



Mobile wallets
...a study



A close-up photograph of two hands holding a tablet computer. The hands are positioned as if demonstrating or interacting with the device. The background is softly blurred, showing what appears to be a desk or office environment with some papers and a pen.

“

***"Understanding Mobile payment wallet users
and non-users in India"***

a study focusing on usage experience

*Human Factors International, Inc.
user experience engineering for complex systems*





prelude

India going digital

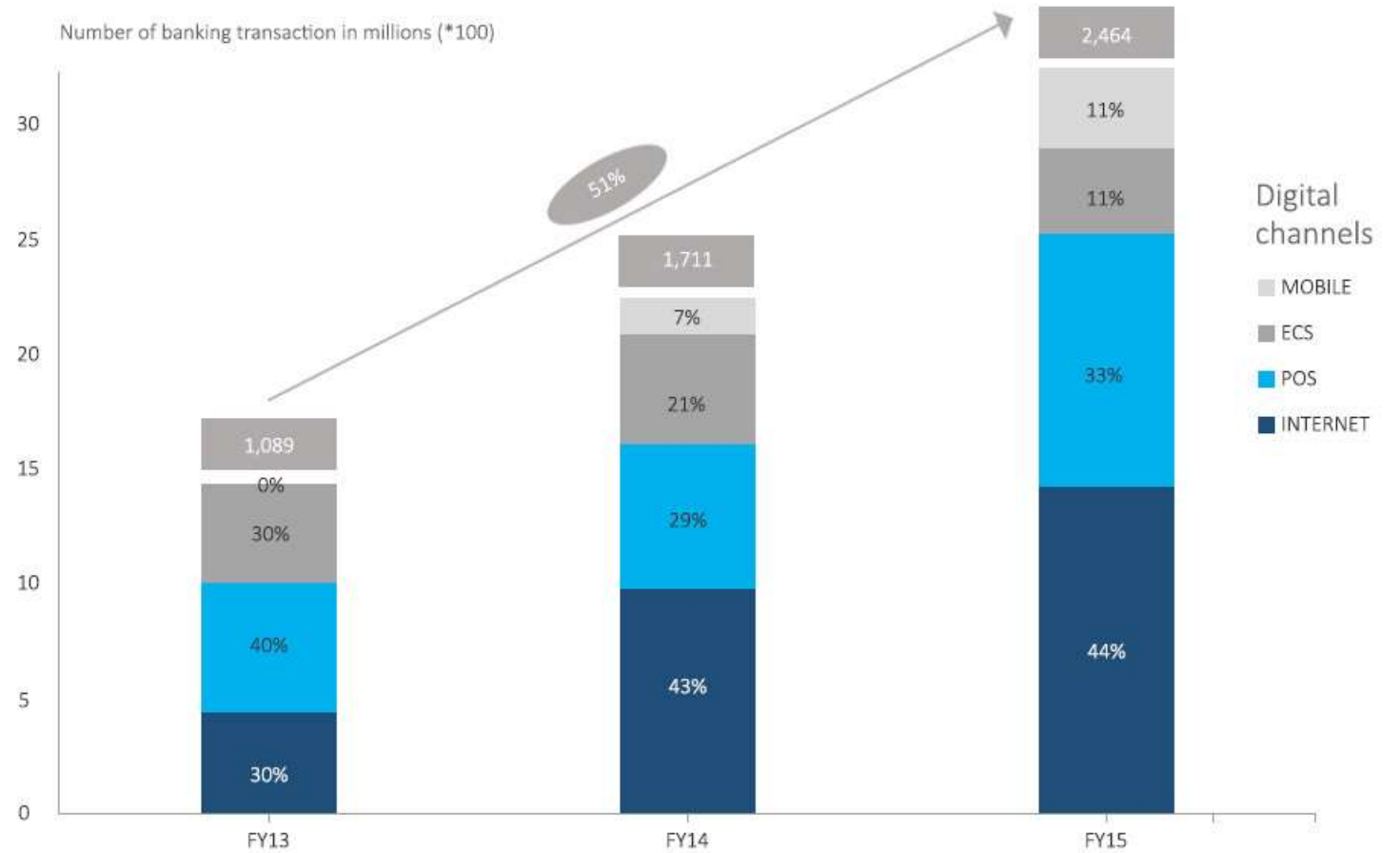
India is rapidly evolving into a digital behemoth. Rising smartphone penetration and internet access have ensured that Indian consumers stay connected

2015



Digital payment transactions growing significantly (+51% growth in last 2 years)

Massive growth in digital transactions



Sources: FIBAC Productivity survey 2015; RBI; BCG report 2015

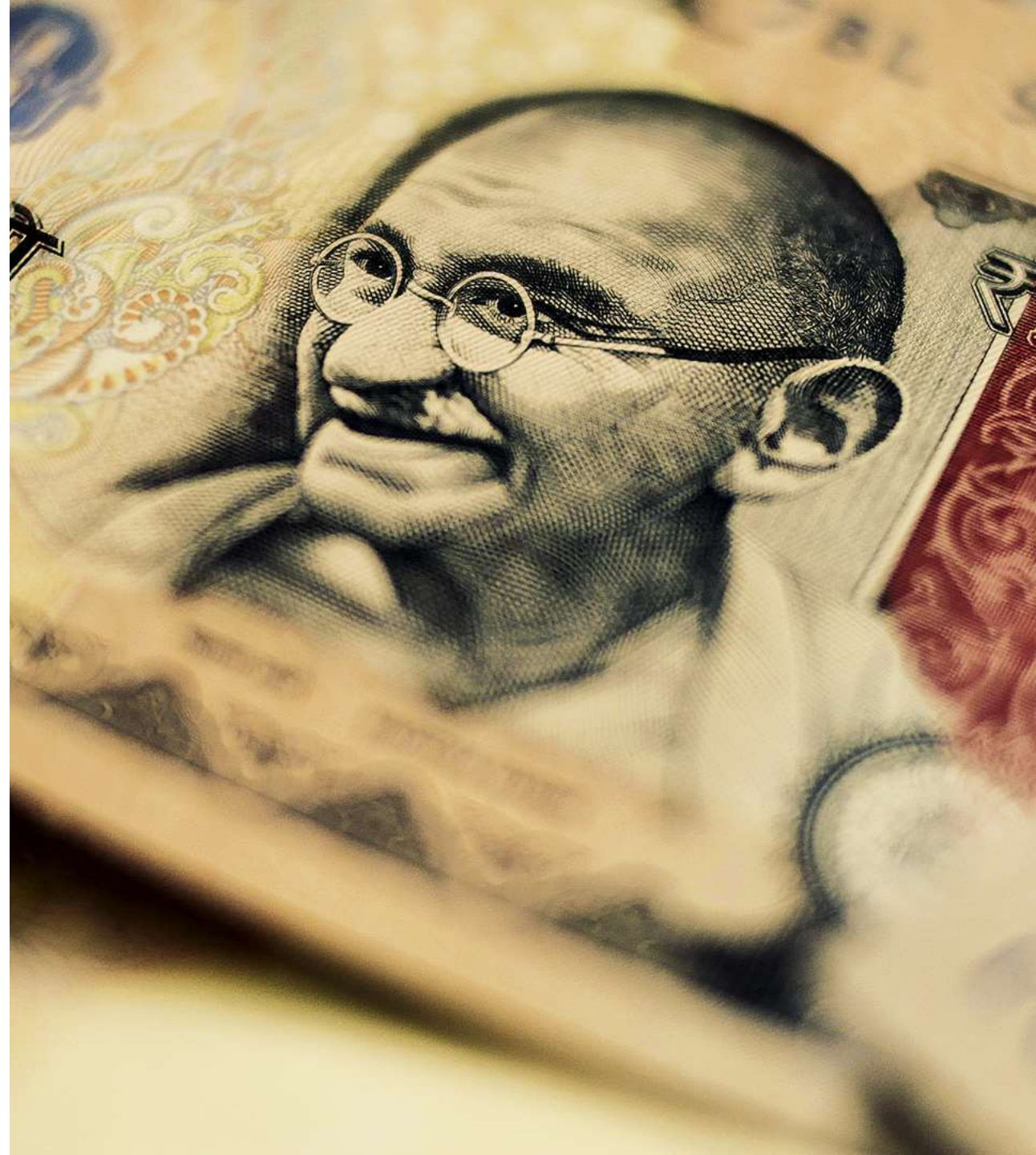
**ECS- Transactions can be initiated offline or through online channels but once set up

Will demonetized India be cashless India?

On 8th November, Prime Minister, Shri Narendra Modi announced demonetization of INR 500 and 1000 notes thus wiping out 86% of cash from the system overnight. There has been obvious disruption across the country with long lines in banks to exchange notes and at ATMs to withdraw valid currency.

The effects of this currency ban on consumer adoption have been stark. Paytm registered 8 million new users in the two weeks after the announcement.

Snapdeal reported a swing in orders (placed in the two days after demonetization) from 70% cash on delivery to 75% via mobile wallets. Mobikwik saw a 1,000% increase in adoption in Tier 2 and Tier 3 cities, showing further how deeply wallets are penetrating society.





Will demonetized India be cashless India?

As India is in the middle of an extraordinary economic experiment of moving towards a lower cash dependent economy, demonetization has paved the way for considerable further growth of digital payment channels. Clear opportunities exist for industry players to shift more and more transactions into the digital wallet - those who understand how consumer emotions, drivers and need-states are evolving as the environment changes will win the race.

Industry players must ensure that they collaborate with consumers, to help build solutions that meet user needs. The real differentiation between one brand of mobile wallet and another will emerge from dedicating time and resources towards understanding why consumers do what they do, enabling products, services and communications to be designed based on what users need and desire most.

At least one mobile wallet brand, seems to be way ahead of others. Will others catch up or even disrupt and move ahead?



Why another research study on mobile payment wallets

Massive growth in mobile payment wallets have generated immense interest to understand the market and end users. While there have been some research studies on understanding the market landscape, key players and wallet usage behavior, there was a gap in knowledge of user experience, drivers of usage and preference of mobile wallet brands.

To address this gap, HFI launched a comprehensive pan India study in October 2016. The study was conducted in 6 Metros/ Tier-1 cities and 3 Tier-2 cities in India covering more than 1,200 participants via an online survey. The research focused on understanding attitudes, needs and preferences of mobile wallet users and non-users. The insights from this research will help payment wallet service providers to look into essential factors impacting user experience.

The mobile wallet study brings out some really uncommon insights which also raises some very interesting questions primarily on why users do what they do. This is where HFI's Smart Insights approach comes into play connecting the what and how with the whys.



Understanding mobile wallet users

About the study



How we went about getting the insights

Questionnaire designed by HFI based on insights from extensive face to face interviews

*Demographics
Values & Attitudes
Mobile Wallet Behaviours
Motivations & Barriers
Preference drivers*

Research Design

STEP 01

Optimized survey distributed via Toluna, a panel provider of international repute with over 300,000 panelists across India.

