



A STUDY ON USAGE OF PAYTM

ABHIJIT M. TADSE
Institute of Management
Development and Research,
Pune (MS) INDIA.

HARMEET SINGH NANNADE
Institute of Management
Development and Research,
Pune (MS) INDIA.

ABSTRACT

Smartphone has become essential part of daily life. Due to technology, Digital wallets are quickly becoming mainstream mode of online payment and mobile users can nowadays use their smartphones to make money transaction or payment by using applications installed in the phone. One such application is PayTm. The present study tries to study the usage of PayTm by Smartphone users. Apart from this, the study also attempt to find out the various problems faced by PayTm users.

INTRODUCTION

In today-world, smartphone has become essential part of daily life. India will exceed 200 million smartphone users, topping the US as the world's second largest smartphone market by the end of 2016 due to increasing penetration of affordable smart mobile devices in the country. Shoppers are adopting digital wallets at an incredibly rapid pace, largely due to convenience and ease of use.

PayTm made its way into the e-commerce market in the year 2014. PayTm now offers multiple products ranging from primary mobile recharges to buying apparels or electronics enabling customers to get everything at one place. Thus, over a period of time, it has become both a payment platform as well as the marketplace. It has even obtained the license from Reserve Bank of India to run a Payments Bank

The aim of this research paper is to analyze the usage of PayTm by users for which respondents were categorized on the basis of, age, Frequency of usage, Purpose of usage and average monthly spending on PayTm.

SIGNIFICANCE OF STUDY

The research was conducted to analyze the usage of PayTm by users and to study the satisfaction level of PayTm users based on different parameters.

METHODOLOGY

The aim of this research paper is to analyze the usage of PayTm by users. In order to reach the aim a structured questionnaire was sent to 230 smart phone users who use PayTm for online payment. The respondents were categorized on the basis of, age, Frequency of usage, Purpose of usage and average monthly spending on PayTm. Out of 230 people only 151 responded to the questionnaire. This research used descriptive method in order to get the statistic result from respondents.

LITERATURE REVIEW

- Rajesh Krishna Balan, Narayan Ramasubbu, Giri Kumar Tayi studied in their paper “**Digital Wallet: Requirements and Challenges**” (2006) that the requirements and challenges of deploying a nationwide digital wallet solution in Singapore. Further they discussed why Singapore is ready for a digital wallet and identify the key challenges in building and deploying a digital wallet. Then discussed one of the key challenges, supporting peer -to-peer cash transactions between individuals using a digital wallet, in more detail and end the paper with their proposed solution.
- Prof Trilok Nath Shukla in his paper “**Mobile Wallet: Present and the Future**” (June 2016) has discussed about mobile wallet, working, types and its advantages and disadvantages. His analysis included perception of consumers and retailers about mobile wallets. He concluded that mobile wallets will be used to engage with the customer by the marketers and digital businesses. Irrespective of the market status of these mobile wallets, marketers should take advantage of the emerging opportunities.
- Dr. Poonam Painuly, Shalu Rathi in their paper “**Mobile Wallet: An upcoming mode of business transactions**” (May 2016) has explained about mobile wallet, types and trends. Then discussed about Role of mobile wallet in various sectors like Banks, Retail and Hospitality. The paper explains the importance of mobile wallet for Banks, Customers and Companies. In future scope it talks of mobile wallets becoming a latest marketing channel in near future. And contribute highly in a seamless shopping experience for the customers that increase their tendency for frequent and more repurchases with delightful experiences. To conclude they speak the importance and growth of mobile money in business, social and economic prospective. The presence of mobile wallet spreading from urban to rural areas on a large scale. Hence, wallet money sees a high bright future in near time.
- Dr. Karminder Ghuman and CS Shruti Srivastava in their paper “**Recharging: the Right Way??** A case study on e-payment giants: Freecharge & PayTM” has asked

readers a strategic question that in the emerging internet based service provision industry, whether it is a better strategy to develop a unique positioning on the basis of single key service or it's better for an organization to offer multiple services, thereby reducing risk, increasing traction and thus increasing its valuation? And thus they have compared Paytm and Freecharge who are employing opposite strategies to find out which one is better.

