

The scope of the study is confined to factors affecting the adoption of Mobile Wallet as a source of payment for business transactions. The study takes into consideration of those merchants who use mobile wallet as a source of payment in shopping areas of Bangalore South Zone. i.e. Jayanagar,

Basavanagudi, Padmanabhanagar. I also made an effort to collect problems faced by merchants while using mobile wallet for further research. At the outset, the scope is very limited to Merchants who use mobile wallets at shopping areas of Bangalore South Zone.

Research Methodology

The research work is descriptive and analytical in nature. I have selected samples purely based on my credibility and those who fit to answer structured questionnaire on Mobile Wallet. Principally, 3 shopping areas are covered for the study based on purposive or judgmental sampling technique with homogenous characteristic.i.e. Jayanagar, Basavanagudi, Padmanabhanagar. A sample of 50 each from shopping areas are selected and their responses are analyzed by using statistical techniques.

Methodology of Data Collection

The primary data collected from 150 Merchants, who are familiar in using E-wallet or Application based payment systems for their business transactions. A structured questionnaire on various parameters were collected by judging and interviewing them personally. The secondary data collected by referring various articles, research papers, bulletins and websites of various institutions.

Limitations of the Study

1. The study is limited to 3 shopping areas selected randomly from Bangalore South Zone.
2. The respondents are only those who are familiar in using Mobile Wallet for business.
3. The indifferent or unsupportive attitude of some respondents while responding to the questions also affected the final findings and observations.
4. There had been some problem in getting information from respondents as they had to be interviewed in a very short time and a few of them were quite busy to give proper thought to the questions.

Analysis and Discussion

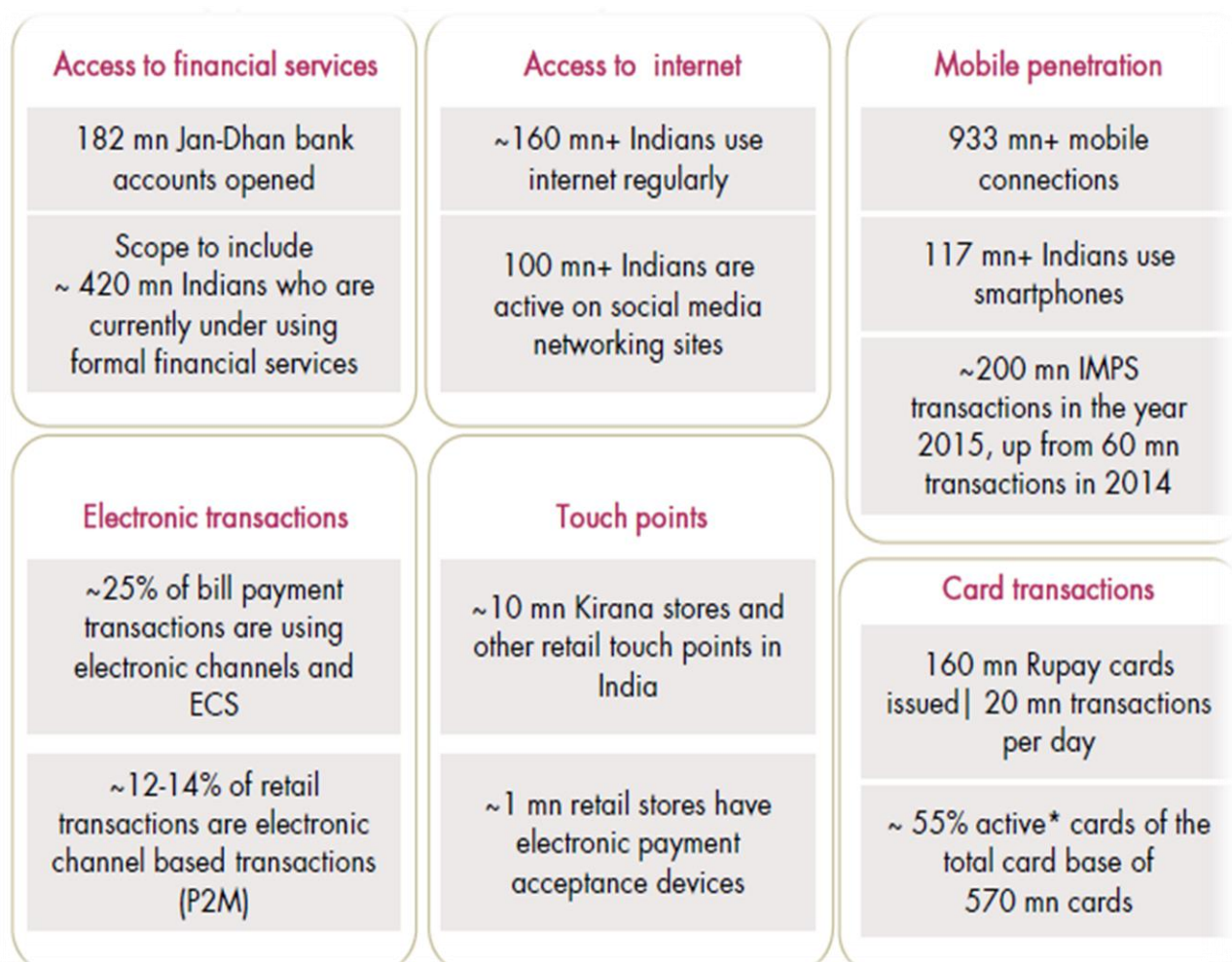
Today the unorganised or the informal sector accounts for more than 90 per cent of the workforce in the country and 50 per cent of the national income evolve from this sector. In general, the unorganised workers can be classified in terms of:

- A. Occupation:** Small and marginal farmers, landless agricultural labourers, share croppers, fishermen, those engaged in animal husbandry, beedi rolling, labelling and packing, building and construction workers, leather workers, weavers, artisans, salt workers, workers in brick kilns and stone quarries, workers in saw mills, oil mills etc. come under this category.
- B. Nature of Employment:** Attached agricultural labourers, bonded labourers, migrant workers, contract and casual labourers.

C. Distressed Categories: Toddy tappers, Scavengers, Carriers of head loads, Drivers of animal driven vehicles, Loaders and unloaders.

D. Service Categories: Midwives, Domestic workers, Fishermen and women, Barbers, Vegetable and fruit vendors, Newspaper vendors etc.

In addition to these four categories, there exists a large section of unorganized labour force such as cobblers, Hamals, Handicraft artisans, Handloom weavers, Lady Tailors, Physically handicapped self-employed persons, Rikshaw pullers, Auto drivers, Sericulture workers, Carpenters, Tannery workers, Power loom workers and the Urban poor.



Source: Boston Consultancy Group: Digital Payments 2020.

E-PAYMENT CHANNELS:

1. RuPay Card: JhanDhan Account (JAM)
2. IMPS, RTGS and NEFT.
3. Aadhar Enabled Payment System (AEPS)
4. **Unified Payment Interface (UPI): BHIM, Phone pay, Tej,**
5. USSD (Unstructured Supplementary Service Data): *99#

- 6. E-Wallet: Paytm, Amazon Pay**
- 7. IMPS: Immediate Payment Services – Mobile, Internet, ATM, SMS, etc.**
- 8. Bharath Bill Payment Systems (BBPS)**
- 9. ECS & EFT, POS (Wired & Wireless)**
- 10. NFC (Near Field Communication) & MST (Magnetic Secure Transaction)**
- 11. Payment through what's app services**
- 12. Fast Tag Services in State and National Level Toll Services.**

Based on above data, 150 Merchants from Unorganised Sector are selected and their responses were analyzed as below: -

Table 1: Demographic Analysis

Shopping Area	Basics	Category	No. of Respondents	Percentage
Jayanagar	Age	Upto 25 Years	14	28.0
		26 to 35 Years	10	20.0
		36 to 45 Years	15	30.0
		46 to 55 Years	5	10.0
		Above 55 Years	6	12.0
	Gender	Male	33	66.0
		Female	15	30.0
		Others	2	4.0
	Education	No Education	27	54.0
		School Level	16	32.0
		Graduate	3	6.0
		Post Graduate	4	8.0
	Financial Literacy	Yes	50	100.0
		No	0	0.0
E-Wallet Literacy	Yes	50	100.0	
	No	0	0.0	
Padmanabhanagar	Age	Upto 25 Years	13	26.0
		26 to 35 Years	22	44.0
		36 to 45 Years	10	20.0
		46 to 55 Years	3	6.0
		Above 55 Years	2	4.0
	Gender	Male	41	82.0
		Female	9	18.0
		Others	0	0.0
	Education	No Education	33	66.0
		School Level	16	32.0
		Graduate	1	2.0
		Post Graduate	0	0.0
	Financial Literacy	Yes	24	48.0

		No	26	52.0
	E-Wallet Literacy	Yes	40	80.0
		No	10	20.0
Basavanagudi	Age	Upto 25 Years	22	44.0
		26 to 35 Years	12	24.0
		36 to 45 Years	9	18.0
		46 to 55 Years	1	2.0
		Above 55 Years	6	12.0
	Gender	Male	23	46.0
		Female	27	54.0
		Others	0	0.0
	Education	No Education	8	16.0
		School Level	17	34.0
		Graduate	16	32.0
		Post Graduate	9	18.0
	Financial Literacy	Yes	50	100.0
		No	0	0.0
	E-Wallet Literacy	Yes	50	100.0
No		0	0.0	

Interpretation: It is inferred a sample of 50 each merchant selected from 3 different places in Bangalore South Zone i.e. Jayanagar, Padmanabhanagar & Basavanagudi.