*Sample size n=1,268
Aged 18-40
(working/studying adults)
Males and females
Users /Non-users of credit cards
Coverage of key Tier 1 & 2 cities*

Online Survey

STEP 02

Collaborative analysis and reporting to highlight key insights and interpret contextual meaning

Results

STEP 03

Holistic view of consumer usage & attitudes towards mobile payment wallets in India

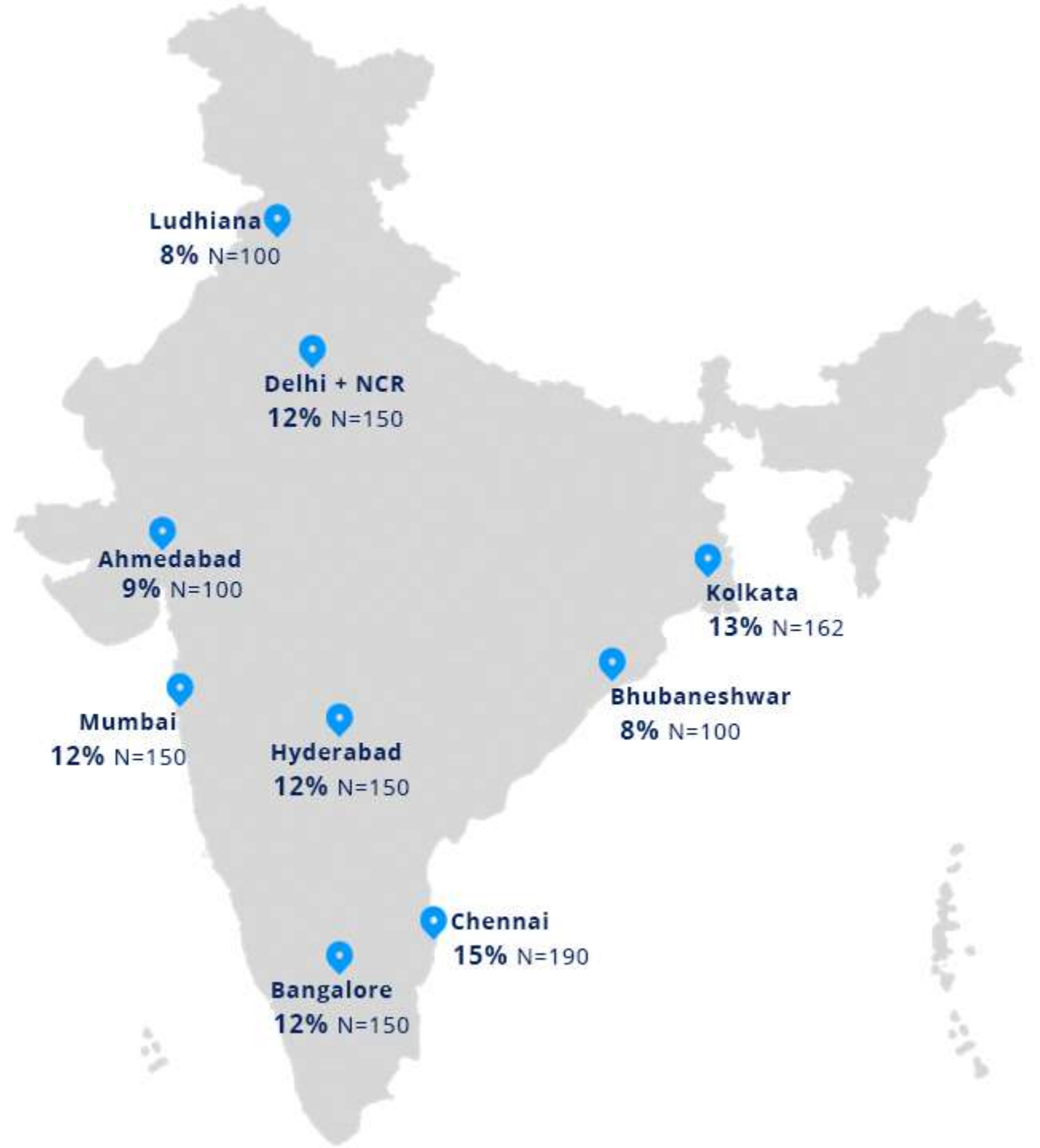
The online platform used to connect with end users

The survey was conducted using an online customer collaboration platform called LeanLab

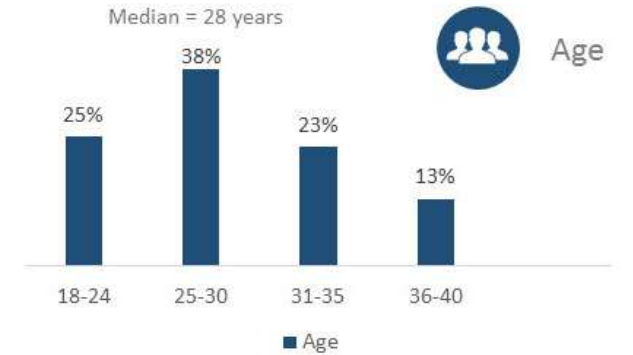
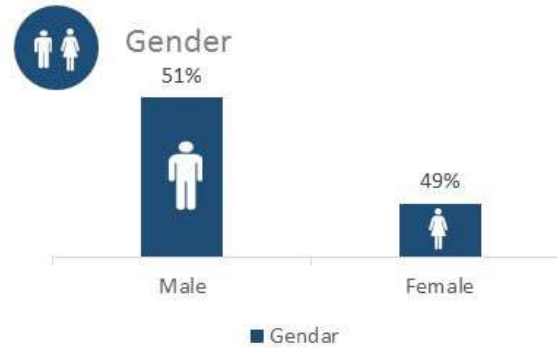


Sample spread across Metro/ Tier 1 and Tier 2 Indian cities

*Structured geographic distribution
ensuring representative reflection
of national urban opinion across
Tier 1 & Tier 2 cities.*



Wide sample representation across key demographics





Executive Summary



14 key insights on mobile wallets

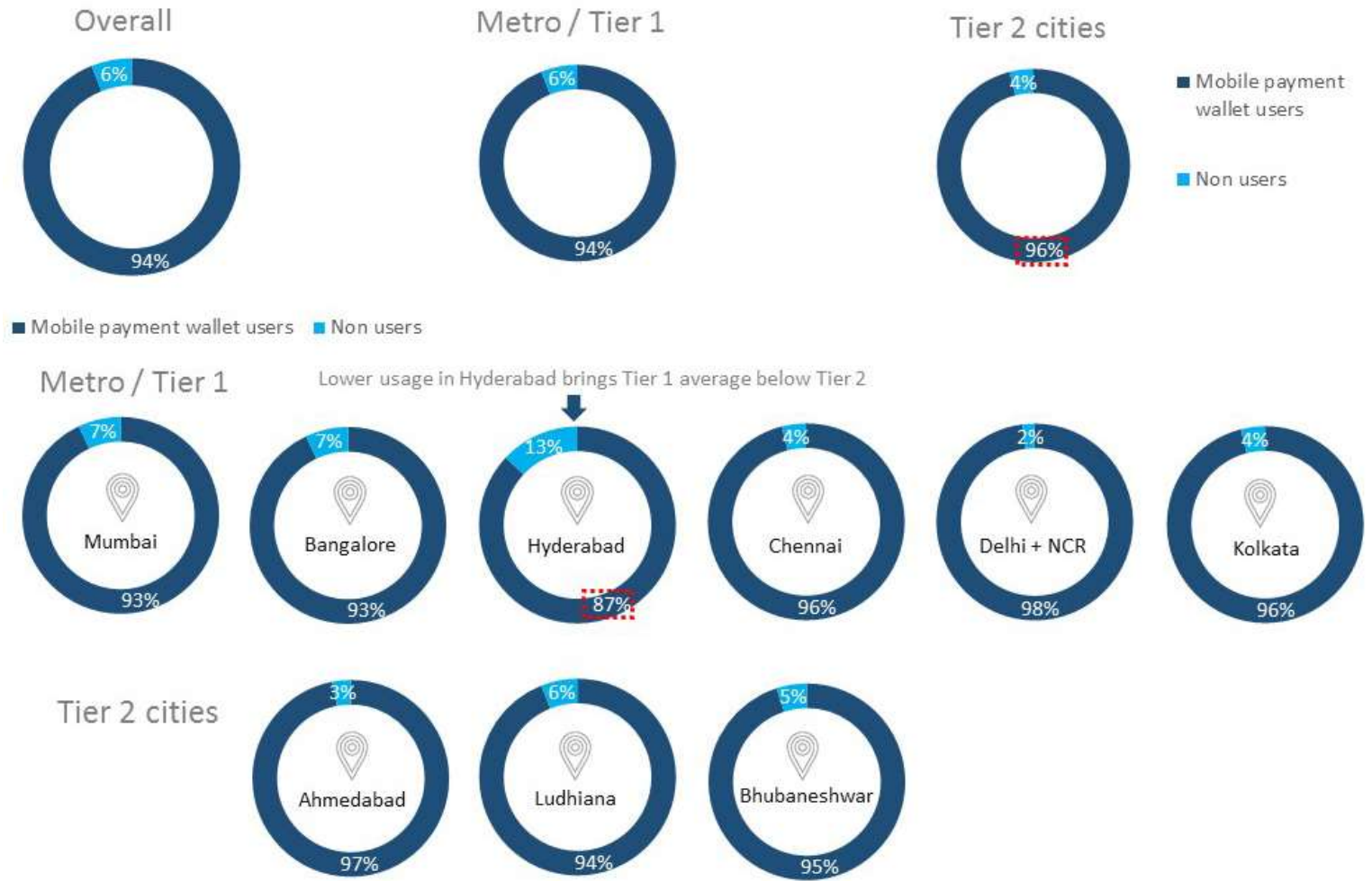


***Usage of mobile wallets in
Metros as well as Tier 2
cities is high, showing how
this technology is enabling
people from all backgrounds
to realize their aspirations***



Payment wallets have achieved significant penetration across all urban areas, even in Tier 2 cities which are in no-way lagging behind the Metro/Tier 1 cities