- ThaeMin Lee in his paper “**The impact of perceptions of interactivity on customer trust and transaction intentions in mobile commerce**” (2005) investigated the impact of perceptions of interactivity on consumer trust and transactions in mobile commerce and concluded that trust does in fact play a significant role in determining consumer transaction intentions. Hsin-Hui Lin and Yi-Shun Wang in their paper “An examination of the determinants of customer loyalty in mobile commerce contexts” (2005) examined the factors that contributed to customer loyalty in mobile commerce; perceived value and trust were found to be directly related to customer satisfaction and customer loyalty; customer satisfaction was also suggested to positively affect customer loyalty; and habit was proposed to determine customer loyalty. They also found that customer loyalty was directly affected by perceived value, trust, habit, and customer satisfaction. Customer loyalty was evaluated to be a strong determining factor in acceptance of mobile commerce.
- Key Pousttchi and Dietmar G. Wiedemann in their paper “What Influences Consumers’ Intention to Use Mobile Payments?” (2008) studied the adoption of mobile payments and evaluated what key influences affected consumers to use mobile payments and found that subjective security was not a primary driver of mobile payment acceptance. They found that perceived confidentiality of payment details and perceived trustworthiness were strongly correlated. Four key variables were found to directly impacting consumer intention and usage behavior: performance expectancy, effort expectancy, social influence, and facilitating conditions.

DIGITAL WALLET

A digital wallet refers to an electronic device that allows an individual to make electronic transactions. It is also referred by other names like mobile money, mobile money transfer, and mobile payment generally represents a payment services operated under financial regulation and are performed from or via a mobile device. This can include purchasing items on-line with a computer or using a smartphone to purchase something at a store. An individual’s bank account can also be linked to the digital wallet. In other words, mobile money transfer refers to any method of monetary exchange that utilizes the facility of a mobile device with authorized support facility and conformance to defined and explained legal policy.

PAYTM

PayTm, as its abbreviation states, Pay through Mobile was launched in 2010 by One97 communications as a prepaid mobile and DTH recharge company. Gradually, it made its way into the e-commerce market in the year 2014 and further added bus ticketing to its kitty in 2015. PayTm now offers multiple products ranging from primary mobile recharges to buying apparels or electronics enabling customers to get everything at one place. Thus, over a period of time, it has become both a payment platform as well as the marketplace.

This strategy not only enables PayTm to serve multiple needs of the customers, giving them a holistic experience by saving their time and efforts but is also expected to be helpful in cross-selling and up-selling and thus increasing the overall profitability of the organization. It has even obtained the license from Reserve Bank of India to run a Payments Bank. As a result, PayTm is amongst the top 7 e-commerce companies in India to have billion-dollar valuation and transformed the business model of PayTm from a recharge web site to a payment cum e-commerce marketplace. It has 100 million PayTm Wallet users that carry out over 75 million transactions every month. China's Alibaba Group with its affiliate Ant Financial invested \$680 million in PayTm in September 2015 to raise their stake to 40%, taking its valuation at somewhere around \$4 billion. On account of higher valuation, PayTm had resources to stitch Rs.203 Crores worth of deal with Board of Control for Cricket in India for 84 matches. Considering the quantum of following that cricket has in India, this association with BCCI for primary sponsorship rights is sure to get a lot of visibility to PayTm brand and likely to catapult it as a national brand with significantly high brand recall amongst all sections of society.

