



Cover Page



FACTORS INFLUENCE ON CUSTOMER BUYING BEHAVIOUR ON CASHLESS PAYMENT

¹Dr. Fazalath Hussain R and ²Dr. B. B. Biradar

¹Lecturer (Teaching Assistant), Department of Commerce, Karnatak Arts College, Dharwad. Karnataka. India.

²Associate Professor, Department of Management Studies, Karnatak Arts College, Dharwad. Karnataka. India.

Abstract

This study explores the internal and external factors influencing the adoption and usage of mobile wallets among users. Internal factors such as perceived usefulness, ease of use, customer perception, and hedonic motivation significantly affect user engagement. Most respondents recognize mobile wallets as convenient, time-saving, and habit-forming tools for daily transactions. However, aspects such as user interface and engagement still require improvement. External factors, including government initiatives (like Digital India, UPI, and PMJDY), technological innovation, socio-cultural influences, economic conditions, safety concerns, and risk perceptions also play a pivotal role. While users appreciate features like high security and zero service charges, concerns about data breaches and hacking risks persist. The findings highlight the importance of enhancing user education, improving security, and promoting user-friendly features to foster greater adoption of mobile wallets in India.

Keywords: Mobile wallet, Digital payments, User perception, Government initiatives, Technology innovation, Security, Cashless economy, financial technology adoption.

Introduction

The rise of mobile wallets signifies a transformative shift in consumer financial behaviour, driven by internal motivations and external influences. Internally, factors such as convenience, technological proficiency, and financial habits play a crucial role in adoption. Externally, government initiatives, technological innovation, socio-cultural trends, economic incentives, and security concerns collectively shape user engagement. This study explores the nuanced interplay between these factors to better understand the dynamics influencing mobile wallet usage.

Objectives of the Study

1. To evaluate the internal factors of mobile wallet users influencing the customers on the adaption of mobile wallets.
2. To evaluate the external factors of mobile wallet users influencing the customers on the adaption of mobile wallets.

Research Methodology

The research methodology is a path for the researchers to reach their objectives with systematic procedures and methods. This study is based on descriptive research. Descriptive research refers to the methods that describe the characteristics of the variables under study. The main concentration of descriptive research is to simply describe the nature of the demographics of mobile wallet users, and factors influence to adapt the mobile wallets. This research has been carried out with a systematic process like determining the sampling method, collecting data, analysing the data, and find out the major findings & conclusions.

I. Internal factors of Mobile Wallet Users:

Internal factors influencing mobile wallet users include personal motivations, technological literacy, and financial habits. Users often seek convenience and efficiency in managing their finances, driving them to adopt mobile wallets for seamless transactions. High levels of technological literacy enable users to navigate and utilize mobile wallet features effectively, enhancing their overall experience. Additionally, individual financial habits, such as a preference for cashless transactions and a focus on budgeting and expense tracking, contribute to the adoption of mobile wallets. Users who prioritize time



Cover Page



savings and ease of access are more likely to embrace these digital solutions, making internal factors critical to understanding their usage patterns.

Table No: 1.1

Distribution of Respondents on the basis of Internal factors of mobile wallet users.