Mobile payment wallet users %



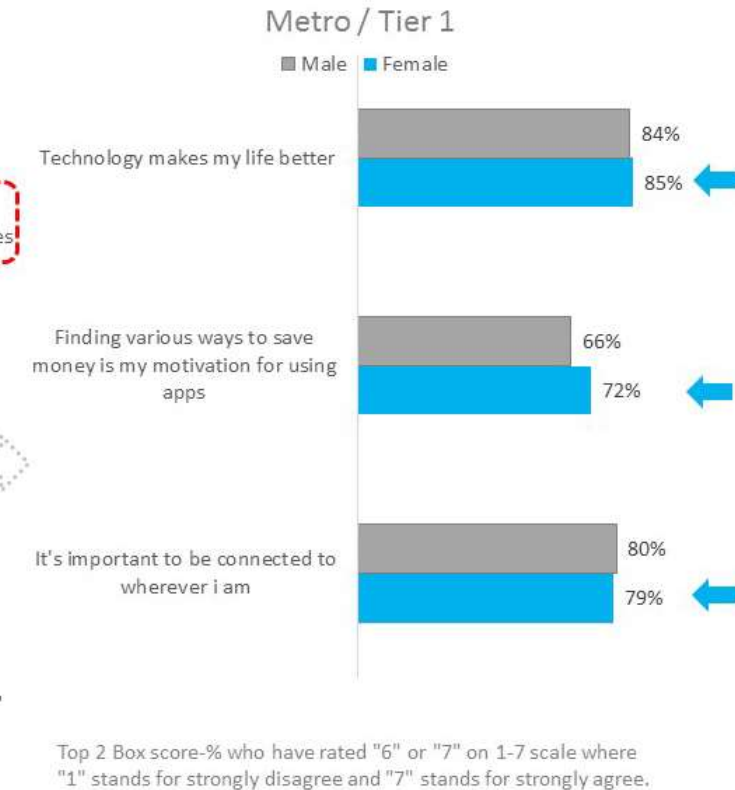
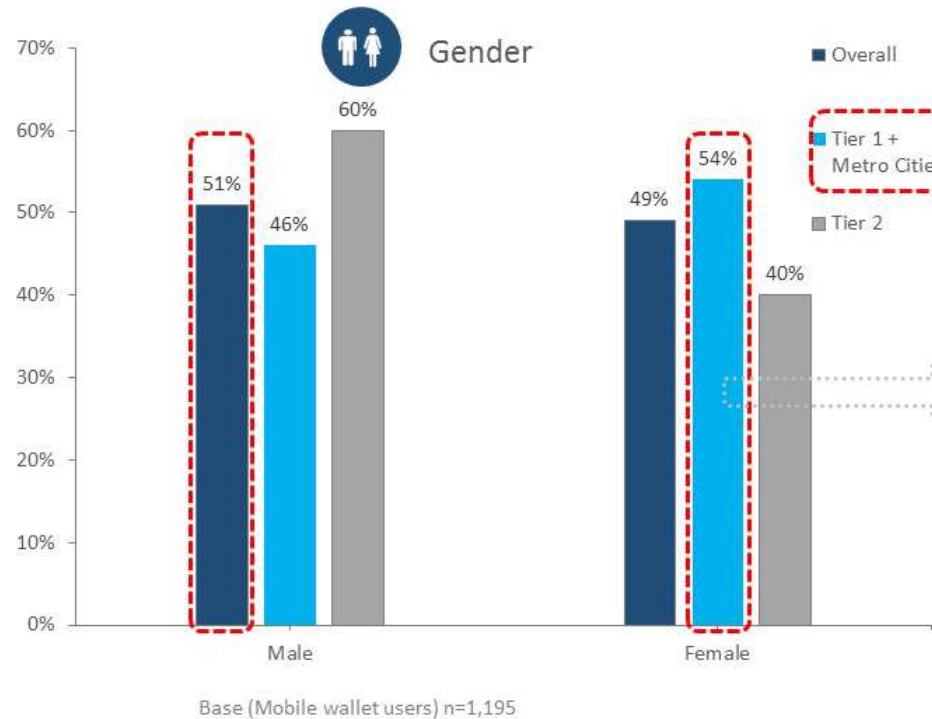
Do women feel more empowered by digital payment channels?

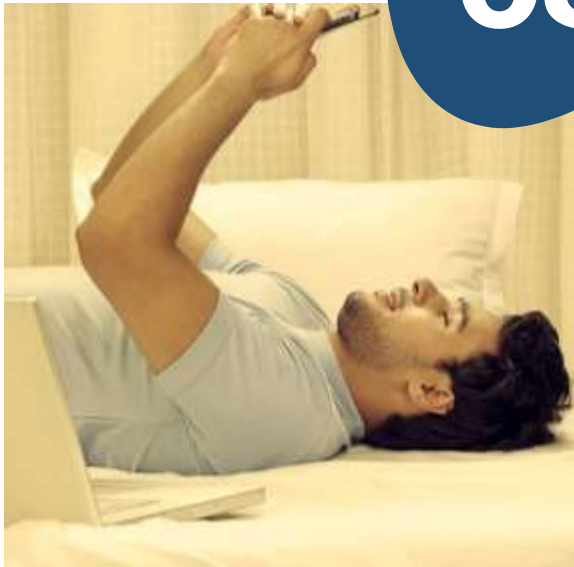


02

Are digital payment channels another means of empowering women?

In Metro/Tier 1 cities, usage of payment wallets is higher among women indicating that the stereotypical gender differences do not hold good when it comes to adoption of digital channels for payment



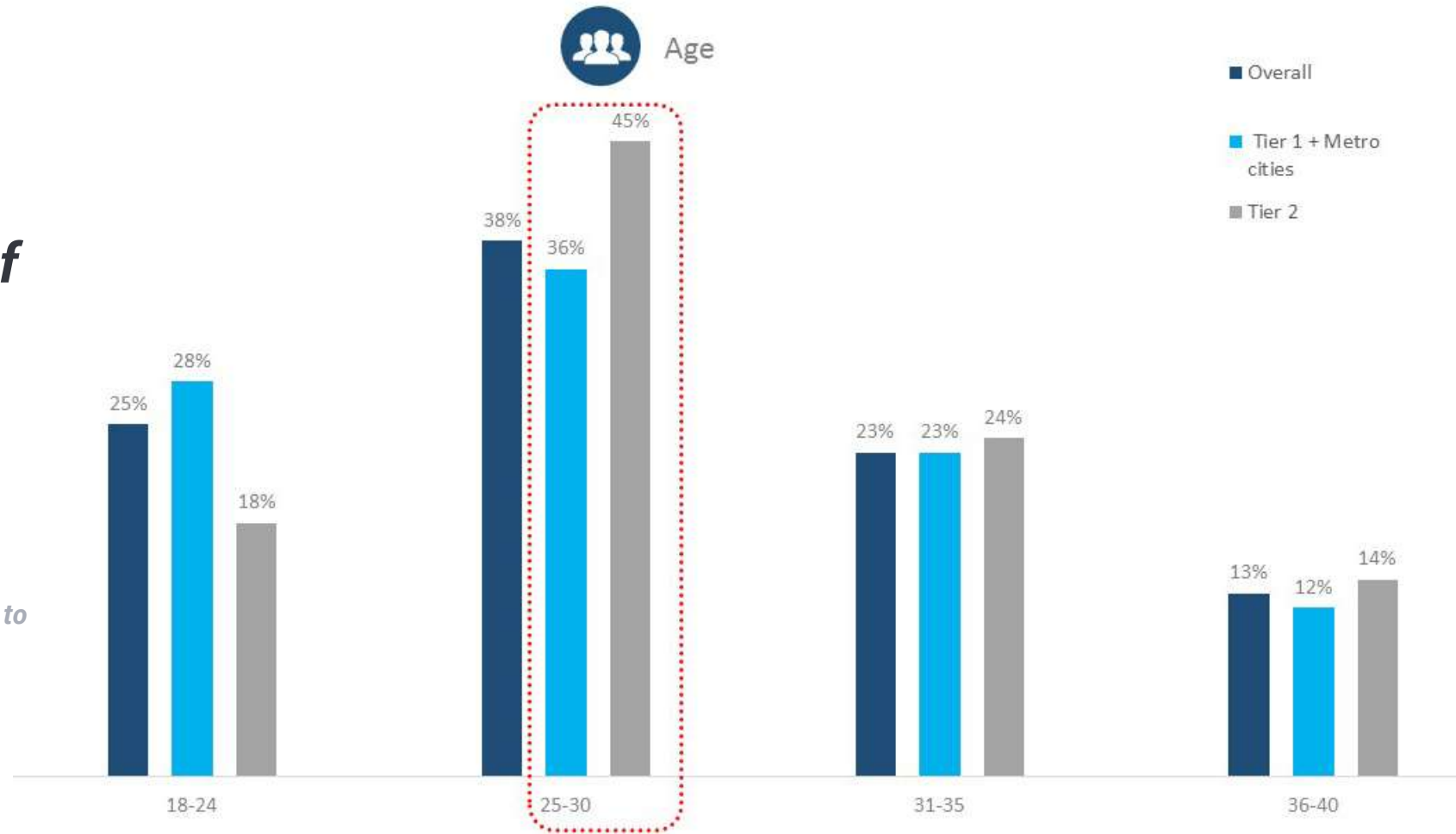


03

Is the aspiration to lead a more 'global' lifestyle and the need therefore to access components of that desired lifestyle, pushing up usage of digital payment channels, amongst older adults in Tier 2 cities?

Is the aspiration of a 'globalized' lifestyle influencing adoption of mobile wallets in Tier 2 cities?

Except for the 18 to 24 age group, usage of mobile wallets in Tier2 cities is quite similar to their counterparts in Metros/Tier 1 cities and seen to be higher among the 25-30 year olds



Base (Mobile wallet users) n=1,195

The major factors influencing mobile wallet adopters are:

A strong perception of technology as an enabler to lead a better life, desire for more control over one's journey to a better life, aspiration to be seen as an innovator and the critical importance to be connected all the time

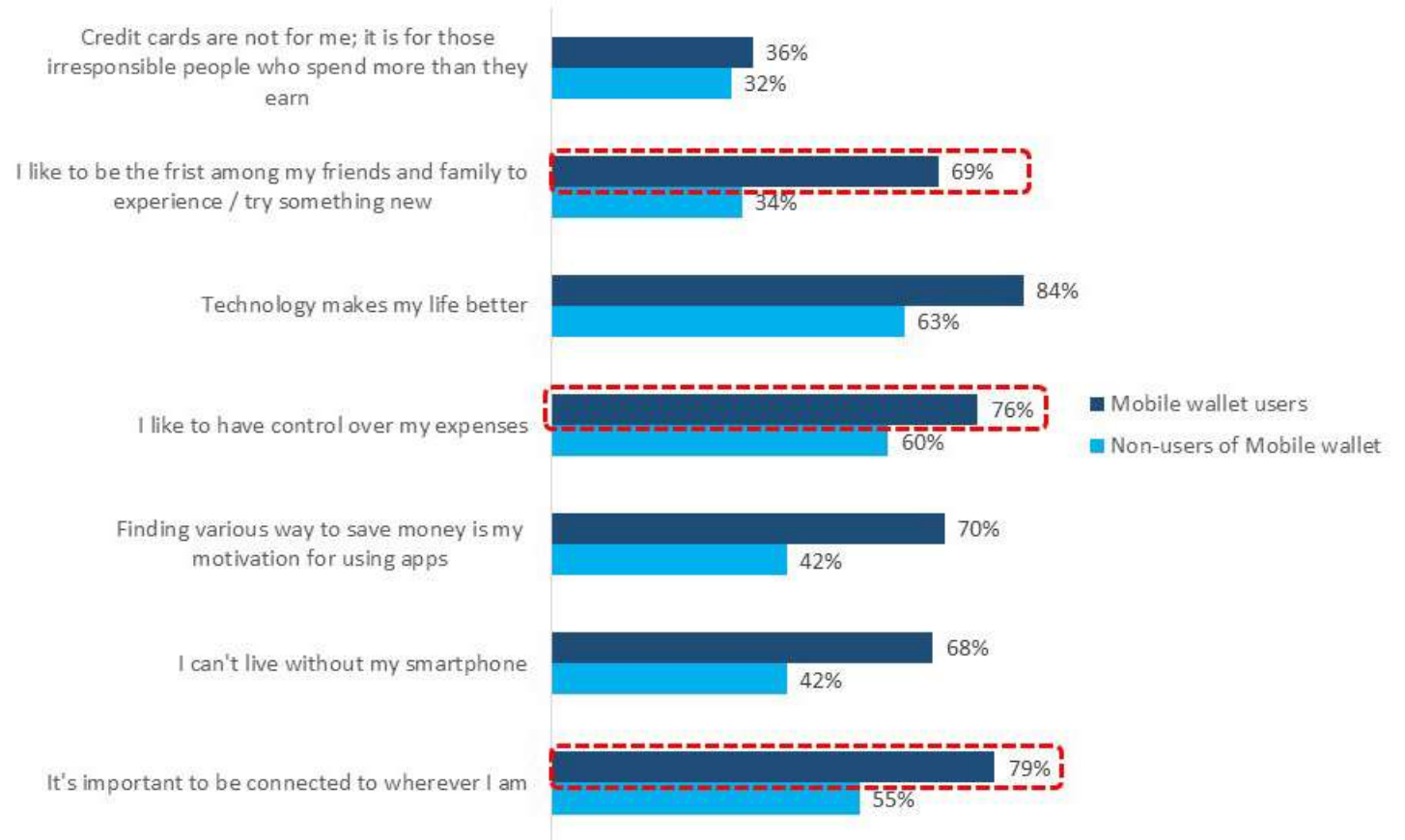
(credit card is seen as a channel that provides less control to its users)



04



Mobile wallet users are likely to be classical early adopters, they also like having better control over expenses and live an always connected lifestyle



Base: Mobile payment wallet users: 1,195, Non-users: 73

Top 2 Box score-% who have rated "6" or "7" on 1-7 scale where "1" stands for strongly disagree and "7" stands for strongly agree.