Competitors-

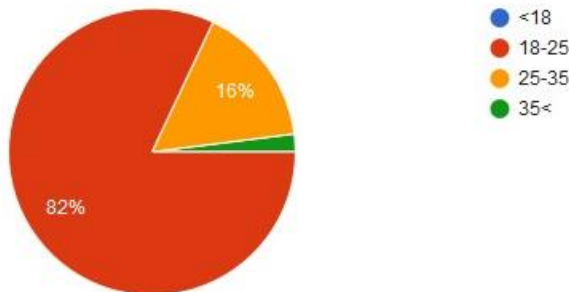
- Oxigen Wallet
- Mobikwik
- FreeCharge
- Vodafone M-pesa
- Airtel Money

ANALYSIS

The analysis of the collected data is done based upon the parameters as shown below
[Sample size = 151]

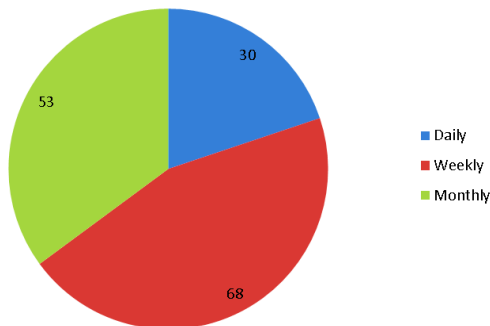
❖ Age

Majority of the sample population i.e. 124 respondents were from the age group of 18 – 25 and contributed 82% of the total sample size. 16% of the population was between the age group of 25-35 and 2% of population i.e. 3 respondents were above the age group of 35.



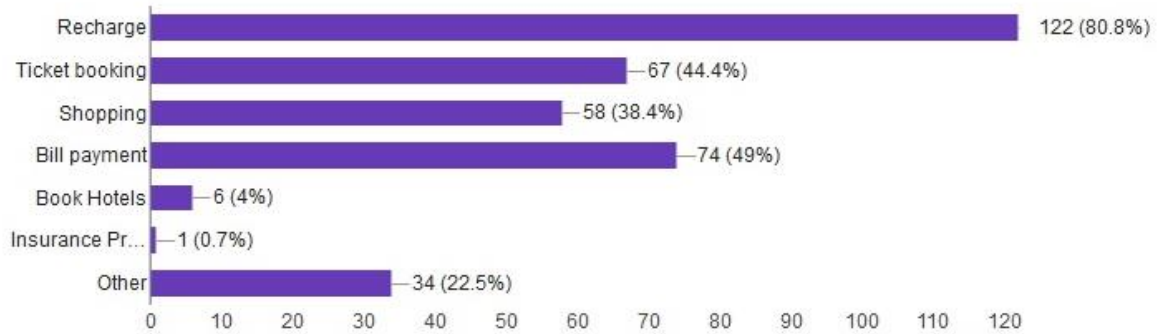
❖ **Frequency of PayTm usage**

Out of total 151 respondents, 30 respondents (20%) use PayTm daily for various reasons such as recharge, bill payment and shopping while 68 (45%) use weekly and 53 (35%) use monthly or rarely.