S. No	Statement	SDA	DA	N	A	SA	Total
Internal factors of mobile wallet users							
A. Usefulness of Mobile wallet							
A. 1	Mobile wallet is useful in daily life	Nil	Nil	23	42	47	112
		Nil	Nil	20.53	37.50	41.97	100%
A. 2	Using mobile wallet helps in making cashless transaction	Nil	Nil	18	52	42	112
		Nil	Nil	16.07	46.43	37.50	100%
A. 3	Using mobile wallet eradicate the issue of change currency	3	6	18	21	64	112
		02.78	05.38	16.08	18.75	57.16	100%
A. 4	Using mobile wallet is interesting and enjoyable	7	8	10	52	35	112
		06.25	07.14	08.92	46.43	31.25	100%
B. Ease to use the mobile wallet							
B. 1	Use of Mobile wallet saves time	2	2	19	32	57	112
		01.78	01.78	16.96	28.57	50.89	100%
B. 2	Learning to use mobile wallet is easy	5	7	24	30	46	112
		04.46	06.25	21.43	26.78	41.07	100%
B. 3	Mobile wallet is very flexible to make cashless payments	6	4	15	21	66	112
		05.38	03.57	13.39	18.74	58.92	100%
B. 4	It is easy to interact with mobile wallet	9	9	52	19	23	112
		08.03	08.03	46.43	16.60	20.54	100%
C. Customer Perception about mobile wallet							
C. 1	Mobile wallet concept is a new and unique idea.	Nil	Nil	20	25	67	112
		Nil	Nil	17.86	22.32	59.82	100%
C. 2	Mobile wallet is advantageous in all types of transactions.	5	9	30	23	50	112
		04.46	08.03	26.78	20.54	44.64	100%
C. 3	Mobile wallet provides convenience and it is very trendy.	Nil	Nil	16	48	48	112
		Nil	Nil	14.28	42.85	42.85	100%
C. 4	Use of mobile wallet is really thrilling and nice experience	Nil	Nil	42	22	48	112
		Nil	Nil	37.50	19.64	42.85	100%
D. Hedonic Motivation							
D. 1	Using mobile wallet is enjoyable	7	8	10	52	35	112
		06.25	07.14	08.92	46.43	31.25	100%
D. 2	Using mobile wallet is delightful	4	4	42	31	31	112
		03.57	03.57	37.50	27.68	27.68	100%
D. 3	Usage of mobile wallet have habited to me	5	5	21	30	51	112
		04.46	04.46	18.75	26.78	45.55	100%

Source: Primary data



Cover Page



The table No. 1.1 shows the distribution of respondents on the basis of internal factors of mobile wallet users as below

A. Usefulness of Mobile Wallet

The data on the usefulness of mobile wallets indicates a strong recognition among users of their practical benefits. A significant majority, 41.97%, strongly agree that mobile wallets are useful in daily life, highlighting their role in facilitating everyday transactions. Additionally, 57.16% of respondents agree that mobile wallets effectively eliminate issues related to needing change currency, emphasizing the practical utility of these platforms in making cashless transactions smoother and more efficient. However, while 46.43% agree that mobile wallets help in making cashless transactions, the presence of 16.07% who are neutral suggests that there might be some users who have yet to fully experience or appreciate these benefits. Moreover, only 31.25% of respondents strongly agree that using a mobile wallet is interesting and enjoyable, indicating that while users recognize the utility, there might be opportunities for providers to enhance user engagement and make the experience more appealing.

B. Ease of Use of Mobile Wallet

When assessing the ease of use of mobile wallets, the data reveals a generally positive perception but with notable areas for improvement. Approximately 50.89% of respondents strongly agree that using mobile wallets saves time, highlighting one of the key reasons users are drawn to these platforms. However, the statement regarding the ease of learning to use mobile wallets received a lower level of strong agreement at 41.07%, indicating that while many users find it manageable, there is still a significant proportion who may struggle with the initial learning curve. The flexibility of mobile wallets in making cashless payments is highly regarded, with 58.92% of respondents strongly agreeing, which suggests that users appreciate the adaptability these tools provide. Conversely, the ease of interaction appears to be a concern, as only 20.54% strongly agree with the statement that it is easy to interact with mobile wallets, signalling a need for improved user interfaces and better customer support to facilitate a more seamless experience.

C. Customer Perception about Mobile Wallet

Customer perception regarding mobile wallets reflects a positive outlook towards their innovation and utility, yet also reveals some skepticism. Notably, 59.82% of respondents view the mobile wallet concept as new and unique, indicating a favourable reception to this digital financial tool. However, only 44.64% strongly agree that mobile wallets are advantageous in all types of transactions, suggesting that some users may perceive limitations in their application. The assertion that mobile wallets provide convenience and are trendy garnered a strong agreement from 42.85% of respondents, further reinforcing the idea that users are attracted to their modernity and ease. Interestingly, the perception that using a mobile wallet is a thrilling experience received a mixed response, with 42.85% agreeing, which indicates that while some users enjoy the experience, there is still room for enhancing the excitement and engagement associated with using these digital wallets.

