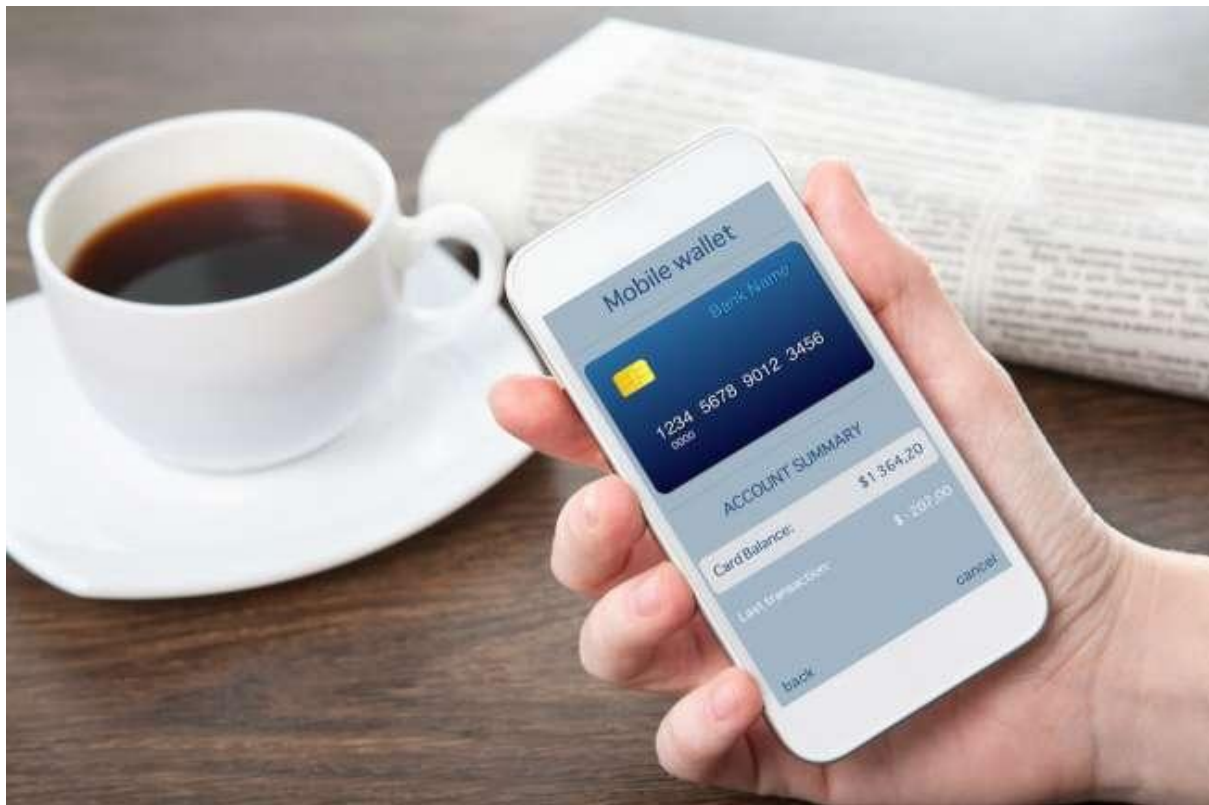


Future of Mobile Payment Technologies

The popularity of wallets like GooglePay, Paytm, and UPI are at the cutting-edge of accessible financial services



Future of Mobile Payment Technologies

[Rahul De and Abhipsa Pal](#) - 31 August 2021

Mobile payment technologies are spreading rapidly across the globe, threatening to replace credit/debit cards and cash. The popularity of wallets like GooglePay and Paytm, with options of direct bank transactions through UPI, is at the cutting-edge of financial services that are easily accessible from personal mobile devices. Despite the advantages, developing countries continue to remain low adopters of mobile payments, with a heavy dependence on cash transactions. This is of particular concern for countries like India, where such technologies have the potential to improve financial inclusion. Our research tries to understand the reasons why citizens prefer (or not) to use mobile payments, and is aimed to design policy recommendations that promote its adoption, which, in turn, could aid financial inclusion.

Historically, digital payments have grown at a slow pace in India, though they rose suddenly after demonetisation in 2016 when the uptake of wallets and payment apps increased significantly for a few months. However, as cash returned to circulation, users started migrating back to it, abandoning mobile payments. We decided to study why this was the case, and surveyed users across four locations in India, including both urban cities and suburban towns, and from different language communities. We wanted to examine what benefits users got from mobile payments, what challenges they faced, and to identify what motivated them to use it continuously. We asked questions about the convenience of such technologies, the utility people enjoy, the risks they worry about, and the help they require to use them. We wanted to tie the reasons for their present use of such technologies with their future intention to use, to understand what would lead to continued usage.

As citizens use technology over some time, they evolve innovative practices and routines that encourage them to continue using it. The theoretical phenomenon of 'affordances' aids us in our examination of the qualities of the technology that allow innovations by users. We delve into features of the technology, beyond its basic transactional uses, that hold the key to its continued use, and prevent it from being subsumed by the overwhelming popularity of traditional paper money.

One interesting finding is that though convenience is important for people's intention to use payment technologies in the future, it does not play a significant role in present use. This becomes particularly relevant since, in contrast, security is perceived as significantly important, and therefore, security measures should not be reduced to increase convenience. The two-factor authentication and other tight security measures in India have influenced citizens to use mobile payments. Concerning this, we found that though users were wary of the risks, they trusted the security features of the technology sufficiently to continue using it. Further, the role of available infrastructure is important (such as access to the internet and smartphones), therefore, reduction of the digital divide and greater access to digital technologies will impact the uptake of these mobile payments systems. The low digital literacy in the country is detrimental to the adoption of digital financial services, as knowledge of using such services also determines its continuity. We recommend multi-lingual payment app interfaces as they would reduce the burden of digital literacy on native-language, non-English, speaking citizens. Also, since people use payment apps for services like ticket booking and mobile recharging, we suggest bundling multiple services on a single payment app as this would encourage greater usage.

The findings of our research study have implications for critical issues like security, risk, and digital literacy, and help in the design of policy for enhancing the use of mobile payments, thereby impacting financial inclusion for all. The academic implication of our work has to do with modelling digital financial inclusion and innovations in societies.

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