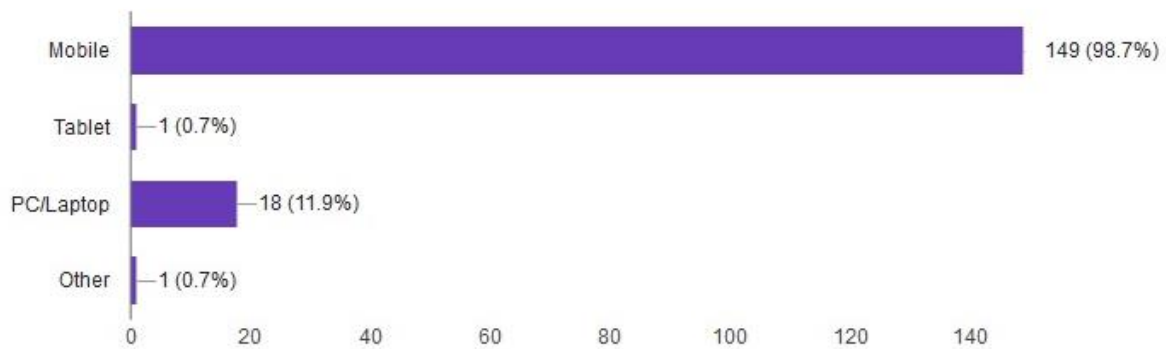
❖ **Purpose of using PayTm**

Majority of the respondents (nearly 80%) use PayTm for recharge since it is very convenient to recharge your phone anytime anywhere without being dependent on the recharge shops. Nearly 50 % of the respondents pay their bills through PayTm as it prevents time and also it prevents the respondents from standing in long queues. Mainly people use PayTm for Recharge, Ticket booking, Bill payment and Shopping.



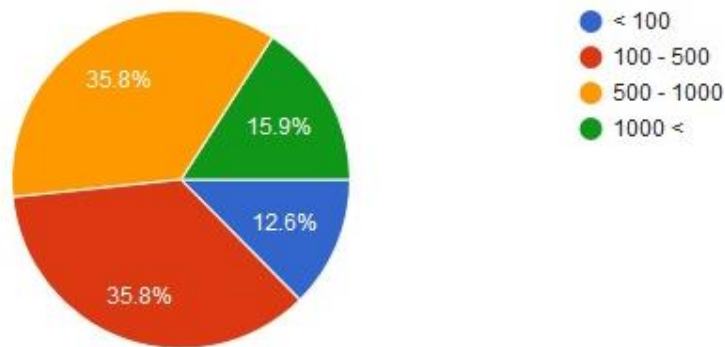
❖ Devices on which PayTm is used

Since the world is shifting towards mobile applications because everything can be done just using a click and also people want services to be available in all the conditions and at all times so almost all of the respondents use PayTm mobile app.



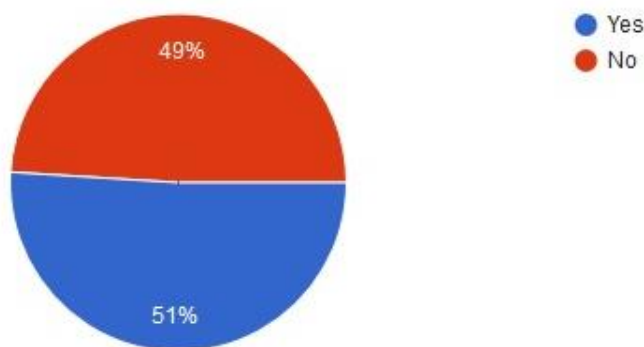
❖ Average monthly Spending on PayTm

Since people are using PayTm for various purpose such as Recharge, Ticket booking and Payment of bills so majority of respondents (around 87.5%) spend an amount above 100 on PayTm monthly. 35.8 % people spend an amount between 500 to 1000 monthly and 12.6 % people spend an amount greater than 1000.



❖ **Failure in PayTm transaction**

Around 51% people claimed that they faced some problem during their PayTm transaction. This failure could be due to various reasons such as Payment gateway failure, Problem with acceptance of Debit/Credit card, Failure of PayTm App, etc.



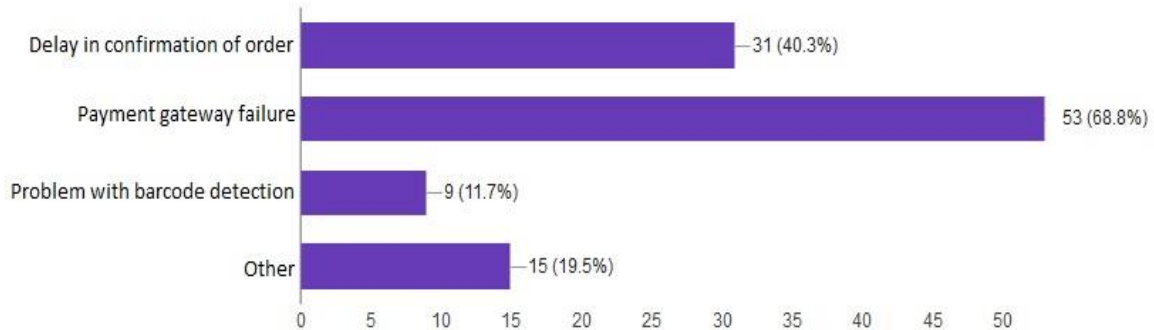
Major problems faced during PayTm transactions