D. Hedonic Motivation

Hedonic motivation plays a significant role in influencing user behaviour towards mobile wallets, although responses suggest varying levels of enjoyment. The statement that using mobile wallets is enjoyable received a strong agreement from 46.43% of respondents, indicating that many users derive satisfaction from utilizing these platforms. However, only 31.25% strongly agree that the experience is delightful, highlighting a potential area for improvement in enhancing user pleasure during transactions. The assertion that the usage of mobile wallets has become a habit for users received strong support from 45.55%, suggesting that once users integrate mobile wallets into their routine, they are likely to continue using them. This habitual use points to a deeper acceptance and reliance on mobile wallets as a convenient financial tool. Overall, while hedonic motivations are evident, there remains an opportunity for mobile wallet providers to enhance the enjoyment factor, thereby fostering stronger emotional connections with users and encouraging more frequent use.



Cover Page



II. External factors of Mobile Wallet Users:

External factors influencing mobile wallet users encompass social trends, market competition, and regulatory frameworks. Social trends, such as the growing acceptance of digital payments and cashless transactions, encourage users to adopt mobile wallets as a modern financial solution. Market competition among wallet providers drives innovation and the introduction of user-friendly features, making mobile wallets more attractive. Additionally, regulatory frameworks that promote secure digital transactions and protect consumer data enhance user confidence in mobile wallets.

Table No: 1.2

Distribution of Respondents on the basis of External factors of Mobile Wallet Users

External factors of mobile wallet users							
E. Government Initiative factors							
S. No	Statement	SDA	DA	N	A	SA	Total
E. 1	Digital India influences mobile wallet usage	05	05	22	32	48	112
		04.46	04.46	19.64	28.58	42.86	100%
E. 2	Govt. insistence to open Pradhan mantri Jandhan Yojana (PMJDY) bank account increases the use of mobile wallet	06	04	18	32	52	112
		05.36	03.57	16.07	28.57	46.43	100%
E. 3	Demonetization of 500 & 1000 currency notes influences the use of mobile wallet	18	14	29	25	26	112
		16.08	12.50	25.89	22.32	23.21	100%
E.4	Launching UPI & BHIM application increases the adaptation of mobile wallet	02	02	25	32	51	112
		01.79	01.79	22.32	28.57	45.53	100%
F. Technology Innovation							
F.1	Technology development insists on mobile wallet usage	Nil	Nil	18	31	63	112
		Nil	Nil	16.07	27.68	56.25	100%
F.2	Mobile wallet is providing high security	10	4	15	31	52	112
		08.93	03.57	13.39	27.68	46.44	100%
F.3	Security breach is not possible in mobile wallet payments	18	15	55	10	14	112
		16.07	13.39	49.11	08.83	12.50	100%
F.4	Stored Payment details useful for future reference	03	04	25	28	52	112
		02.68	03.57	22.32	25.00	46.43	100%
G. Socio-Cultural Factors							
G.1	My peers & colleagues are suggesting to use mobile wallet	10	10	18	52	22	112
		08.93	08.93	16.07	46.43	19.64	100%
G.2	My family members and relatives are using mobile wallets	8	5	25	32	42	112
		07.14	04.46	22.32	28.58	37.50	100%
G. 3	Retail shoppers are asking me to pay through mobile wallets	5	4	18	51	34	112
		04.46	03.57	16.07	45.54	30.36	100%
G.4	People who are important to me influence my decision to use a mobile wallet	12	21	25	25	29	112
		10.71	18.75	22.32	22.32	25.89	100%
H. Economic Factors							
H. 1	Tax Liability/Benefits	24	23	52	07	06	112
		21.43	20.54	46.42	06.25	05.36	100%