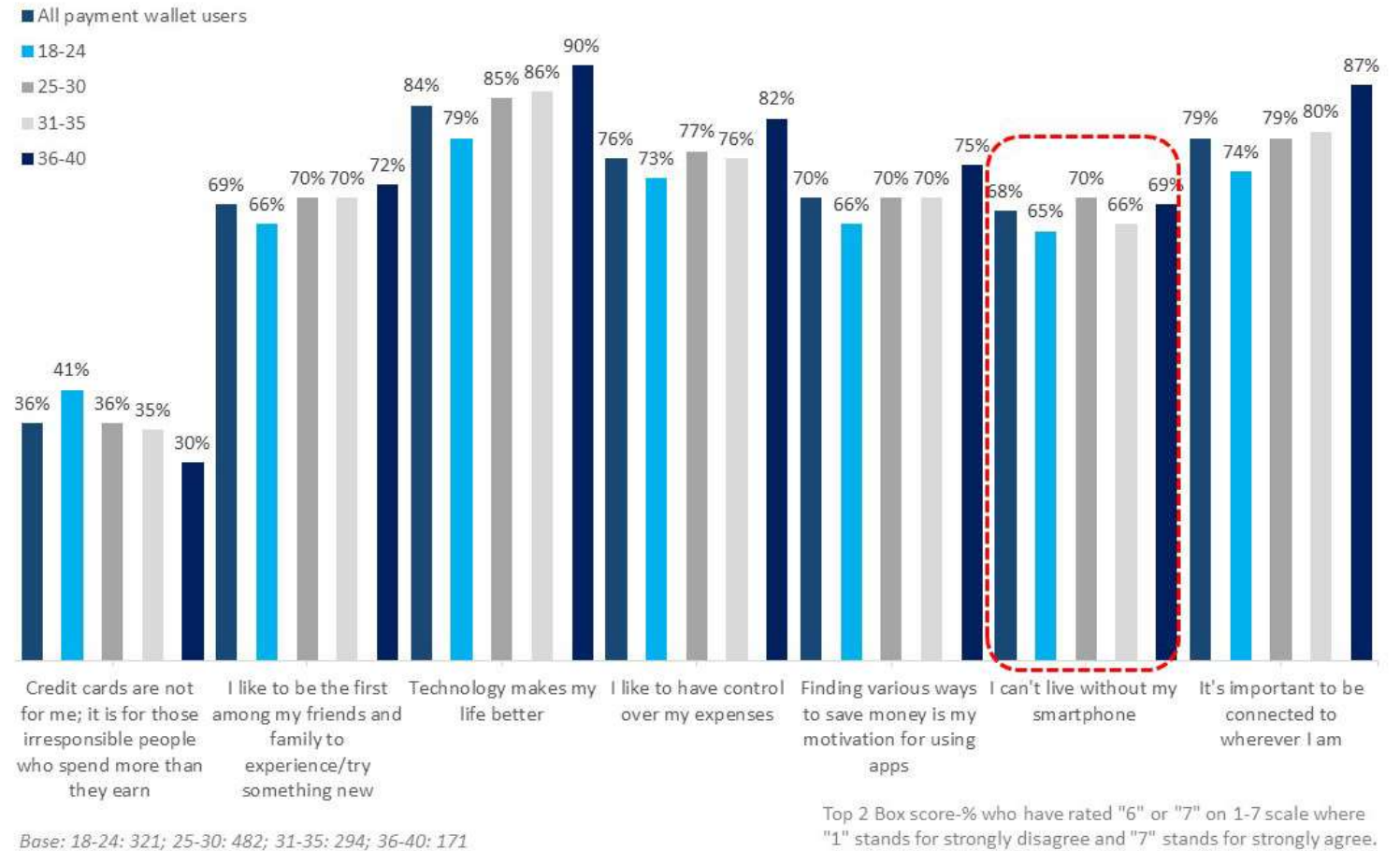
05

***Younger users (18- 24 years)
don't want to be seen as
captives of their mobile devices
contrary to popular perception***

Evidence of some backlash against a smartphone dominated lifestyle?

Attitudinal statements by age (payment wallet users)

A good 30% or more participants (across age groups) did not agree with the statement that they “cannot live without their smartphones”. Could this be evidence of an emerging need for digital detox?





06

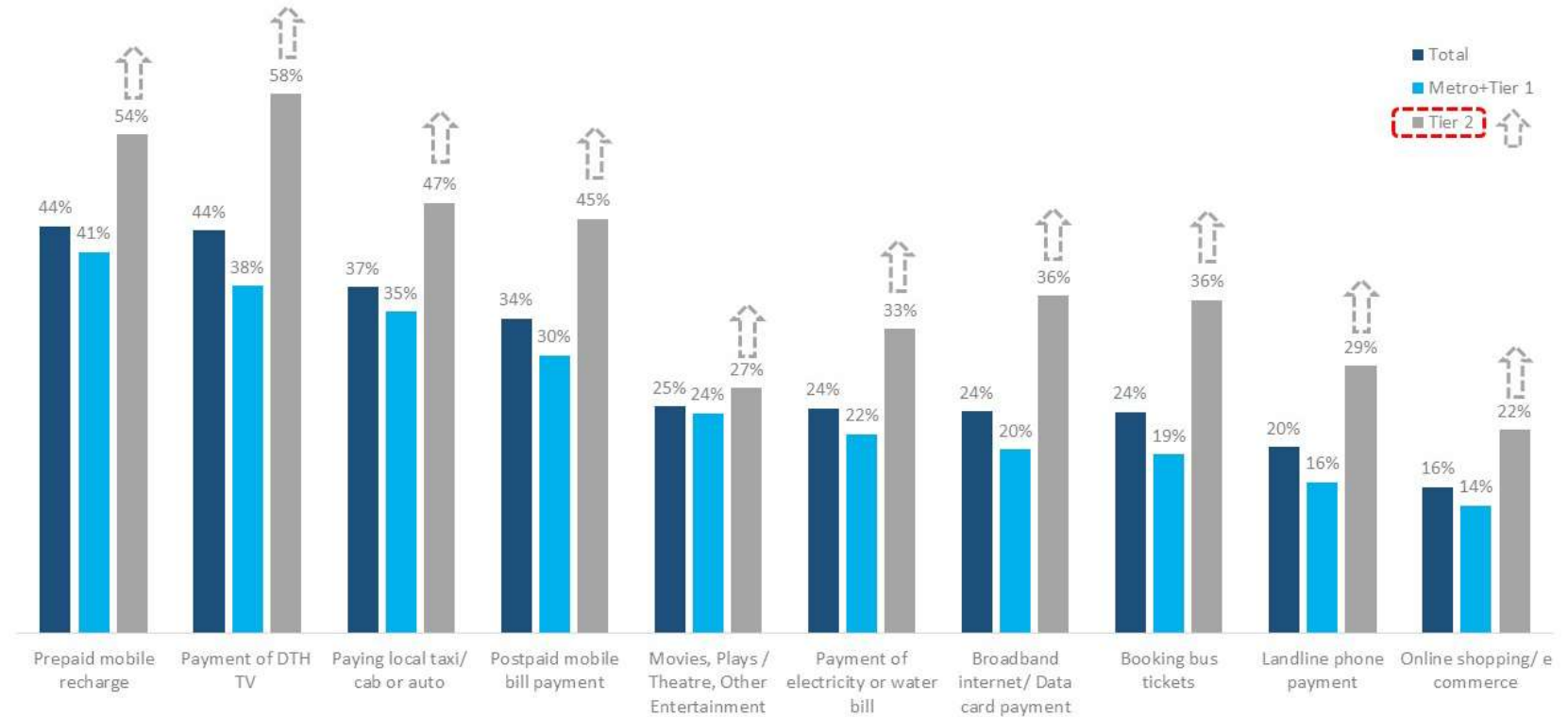
Mobile wallets are becoming part of everyday life, beyond payment of utility bills and often at a faster clip in Tier 2 cities.



Pre-paid mobile, cabs and DTH TV most common payments where mobile wallet is used over other payment methods

Top 10 uses of mobile payment wallets over other payment methods Within the past 30 days

(Respondents asked to choose between cash, credit/debit/swipe card, net banking and mobile payment wallet)

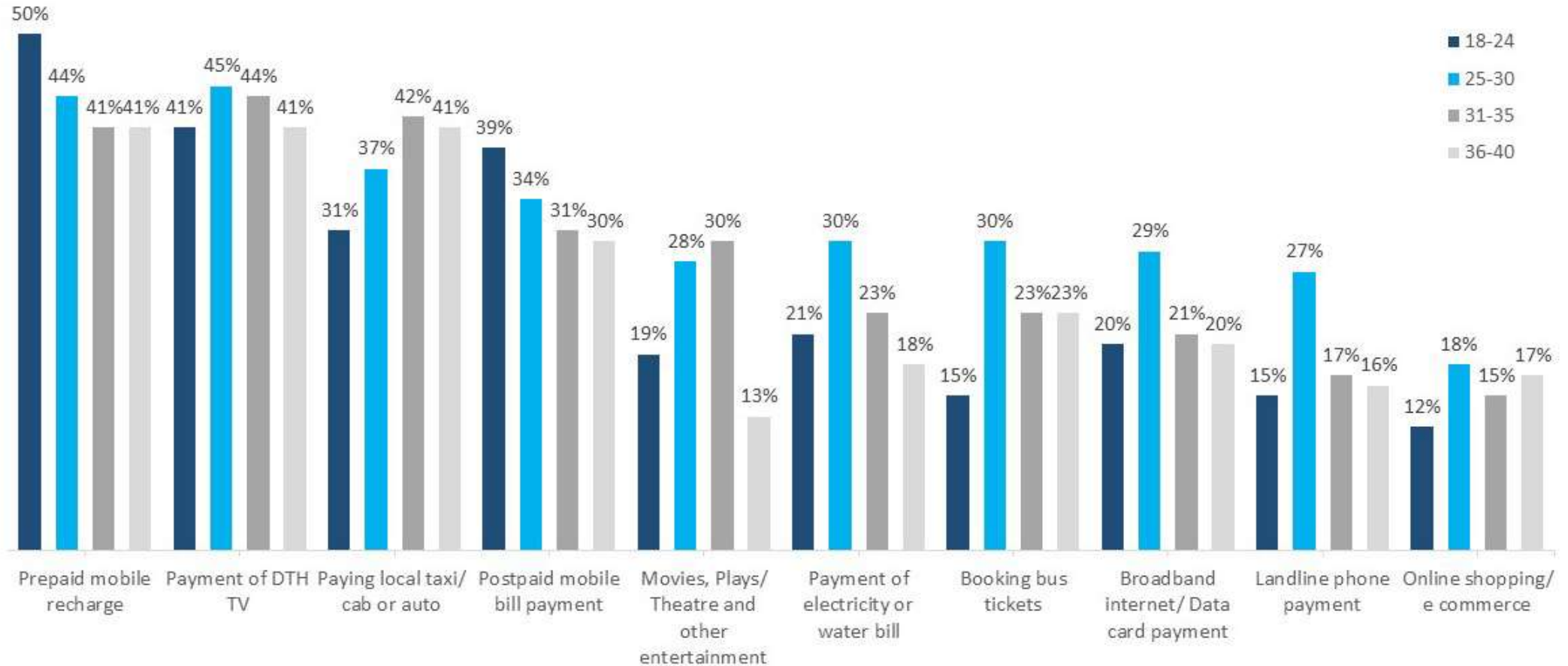


Prepaid mobile, DTH TV and local taxi are top payment categories where mobile wallets are used over other payment methods-a view across four age cohorts