Out of 77 respondents who face problem during PayTm transaction, nearly 69% i.e. majority of respondents faced problem due to the Payment gateway failure. And around 40% respondents faced problem due to delay in confirmation of order.

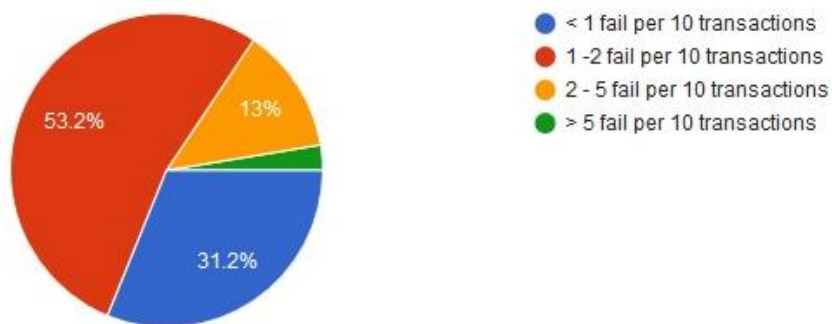
Some other problems which were seen are-

- PayTm was not accepting Debit cards from some of the banks (State Bank of India) for some days.

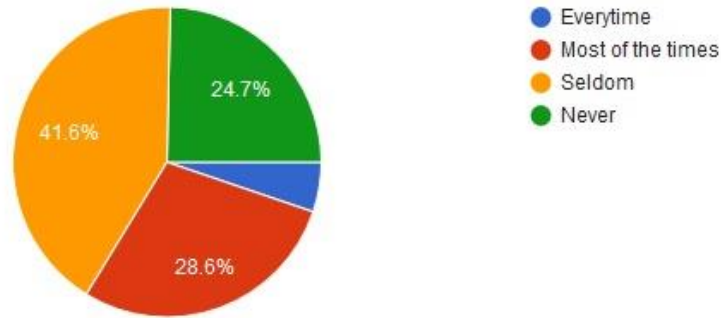
- New update of PayTm was not available on Appstore (iOS) due to which iPhone users were not able to access PayTm for 2 days.



Out of the 51% people who faced problem with the PayTm transaction, majority of respondents (i.e. 84.4%) claimed that they faced less than 2 fails per 10 transactions and only 2.6% claimed to have faced more than 5 fails per 10 transactions. Around 53% respondents faced 1-2 fails per 10 transactions.

