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A STUDY ON EVALUATING PROBLEMS AND CHALLENGES FACED BY DIGITAL WALLET USERS IN RURAL AREAS

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Keywords

Digital Wallet,
E-wallet,
Digital Payment System

Abstract

The growing adoption of digital payment systems has transformed financial transactions, yet rural populations still struggle with accessibility and usability. The purpose of the study is to identified challenges faced by problems and challenges faced by Digital wallet users in rural areas. It is seen that key challenges faced by users are Poor internet connectivity, low digital literacy, language barriers, high transaction fees, KYC and documentation challenges, resistance to change, poor customer support access, limited acceptance by merchants, electricity inconsistency, limited smartphone users.

1. INTRODUCTION

1.1. Digital wallets

Digital wallets refer to transactions which occur where it takes place with the help of digital platforms wherein there is no involvement of involvement of physical transaction of currencies. This in clear words defines that both the parties involved in the transaction that is the sender and the receiver apply the electronic route for making the financial transaction successful. The Government of India also undertakes various measures and policies for promoting as well as encourage the method for making payments through digital platforms easier and more seamless for the users. They are striving for transforming India digital completely that would enable the creation of a cashless economy. As per the present campaign, 'Digital India' that is launched by the Indian government is emphasizing in making India a 'digitally empowered' economy that would in time transform India as 'Faceless, Paperless, and

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Cashless' economy.

1.2 Financial literacy

Financial literacy is defined as a set of skills and knowledge that needs to be imbibed within an individual that would make them more informed and aware regarding the various financial instruments and that would help them in making effective decisions with respect to their financial resources. It means to acquire knowledge regarding the various financial instruments which are available in the financial market and use them effectively for gaining more financial returns. This would help them to understand the basic topics related to financial aspects regarding the financial system. Individuals having proper and full knowledge about the financial programs help them to manage their finances in a better manner.

1.3 Mobile Wallets

Mobile Wallets are defined as a type of wallet for storing cash in digital form. The users need to link their bank accounts as well as their banking cards with the digital wallets to facilitate a safe as well as a secured form of making transactions with the help of an online platform. Another method for using the digital wallets is through adding money into mobile wallets and afterwards using balance money for the purpose of making transactions and transfers. Recently, various banks, private companies and financial institutions have also introduced their own individual wallet systems so as to notch up closer towards contributing towards digital India.

2. LITERATURE REVIEW

2.1 Gupta, B. (2017) analyzed in the research study with an aim for understanding the challenges that are faced by the people of the rural areas in India with the use of e-wallets. The people in the rural area are still unaware about the concept of e-transactions and also have the fear of going cashless. The research undertakes the sample of various areas in the district of Dhanbad in Jharkhand. Despite making huge investments and having a huge market by service providers, it is still assumed as a risky concept by the rural people as they are not advanced for accessing and accepting the newer technologies for making payments as they still have fear of trust and security while performing transactions online.

2.2 Pradhan, K., Kumar, S., et al. (2024) investigates in their research study about the contribution made to foster financial inclusion as well as exploring digital finance awareness among the users in Madhya Pradesh through field surveys. The research findings highlight adopting digital financial technology differs on the basis of social, economic and demographic factors such as gender, age, education, caste, occupation and income. Additionally, the results reveal an important and positive correlation among inclusion of digital wallets and educational attainment, and on the other hand, age show an inverted U-shaped and non-linear association with inclusion of digital wallets.

2.3 Mehraj, D., Nissa, V., et al (2024) mentioned in their research study about gaining an in-depth knowledge regarding the challenges that are being faced by the people residing in rural India. The major challenges that are being faced are trust issues and concerns regarding security of payment and financial information, thus emphasizing the influence of privacy issues as well as cybersecurity threat while adopting the technologies for making payments digitally. The research provides significant attention on the various aspects regarding behavioral and cultural factors that influences adopting digital wallets in rural areas, which includes the high preference which is given on making cash transactions as well as the different levels of digital literacy spanning various demographics. The research in conclusion provides some strategic suggestions so as in overcoming the challenges and thus enhancing the adoption of digital payments.

2.4 Chawla, P., Dalal, S., et al. (2022) pointed out through analyzing the different threats and opportunities pertaining to the use of digital wallets as a means for making payments digitally. The research highlights the challenge of security issues among many other threats that is regarded as a major drawback for the people in rural areas regarding the acceptance of digital wallet systems. The study identifies the various threats such as privacy concern, security issues, reluctant to change to being cashless as they are still highly depended on making payments through cash. Therefore, the companies making these mobile wallet applications are facing serious vulnerabilities. The research focuses on major challenges regarding digital wallets that are fraud, mindset of the users, accessibility, and so on.

2.5 Kumar, R. (2024) highlighted in their research about examining the perspective of consumers regarding payment applications in rural areas of Sonipat in line with the initiative of Digital India. In spite of the increasing trends regarding digitalization, the methods of sticking to traditional method of making payments still exists, that highlights the major challenges regarding acceptance of digital wallets. This research also finds the significance of gender in adopting of technology and highlights the importance of including programs which focuses on digital literacy.