Top 10 uses of mobile payment wallets over other payment methods within the past 30 days

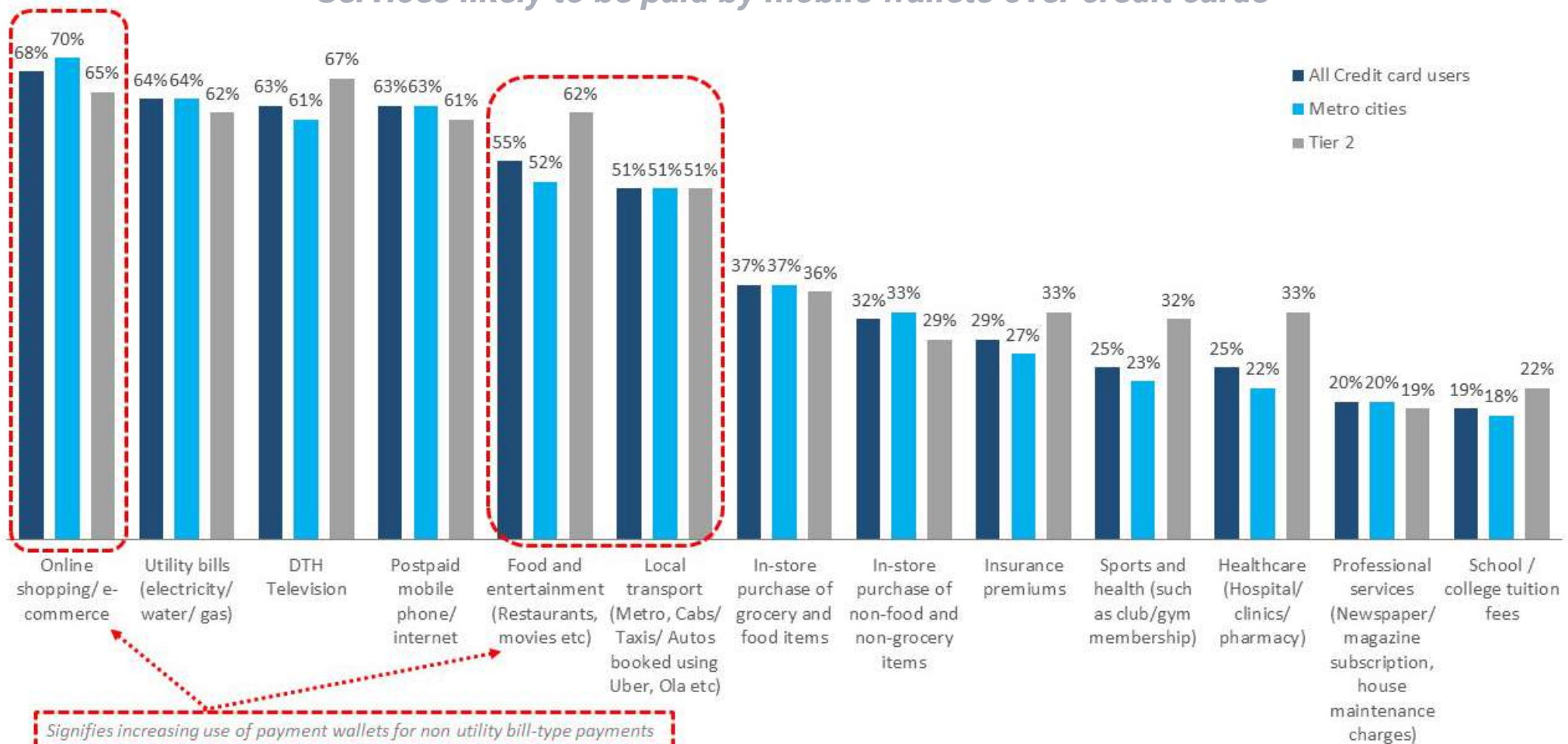
(Respondents asked to choose between cash, credit/debit/swipe card, net banking and mobile payment wallet)

The 25-30 age group seems to be the most prolific in adopting and using payment wallets for a diverse range of payments.



Recent moves into e-commerce by leading mobile wallet players look highly prudent- strong likelihood to use wallets over credit cards for online shopping

Services likely to be paid by mobile wallets over credit cards



Base: Mobile wallet users using credit cards: 775 (Metro+ Tier 1: 566, Tier 2: 209)

***Mobile wallets are driving
inclusivity
For younger users who are
denied access to credit cards,
mobile wallets are the gateway
to cashless convenience***

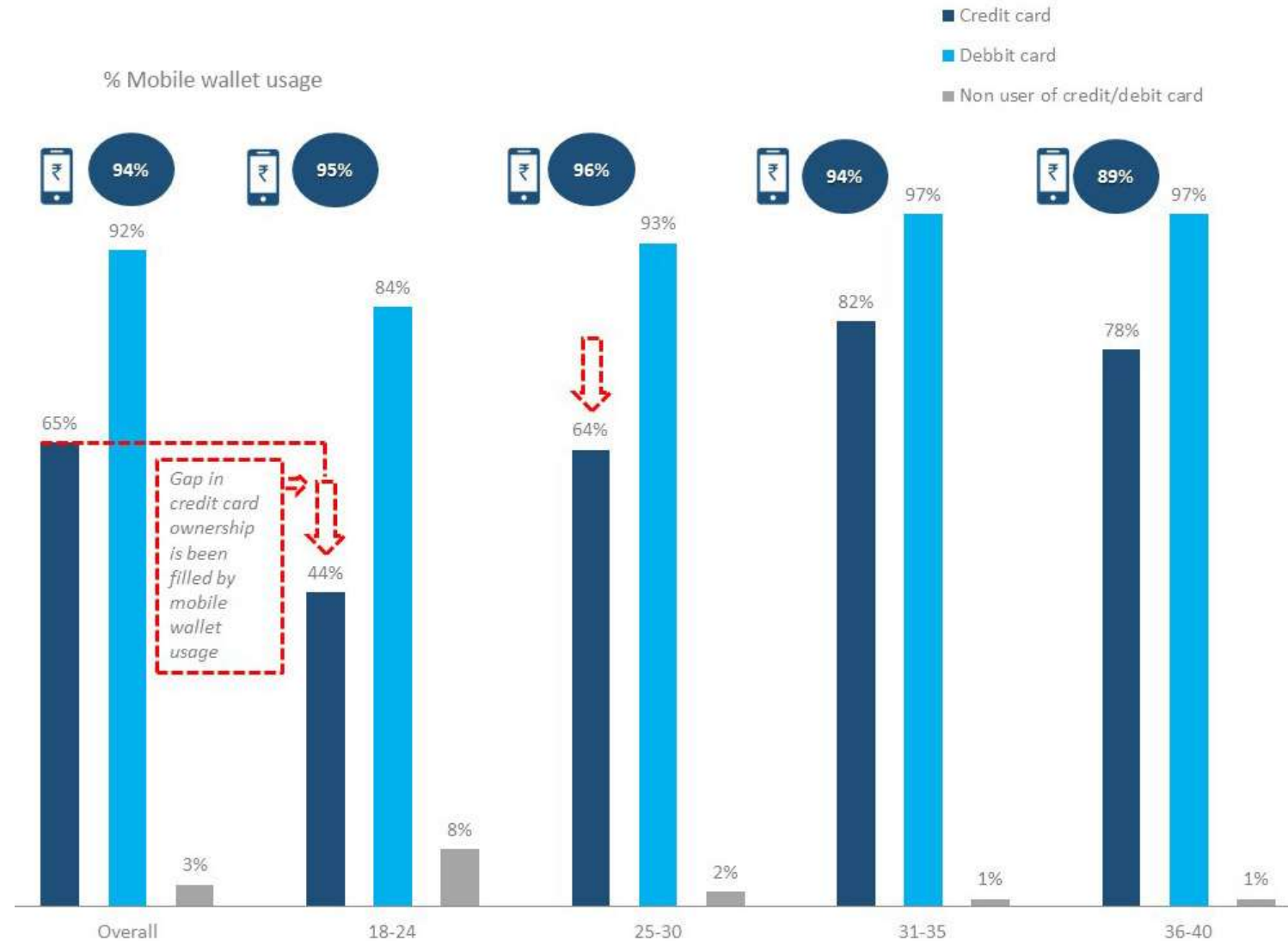


07



Credit card penetration is lower among 18-24 year olds, but high mobile wallet adoption perhaps indicates that they feel empowered to have access to cash-less payment services

Mobile Payment Wallet Users
(n= 1,195)