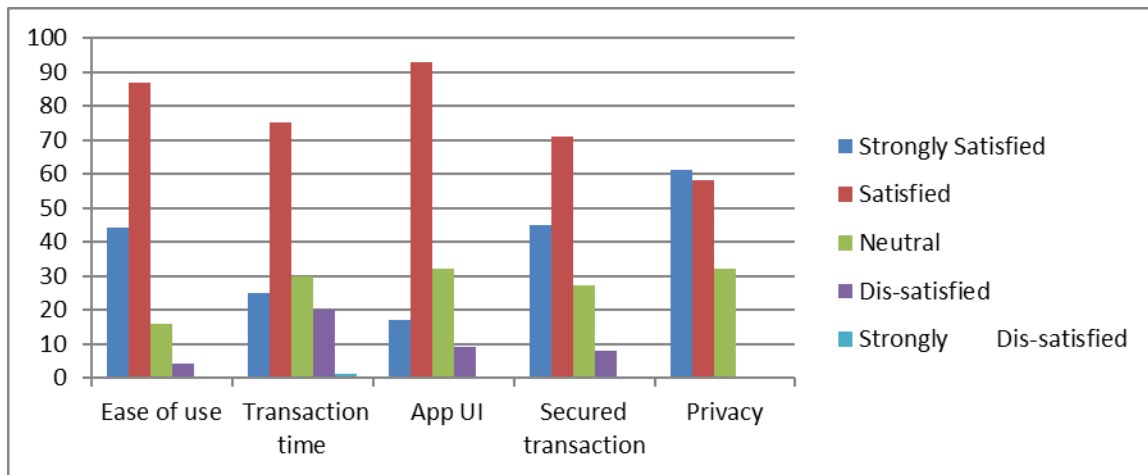


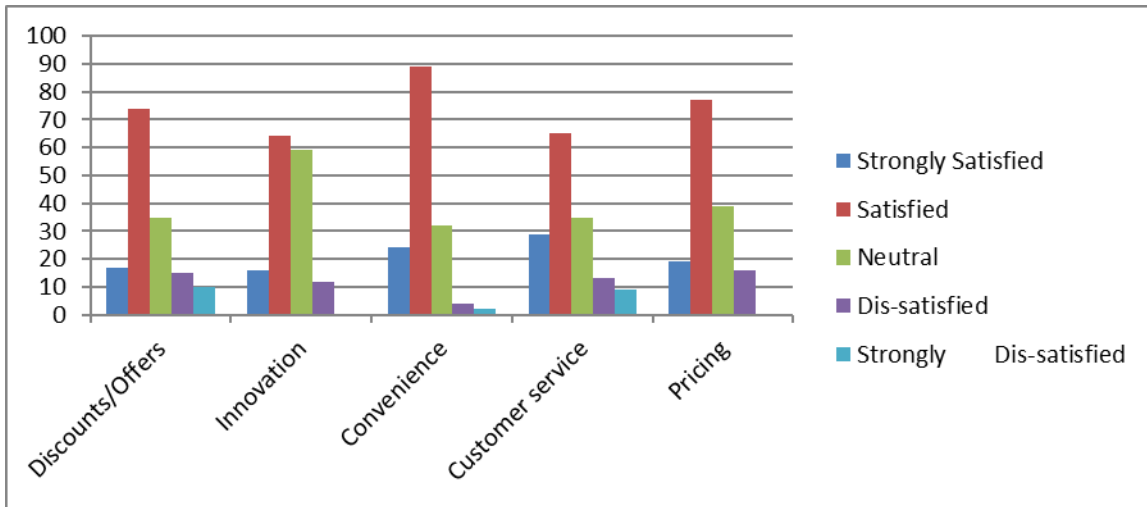
Due to failure in transactions people tried to connect to the customer care (Customer support) to solve their problems with the transaction. Only 5% people claim to have got assistance every time they had a failure which is very small percentage. 24.7 % people never got any assistance from the customer care. 28.6% claim to have got assistance very few times. Others (41.6 %) have claimed that they got assistance most of the times.