Cover Page



H. 2	No Service charge for making transactions	Nil	Nil	10	87	15	112
		Nil	Nil	08.93	77.68	13.39	100%
H. 3	Cash Back benefits	13	71	11	12	05	112
		11.61	63.39	09.82	10.71	04.46	100%
H. 4	To avoid coin change problem	Nil	Nil	12	40	60	112
		Nil	Nil	10.72	35.71	53.57	100%
H. 5	Merchant Discount Rate at petrol and Gas Stations	04	05	61	20	22	112
		03.57	04.46	54.46	17.86	19.64	100%
I. Safety & Security Factors							
I.1	High Security payment	8	6	24	62	12	112
		07.14	05.36	21.43	55.36	10.71	100%
I.2	Third party can't access	8	8	32	42	22	112
		07.14	07.14	28.57	37.50	19.64	100%
I.3	Safety lock & Passwords	Nil	Nil	52	32	28	112
		Nil	Nil	46.43	28.57	25.00	100%
I.4	Server problem is happening more in Mobile wallet app	40	15	20	25	12	112
		35.71	13.39	17.86	22.32	10.71	100%
J. Risk Factors							
J.1	Using mobile wallet is not completely secure.	25	15	35	17	20	112
		22.32	13.39	31.25	15.17	17.86	100%
J.2	Personal and financial information will be visible to others	Nil	Nil	50	31	31	112
		Nil	Nil	44.64	27.67	27.67	100%
J.3	The risk of misusing/ hacking is high possible.	25	22	60	05	Nil	112
		22.32	19.64	53.57	04.46	Nil	100%

Source: Primary data

Based on the data provided in Table 1.2 we can draw the following detailed inferences for each component related to external factors influencing mobile wallet usage:

E. Government Initiative Factors

1. Digital India influences mobile wallet usage: A significant 42.86% of respondents strongly agree that the Digital India initiative has a positive impact on mobile wallet usage, indicating that government efforts to promote digital transactions are effective. This suggests that such initiatives are pivotal in enhancing user engagement with digital financial services.
2. Govt. insistence on PMJDY bank account increases mobile wallet use: With 46.43% of respondents strongly agreeing, it's evident that the government's push to open Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts is a crucial factor in driving mobile wallet adoption. This highlights the importance of accessible banking as a precursor to digital payment solutions.
3. Demonetization influences mobile wallet usage: Although only 23.21% strongly agree, combined with those agreeing or neutral (55.4%), it suggests that demonetization has had a notable, albeit mixed, impact on the adoption of mobile wallets. The data reflects a transformative effect on consumer behaviour towards cashless payments due to the currency ban.
4. Launching UPI & BHIM increases adaptation of mobile wallet: A strong 45.53% agree that the launch of UPI and BHIM applications has significantly boosted mobile wallet adoption, indicating that user-friendly payment platforms are essential in facilitating widespread usage of digital wallets.



Cover Page



F. Technology Innovation

1. Technology development insists on mobile wallet usage: An impressive 56.25% of respondents strongly agree, underscoring that advancements in technology are crucial in promoting mobile wallet usage. This emphasizes the need for continuous innovation in payment technologies to meet user expectations.
2. Mobile wallet is providing high security: A significant 46.44% strongly agree that mobile wallets offer high security. This perception is essential for building consumer trust, as security remains a top priority for users considering mobile payment solutions.
3. Security breach is not possible in mobile wallet payments: A striking 49.11% of respondents are neutral or disagree, reflecting substantial concern regarding potential security breaches. This indicates a critical area for improvement, as enhancing security measures could alleviate user apprehensions.
4. Stored payment details useful for future reference: With 46.43% strongly agreeing, it is clear that users appreciate the convenience of stored payment information, which encourages repeated usage and promotes loyalty to mobile wallet services.

G. Socio-Cultural Factors

1. Peers & colleagues suggest using mobile wallets: Although only 19.64% strongly agree, the influence of social circles is apparent, suggesting that word-of-mouth and peer recommendations play a role in driving adoption, albeit not as strongly as other factors.
2. Family members and relatives are using mobile wallets: A significant 37.50% strongly agree, indicating that familial usage is a strong motivator for individual adoption. This underscores the role of family in shaping attitudes towards financial technology.
3. Retail shoppers are asking to pay through mobile wallets: A total of 30.36% strongly agree that retail environments encourage mobile wallet usage, highlighting the importance of merchant acceptance in facilitating consumer transitions to digital payments.
4. Important people influence decision to use mobile wallet: With 25.89% strongly agreeing, it is evident that the opinions of significant others impact users' decisions, illustrating the social dimension of technology adoption.