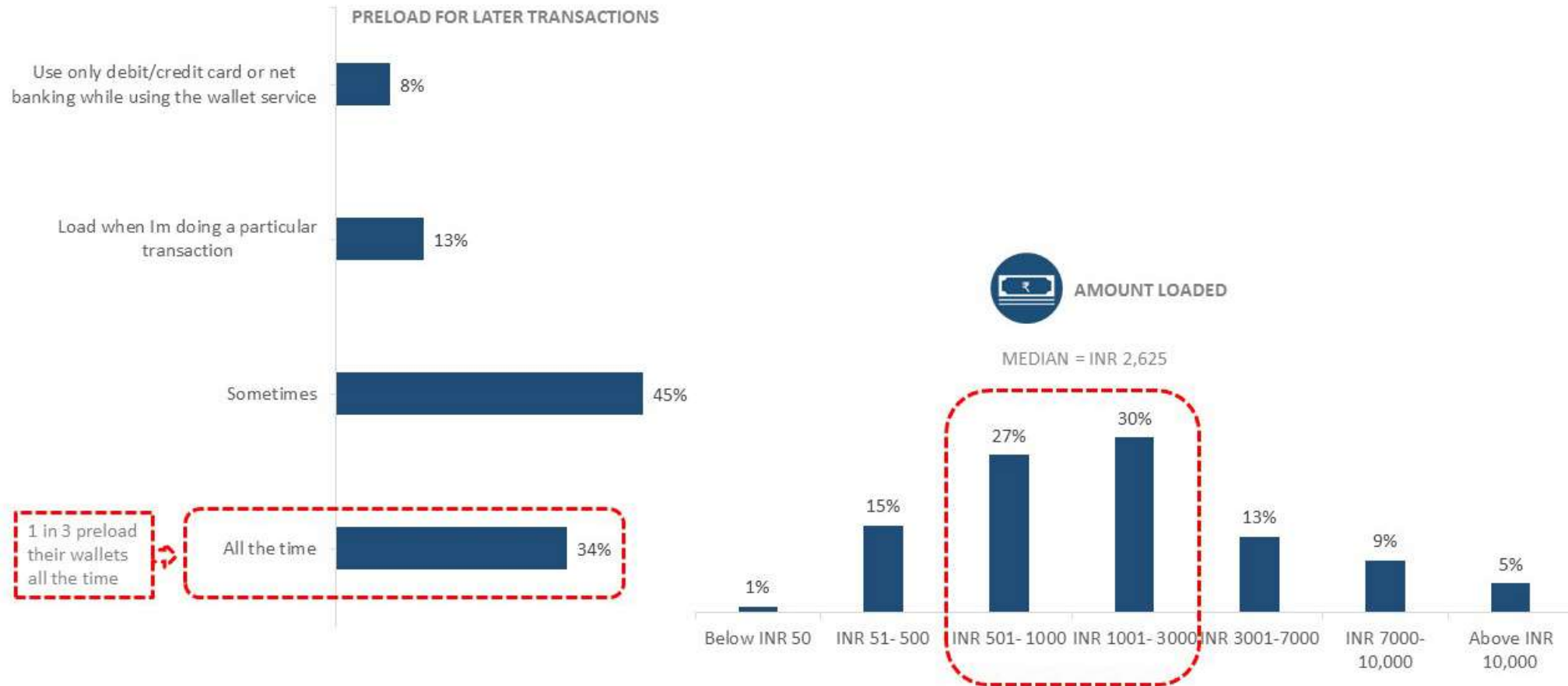
08



Pre-loading of mobile wallets (rather than loading only during a transaction) seen to be popular, with more than a third of the users doing it all the time

1 in 3 mobile wallet users pre-load their wallets all the time

78% of wallets users report cash pre-loading, with 34% displaying the behaviour "all the time" and more than 50% of them uploading in the range of INR 500- 3000 each time.



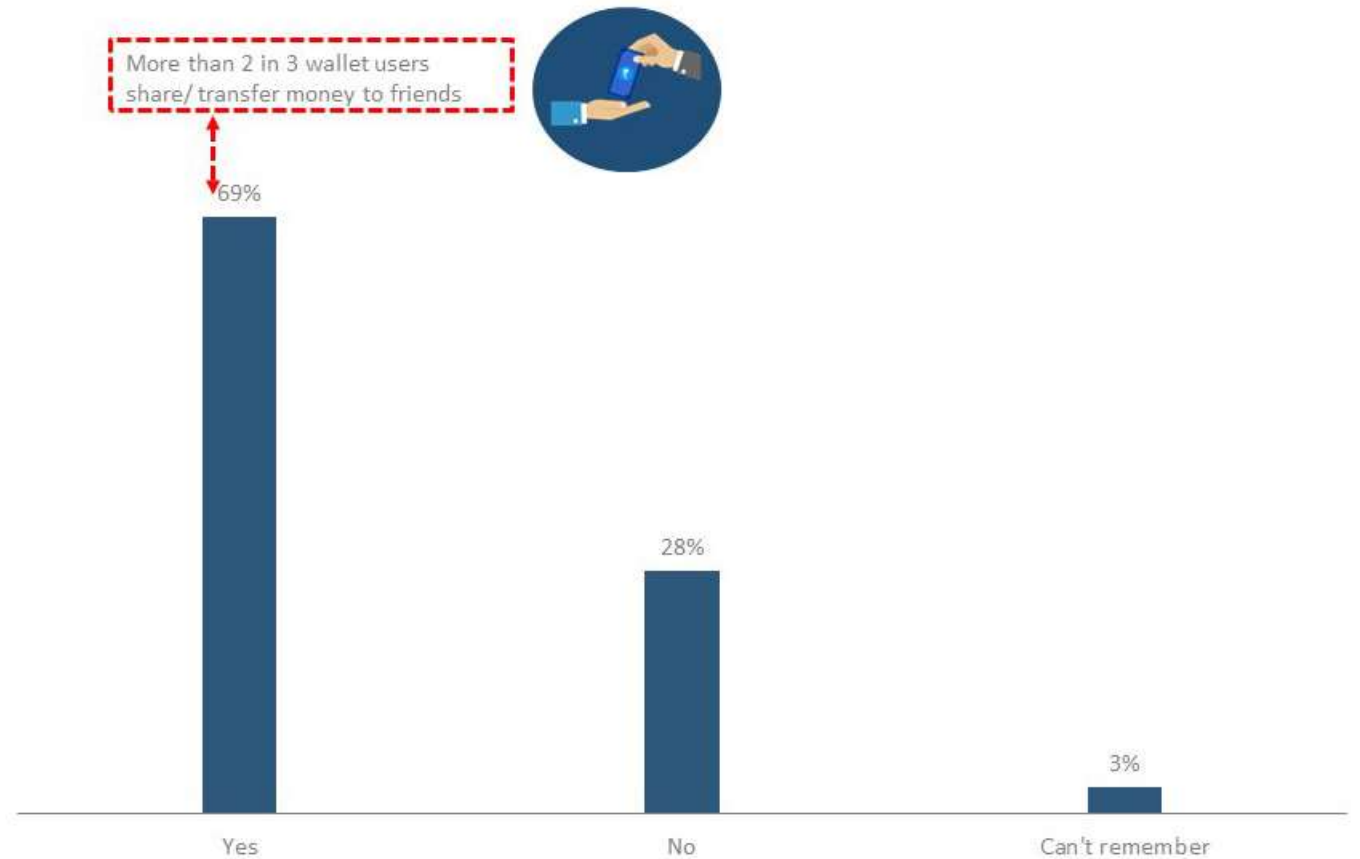
***2 in 3 mobile users
regularly share money
among their friends and
family using digital
wallets***



09

Peer to peer money transfers seem to be quite common among wallet users

Is the increasing availability of digital payment options for everyday needs, such as booking shows or ordering fast food when friends meet up, the reason why peer to peer money transfer is on the rise?





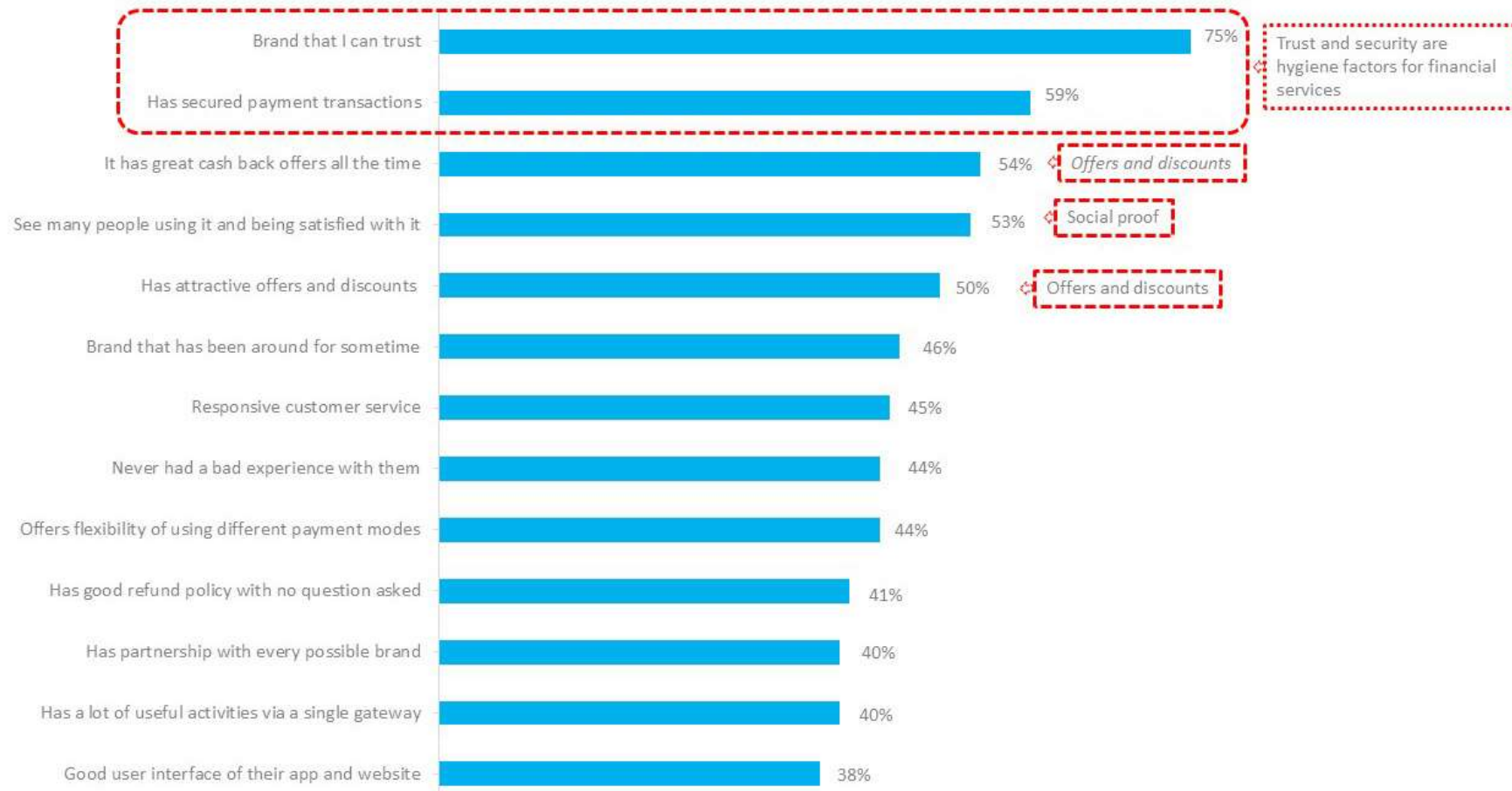
10



Key attitudinal drivers of preference of mobile wallet brands are security and trust, followed by cash backs / discounts and social proof

Trust and security are top drivers, but can also be considered hygiene factors for financial apps. Offers and social proof are the key differentiators of brand preference

Drivers of mobile wallet brand preference



Key drivers for the adoption of mobile wallets related to ease and convenience, followed by cash backs and discounts