❖ Average ratings based on different parameters

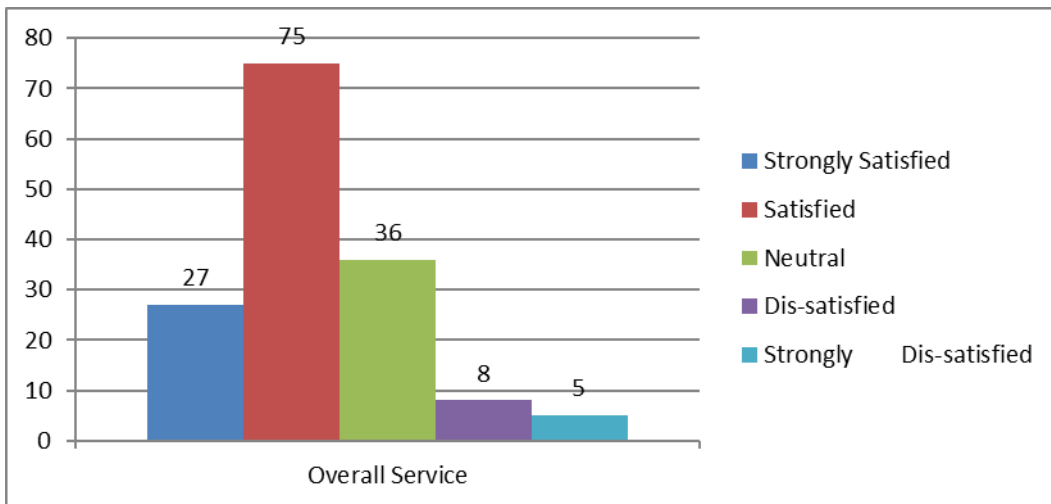
Looking at the average ratings given by respondents it can be claimed that people are strongly satisfied with the privacy which PayTm gives to its users because the customer data is not shared with other firms. People are satisfied the most by the App user interface because of the user friendly PayTm App. Around 13% respondents are dissatisfied by the transaction time taken by PayTm and believe that a lot of time is wasted during the transactions which could be reduced.





❖ **Overall rating**

Around 50% of respondents are satisfied with the overall service of PayTm but claim that there is some room for improvement in the customer service and innovation. 18% respondents are strongly satisfied with current services by PayTm. Still some people are dissatisfied with the PayTm service due to failure at various points during, before or after the transaction. Some of these problems are Payment gateway failure, Customer care service failure, lack of discounts and offers, lengthy transaction time, etc.



CONCLUSION

PayTm supports their customers to transfer their payments with the usage of their mobile phones in the easiest way. PayTm is a good app to download due to its wide network of



partners which makes it convenient whether you're taking a cab ride with Uber, or ordering a meal via Foodpanda. PayTm has to work upon the Payment gateway to improve the transaction efficiency as 70% people faced problem with payment gateway. Only 5% people claim to have got assistance every time they had a failure so the service could be improved to cater the needs of maximum customers. PayTm is currently performing well in terms of privacy but it has to work upon discounts/offers, transaction time and bring about innovation to increase customer satisfaction.

REFERENCES

- Balan, R., Ramasubbu, N., Tayi, G. (2006) Digital Wallet: Requirements and Challenges. Available: https://apollo.smu.edu.sg/papers/digitalwallet_case.pdf
- Lee, T., The Impact of perceptions of interactivity on customer trust and transaction intentions in mobile commerce, Journal of Electronic Commerce Research, vol. 6, no. 3, pp. 165-180, 2005.
- Lin, H., Wang, Y., An examination of the determinants of customer loyalty in mobile commerce contexts, Information and Management, vol. 43, no. 3, pp. 271-282, 2006.
- Pousttchi, K., Wiedemann, D., (2008, October) What influences consumers' intention to use mobile payments?. [Online]. Available: <http://classic.marshall.usc.edu/assets/025/7534.pdf>.
- Ghuman, , S., Recharging: the Right Way?? A case study on e-payment giants: Freecharge & PayTM, IOSR Journal of Business and Management, pp. 87-92. Available: www.iosrjournals.org/iosr-jbm/papers/Conf.15010/Volume%201/14.%2087-92.pdf
- Painuly, Dr. P., Rathi, S., Mobile Wallet: An upcoming mode of business transactions, International Journal in Management and Social Science, Vol.04 Issue-05, pp. 356-363, May, 2016.
- Shukla, T. N., Mobile wallet: present and the future, Vol. 5, No. 3, June 2016 (ISSN 2278 – 5973). Available: ssijmar.in/vol5no3/vol5no3.6.pdf