H. Economic Factors

1. Tax Liability/Benefits: A substantial 21.43% strongly disagree, indicating that tax-related incentives are not perceived as a compelling reason for using mobile wallets. This suggests that economic incentives might need to be reevaluated to enhance their attractiveness.
2. No service charge for transactions: An overwhelming 77.68% agree, reflecting that the absence of transaction fees is a primary motivator for users to adopt mobile wallets, emphasizing the importance of cost considerations in financial decision-making.
3. Cashback benefits: A large 63.39% strongly disagree that cashback offers are a significant motivator, suggesting that while attractive, they do not play a crucial role in driving usage. This indicates that users may prioritize functionality and convenience over cashback incentives.
4. To avoid coin change problem: With 53.57% agreeing, the practicality of avoiding small change is a compelling reason for users to engage with mobile wallets, suggesting that ease of use is a critical factor in adoption.
5. Merchant Discount Rate at petrol and gas stations: The neutrality of 54.46% suggests that while discounts are appreciated, they do not significantly influence users' decisions, indicating that more robust promotional strategies may be needed.

I. Safety & Security Factors

1. High security payment: A robust 55.36% strongly agree that mobile wallets provide secure payment options, highlighting a strong consumer perception of security, which is essential for encouraging wider adoption.



Cover Page



2. Third party can't access: A total of 37.50% agree that mobile wallets ensure third-party security, indicating a need for improved communication regarding privacy safeguards to enhance user confidence.
3. Safety lock & Passwords: With 46.43% neutral, there is uncertainty regarding the effectiveness of security features, suggesting that providers need to educate users about the security measures in place to mitigate concerns.
4. Server problems happening more in mobile wallet app: A substantial 35.71% strongly disagree, indicating that users generally find the server reliability acceptable, which is essential for building trust in mobile payment applications.

J. Risk Factors

1. Using mobile wallet is not completely secure: With 22.32% agreeing, there remains a significant perception of insecurity associated with mobile wallets, which highlights the necessity for providers to bolster security features and educate users about them.
2. Personal and financial information will be visible to others: The neutrality of 44.64% indicates uncertainty regarding privacy, suggesting that transparency and clear communication about data protection are essential to alleviating user concerns.
3. The risk of misusing/hacking is high: A substantial 22.32% strongly agree, reflecting a considerable concern about the potential for hacking. This underscores the importance of implementing robust security measures and ongoing user education to address these risks.

Findings

1. **High Utility & Convenience:** A majority of users find mobile wallets highly useful for daily transactions, especially for time-saving and eliminating the need for cash.
2. **User Interface Needs Improvement:** While most users find mobile wallets easy to use, a significant portion face challenges with interaction and navigation.
3. **Government Initiatives Matter:** Programs like *Digital India*, *PMJDY*, and *UPI/BHIM* have significantly influenced mobile wallet adoption.
4. **Security is Valued but Not Fully Trusted:** Users appreciate security features, yet concerns about hacking, third-party access, and data breaches persist.
5. **Social & Economic Influences Are Mixed:** Peer influence and cashback benefits have limited impact, while no service charges and ease in avoiding coin change drive usage more effectively.

Suggestions

1. **Enhance User Experience:** Improve the mobile wallet interface and simplify the interaction process.
2. **Strengthen Security Communication:** Educate users about encryption, authentication, and data protection mechanisms.
3. **Leverage Government Support:** Align wallet features with ongoing government programs to expand reach.
4. **Build Trust Through Transparency:** Address security and privacy concerns through open communication and regular updates.
5. **Incentivize Habit Formation:** Promote habit-forming features (e.g., auto-pay, budgeting tools) rather than just one-time rewards.

Conclusion

This study underscores that both internal and external factors significantly influence the adoption of mobile wallets in India. While convenience, government backing, and technological innovation drive usage, concerns around security and



Cover Page



interface design must be addressed. To ensure sustainable adoption, wallet providers must focus on usability, transparency, and trust-building strategies.

References

1. Government of India. (2023). *Digital India Programme*. Ministry of Electronics and Information Technology.
2. National Payments Corporation of India. (2023). *Unified Payments Interface (UPI)*.
3. Reserve Bank of India. (2024). *Report on Trends and Progress of Banking in India*.
4. Rogers, E. M. (2003). *Diffusion of Innovations* (5th ed.).
5. Venkatesh, V., Morris, M. G., Davis, G. B., & Davis, F. D. (2003). User acceptance of information technology: Toward a unified view. *MIS Quarterly*, 27(3), 425–478.