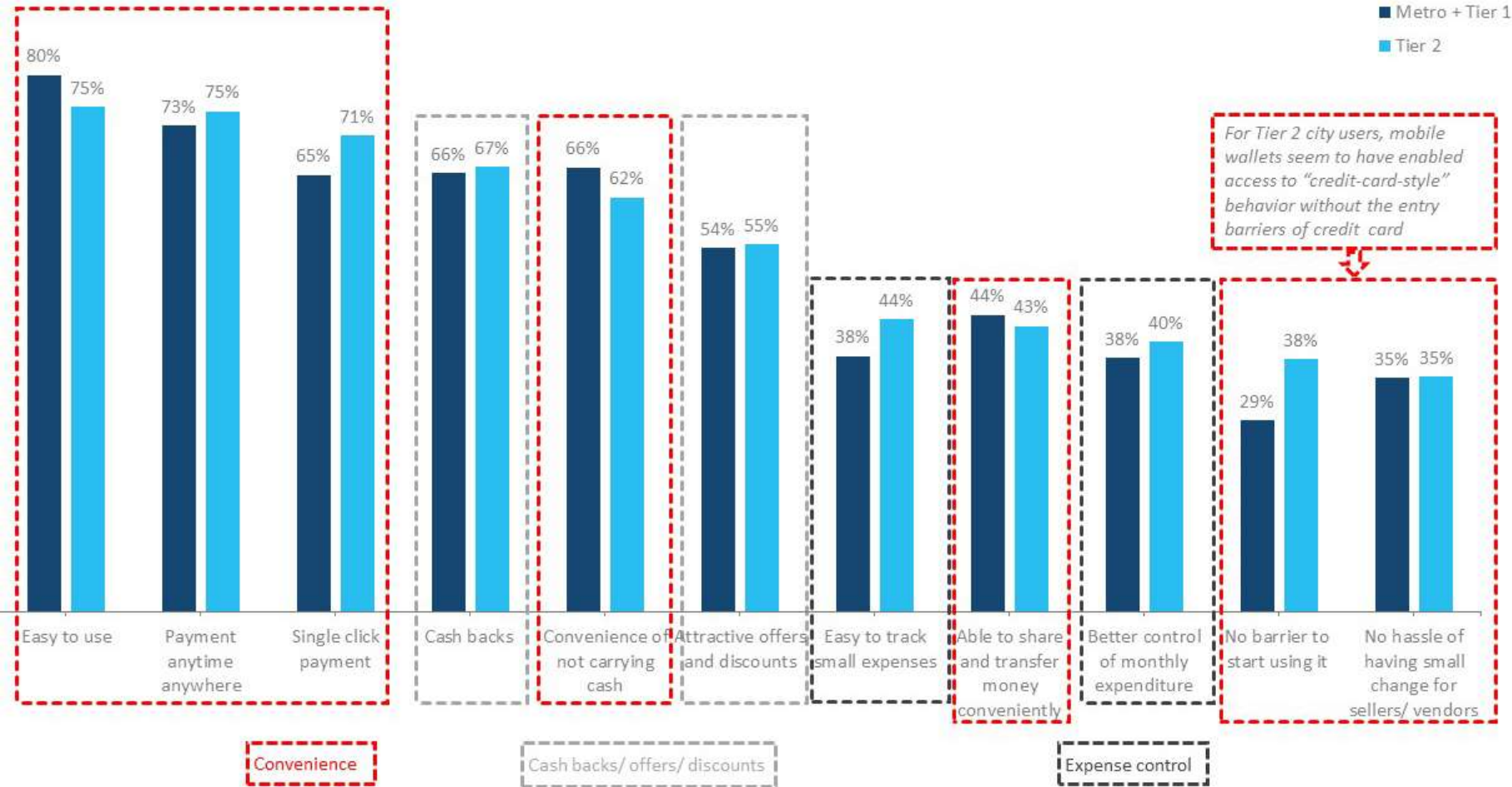


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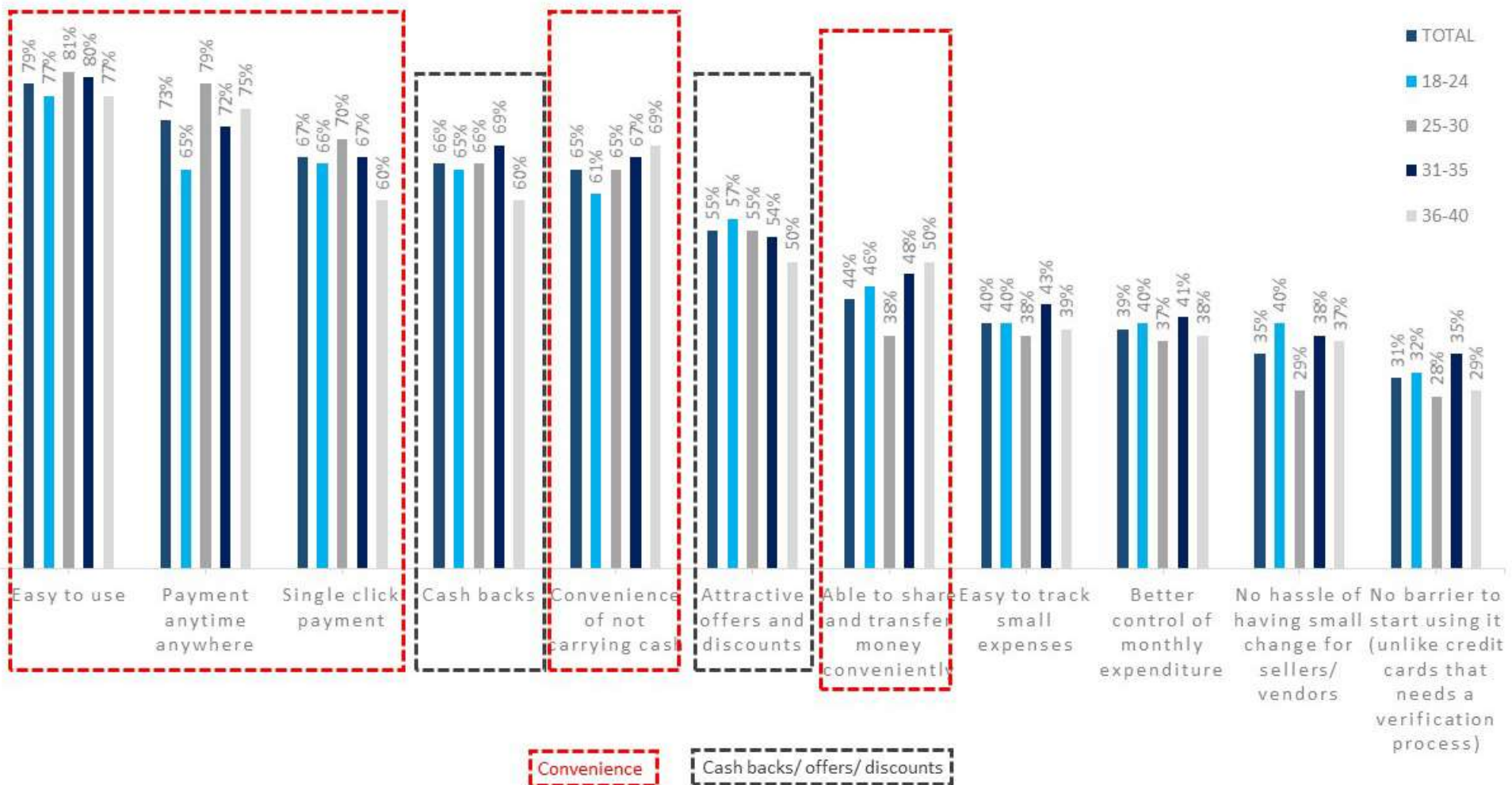
Ease and convenience drive usage, followed by cash back and discounts

Reasons for using mobile payment wallets



Ease of use, convenience and cash back/offers are key drivers across all age groups

Reasons for using mobile payment wallets





12



Key blocks are the habit of using cash and the feeling that cash is more secure

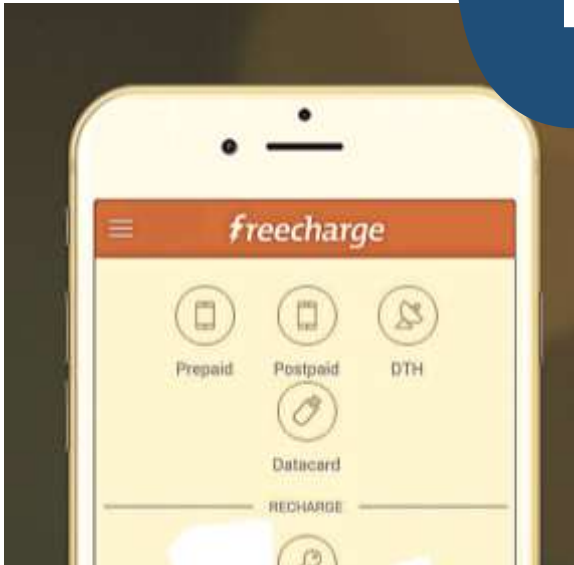
Barriers in using mobile payment wallets

Barriers to use of mobile payment wallets



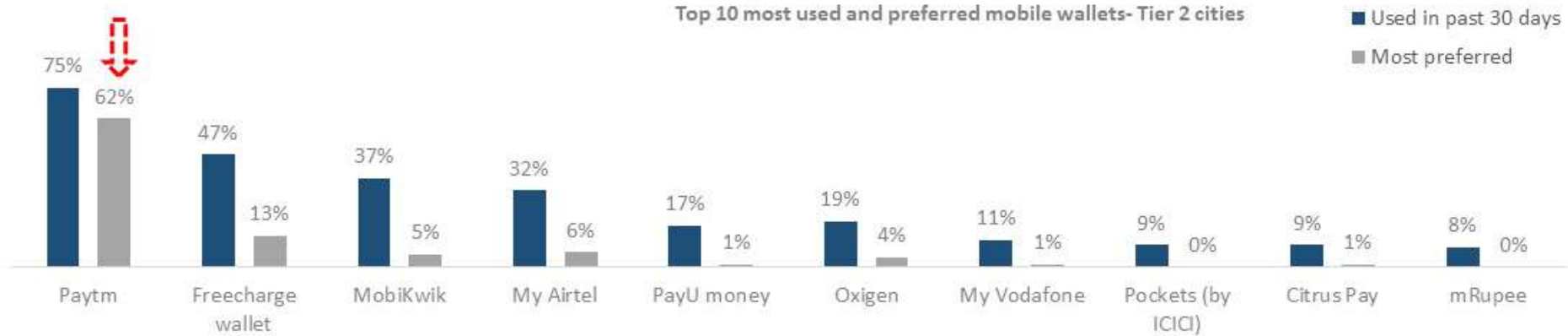
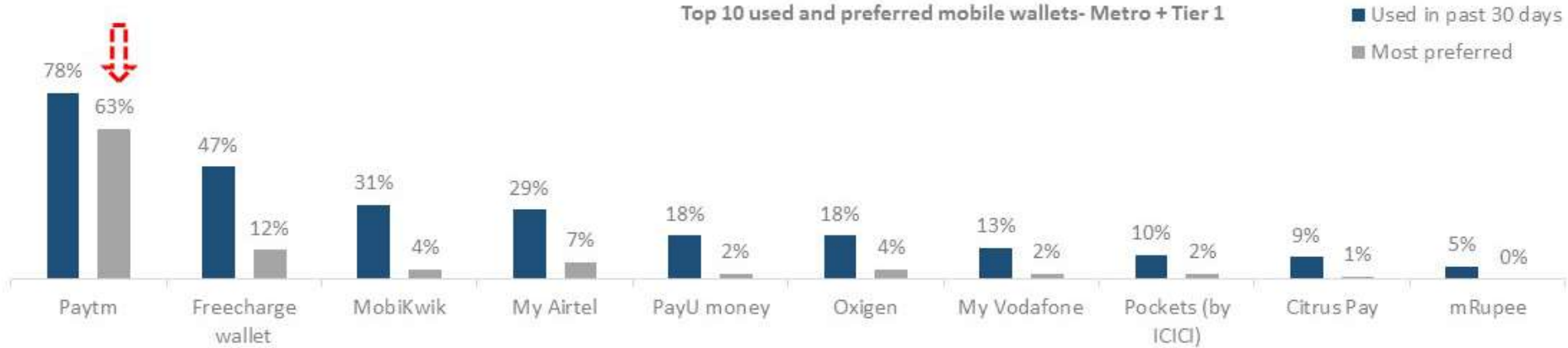