In Jayanagar, majority of merchants are from the age group of 36 to 45 years. 66% merchants belong to male group and more importantly others stood at 4%. 54% of merchants doesn't have any education but they have financial literacy as well as mobile application literacy to check and do business operations.

In Padmanabhanagar, majority of merchants are from the age group of 26 to 35 years. 82% merchants belong to male group. 66% of merchants doesn't have any education and it is observed that more than half of the Merchants have financial and mobile application literacy but the remaining merchants takes help from their family members for checks and balances.

In Basavanagudi, majority of merchants are from the age group of Up to 25 Years. 54% merchants belong to female group. 34% of merchants are completed up to school level and it is observed that everyone has financial and mobile application literacy todo business transactions by using E-Wallets.

Objective 1: Impact of E-Wallet or Mobile App usage on Monthly Income of Merchants.

Hypothesis SET – I

H₀: There is no significant difference in Business Income after the usage of E-Wallet in Jayanagar.

H1: There exists a significant difference in Business Income after usage of E-Wallet in Jayanagar.

Table 2: Paired Samples Statistics

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 Monthly Income	1.6400	50	.72168	.10206
Monthly Income	2.1800	50	.69076	.09769

Table 3: Paired Samples Correlations

	N	Correlation	Sig.
Pair 1 Monthly Income & Monthly Income	50	-.318	.025

Table 4: Paired Samples Test

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 Monthly Income - Monthly Income	-.54000	1.14660	.16215	-.86586	-.21414	-3.330	49	.002

Interpretation: From the above analysis, I can infer that obtained P value is 0.002 which is less than the significant value of 0.05 lead to rejection of Null Hypothesis. So, it can be concluded there exists a significant difference in monthly income after the usage of E-Wallet or Mobile Payment Gateways in Jayanagar Shopping city area, Bangalore South Zone.

Hypothesis SET - II

H0: There is no significant difference in Business Income after the usage of E-Wallet in Padmanabhanagar.

H1: There exists a significant difference in Business Income after usage of E-Wallet in Padmanabhanagar.

Table 5: Paired Samples Statistics

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 Monthly Income	1.8800	50	.55842	.07897
Monthly Income	2.1000	50	.67763	.09583

Table 6: Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Monthly Income & Monthly Income	50	-.129	.370

Table 7: Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Monthly Income - Monthly Income	-.22000	.93219	.13183	-.48493	.04493	-1.669	49	.102

Interpretation: From the above analysis, I can infer that obtained P value is 0.102 which is more than the significant value of 0.05 lead to acceptance of Null Hypothesis. So, it can be concluded there is no significant difference in monthly income after the usage of E-Wallet or Mobile Payment Gateways in Padmanabhanagar Shopping city area, Bangalore South Zone.

Hypothesis SET - III

H₀: There is no significant difference in Business Income after the usage of E-Wallet in Basavanagudi.

H₁: There exists a significant difference in Business Income after usage of E-Wallet in Basavanagudi.

Table 8: Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Monthly Income	1.7200	50	.72955	.10317
	Monthly Income	1.9400	50	.68243	.09651

Table 9: Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Monthly Income & Monthly Income	50	-.075	.603

Table 10: Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Monthly Income - Monthly Income	-.22000	1.03589	.14650	-.51440	.07440	-1.502	49	.140

Interpretation: From the above analysis, I can infer that obtained P value is 0.140 which is more than the significant value of 0.05 lead to acceptance of Null Hypothesis. So, it can be concluded there is no significant difference in monthly income after the usage of E-Wallet or Mobile Payment Gateways in Basavanagudi Shopping city area, Bangalore South Zone.

Summary of Findings, Conclusions and Suggestions

It can be concluded that, out of preliminary research work conducted on adoption of E-Wallet by Merchants belongs to Unorganised Sector at Shopping areas of Bangalore South Zone, the monthly income of merchants belongs Jayanagar has changed compared to other two areas such as Padmanabhanagar and Basavanagudi. The working paper will further identify the factors influencing the adoption of E-Wallets as well as causes and obstacles for the use of E-Wallets in the coming period.

I would also like to make a suggestion that, government can initiate necessary programmes for creating awareness on how to use mobile apps or E-wallets to conduct financial operations and nevertheless its not only the responsibility of the government but it is also the responsibility of service provides to put their efforts in making everyone to use E-wallet apps user friendly.

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