2.6 Vidhya, R. & Villvijaan, C. (2024) investigated in their research study about the knowledge and the awareness that needs to be created with respect to digital wallets among the people residing in the Cuddalore district. The usage and adoption is based on various factors like accessibility, awareness as well as the benefits perceived. The initial observations recommend different levels regarding knowledge and awareness in the residents and factors like education, income and age play an important role. The common challenges that are being faced using digital wallets are security concerns and privacy issues. These are the major factors that are restraining the use of digital wallet as a method of making payments. Various educational initiatives as well as awareness campaigns are being conducted so as to bridge the gap.

Summary of Literature Review

Study	Summary
Gupta, B. (2017)	Analyzes the challenges faced by rural areas in India regarding e-wallet usage, emphasizing lack of awareness and fear of cashless transactions due to trust and security concerns.
Pradhan, K., Kumar, S., et al. (2024)	Investigates the role of digital finance in fostering financial inclusion in Madhya Pradesh, revealing the impact of social, economic, and demographic factors on digital wallet adoption.
Mehraj, D., Nissa, V., et al. (2024)	Focuses on challenges faced by rural India, including trust and security issues, highlighting the influence of privacy concerns and digital literacy on adopting e-wallets.
Chawla, P., Dalal, S., et al. (2022)	Examines security concerns and threats in digital wallet adoption in rural areas, identifying issues like fraud, privacy concerns, and reluctance to move away from cash payments.
Kumar, R. (2024)	Explores consumer perspectives on payment apps in rural Sonipat, discussing challenges in adopting digital wallets and the importance of digital literacy programs.
Vidhya, R., & Villvijaan, C. (2024)	Investigates awareness and knowledge gaps regarding digital wallets in Cuddalore district, highlighting security and privacy issues as major barriers to adoption.

3. OBJECTIVES OF THE STUDY

(i) To analyze problems and challenges faced by Digital wallet users in Rural areas.

(ii) To give appropriate suggestions to overcome the challenges faced by Digital wallet users in Rural areas.

Hypothesis:

Ho: The problems and challenges faced by digital wallet users is Insignificant.

Ha: The problems and challenges faced by digital wallet users is Significant.

4. RESEARCH METHODOLOGY

Data has been collected from 125 users of digital wallet (Google pay and Phone pay users). Structured Questionnaire have been framed using 5-point Likert Scale question and perception of digital wallet users have been gathered. Non-probability purposive sampling has been used in the current study. The statistical technique used in the study is one sample t test using SPSS.

Data Analysis:

Table 1: One sample T-test

Items	T Statistics	P value	Result
Poor Internet connectivity	23.21	0.000	Significant challenge
Low Digital Literacy	23.22	0.000	Significant challenge
Language barriers	23.89	0.000	Significant challenge
High Transaction Fees	24.07	0.000	Significant challenge
KYC and Documentation Challenges	24.05	0.000	Significant challenge
Resistance to change	26.08	0.000	Significant challenge
Poor Customer Support Access	27.81	0.000	Significant challenge
Limited acceptance by Merchants	27.01	0.000	Significant challenge
Electricity Inconsistency	22.21	0.000	Significant challenge
Limited Smartphone Users	22.23	0.000	Significant challenge

The results of the one-sample T-test indicate that all the listed challenges faced by digital wallet users in rural areas are statistically significant, as evidenced by the high T-statistics values and the P-values of 0.000, which are well below the conventional significance threshold of 0.05. Among these, poor customer support access (T = 27.81) and resistance to change (T = 26.08) emerged as the most critical barriers, highlighting the urgent need for improved service accessibility and trust-building initiatives to encourage digital payment adoption. Limited acceptance by merchants (T = 27.01) also ranked high, emphasizing the necessity of expanding digital payment infrastructure in rural businesses. Other key challenges, such as KYC and documentation issues (T = 24.05), high transaction fees (T = 24.07), and low digital literacy (T = 23.22), further reinforce the fact that structural and educational barriers must be addressed to enhance financial inclusion. Moreover, fundamental infrastructural constraints, including poor internet connectivity (T = 23.21), electricity inconsistency (T = 22.21), and limited smartphone users (T = 22.23), indicate that technological access remains a major limitation.

5. CONCLUSION

The findings clearly demonstrate that digital wallet adoption in rural areas faces significant challenges, primarily due to infrastructural limitations, digital illiteracy, high costs, and resistance to change. Addressing these barriers requires a multi-faceted approach, including better internet connectivity, financial education, reduced transaction costs, and enhanced customer support. By implementing

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targeted solutions, policymakers and service providers can foster greater financial inclusion and accelerate the shift toward a cashless rural economy.

6. SUGGESTIONS

The government and policymakers should focus on improving digital infrastructure by expanding internet access and ensuring stable electricity in rural areas. Financial literacy programs should be implemented to educate users on the benefits and safe usage of digital wallets. Additionally, reducing transaction fees, simplifying KYC requirements, and incentivizing merchants to accept digital payments can enhance adoption. Strengthening cybersecurity measures and providing accessible customer support will further build trust and confidence among rural users, accelerating financial inclusion.

7. AUTHOR(S) CONTRIBUTION

The authors agreed to have no connections or engagements with any group or body that provides financial and non-financial assistance for the topics and resources covered in the article.

8. CONFLICT OF INTEREST

The authors declared that no potential conflicts of interest concerning the research, authorship, and/or publication of this article.

9. PLAGIARISM POLICY

The authors declare that any kind of violation of plagiarism, copyright, and ethical matters will be handled by all authors. Journalists and editors are not liable for the aforesaid matters.

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