13



Mobile wallet users often use multiple wallet services for different activities, but have clear preference of their brand. Paytm emerges as the most preferred mobile wallet. Paytm is seen to be positively differentiated on trust, security of payments, offers and discounts, refund policy and social proof

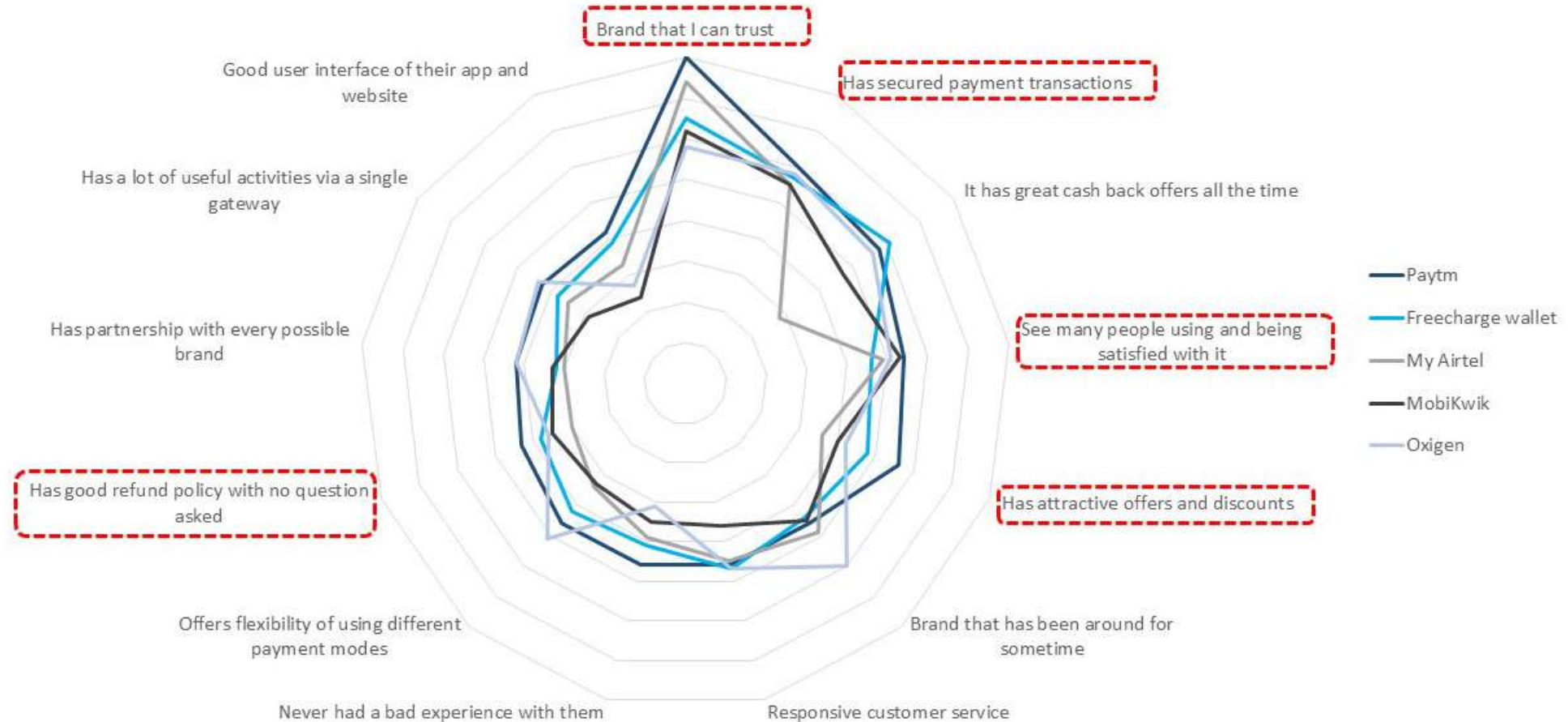
Consumers often use multiple wallets, but Paytm is the clear preference



Base: Mobile payment wallet users: 1195

Most preferred brand (Paytm) has highest trust and also ranks highly on offers and discounts. Refund policy also contributes to overall trust levels.

Drivers of preference – By top 5 most preferred brand



Non-users in Tier 2 cities have a perception (even though incorrect) about the existence of a limited mobile wallet ecosystem in their city as well as a perceived lack of value proposition

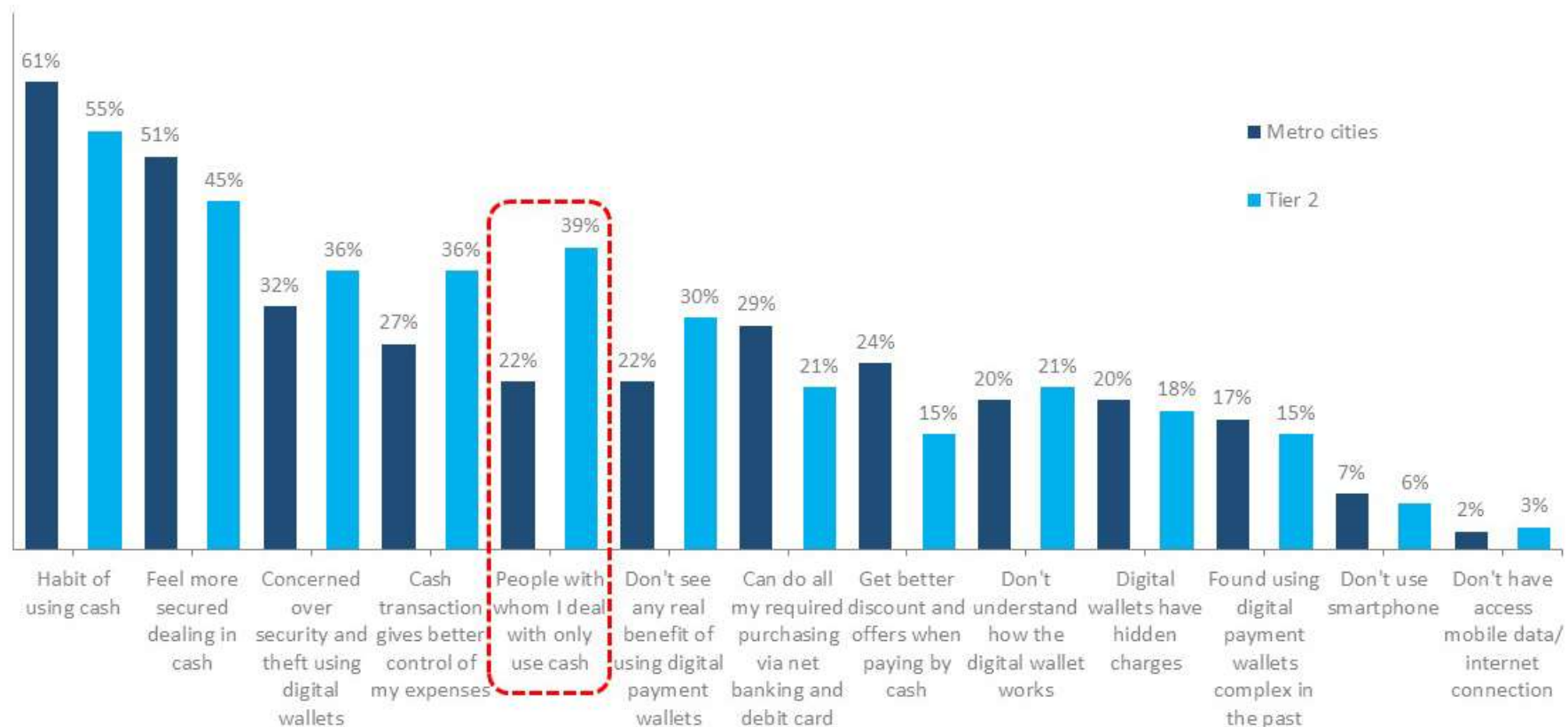


14



Habits and security concerns are key barriers; also interesting perception of limited ecosystem in Tier 2 cities

Reasons for not using mobile payment wallets





***A user centred design approach will
create the ultimate differentiation
in usage experience***

The study results paint a picture of a country experiencing 'transformation' being brought about by the increasing reach of technology, in particular the mobile phone.

What is particularly interesting is that the rate of adoption of new payment mechanisms is faster than the overall average rate, in Tier 2 cities and amongst women in Metro and Tier 1 cities.

This begs the question whether there are other not so obvious user groups who are unlikely early adopters and being able to understand their 'blue ocean' of needs would perhaps allow payment wallet brands to achieve faster adoption. This would then also move the country towards a digital economy actually built on the needs of its citizens and probably citizens whose freedom of choice is currently more restricted than groups who are overserved.

However, for that to happen, we need deeper insights about the choke and pressure points being experienced by specific user ecosystems and hence an understanding of what would motivate these users to adopt mobile wallets.

In short, it is all about following a user centred design approach to provide the most appropriate and empowering user experience solutions.



The road ahead . . .

***Using data from hybrid methods to
build a powerful story***

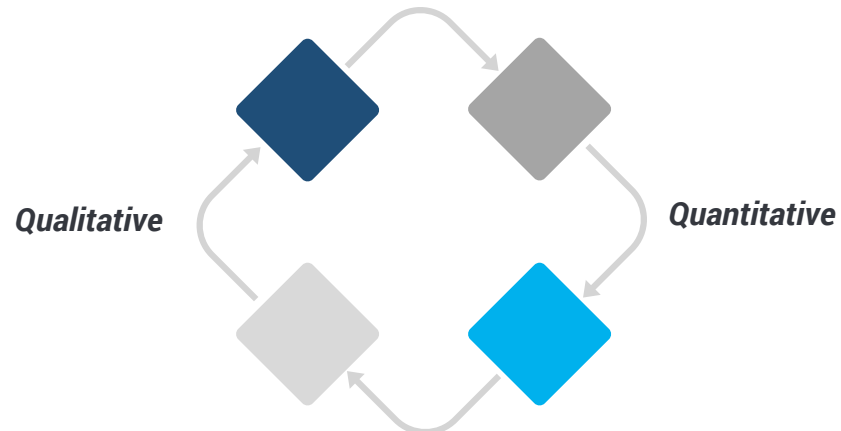
*The more inclusive our definition of data becomes, the
more strategic and actionable insights we can get out of
the research*

Deploying hybrid research methods to get the answers to the interesting questions from the first phase of research on users & non-users of wallets

Integrating quantitative research methods with a qualitatively-driven design cycle is a powerful new approach that we call “Smart Insights” at HFI

Understanding the “whys”

*Root causes of why users or non-users do what they do.
What are their emotional drives and blocks.*



Uncovering the “what’s”

Insights about what wallet users prefer; how has Paytm established trust, key determinants of usage experience. What are the barriers to adoption among non-users? Why are credit cards seen as ‘irresponsible’?

Qualitative Research



Quantitative Research

Using data for user research does not have to be an either/or; instead, it should be an integrated approach

Phase 2: Understanding the “whys”- the approach

***Active one-on-one
online moderated
discussion with select
group of users and non-
users of mobile wallets
who have previously
participated in the
quantitative survey***

***Moderated
1:1 discussion***

***Mystery surfing by a
small select group of
users to understand the
gap between perception
and reality***

***Product
evaluation***

***For further deep dives,
a few users and
non-users of mobile
wallets will be invited
for face to face
in-depth interviews***



Stay tuned for more insights...

For more information on the full report please get in touch



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