A Study of Satisfaction and Loyalty for Continuance Intention of Mobile Wallet in India

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ABSTRACT

How do satisfaction and loyalty drive Indian consumers' continued use of mobile financial applications? Do age, education, and income moderate these relationships? An analysis of 1,060 Indian participants revealed that consumer satisfaction and loyalty were correlated with continuance intention. Satisfaction seemed to be a more emotional factor for the continuance of mobile wallet use, while loyalty was more cognitive behavior. Income and education showed opposite and significant moderating effects on the main driving factors. In general, the research findings can provide a deeper understanding of the continued use of mobile financial applications.

KEYWORDS

Continuous Intention, Digital Payment, Education, Indian, Loyalty, Mobile Wallet, Satisfaction, Youth

INTRODUCTION

Indian mobile wallet use (or e-wallet or digital wallet) has become widespread in the last 15 years. The first Indian e-wallet, Wallet365.com, was a joint product of the Times Group and YES Bank in 2006. From 2006 to 2017, the number of e-wallet service providers expanded sixtyfold (Anand, 2018). Intense competition generated alliances: telecom companies joined banks to offer digital payment products, e.g., Airtel joined the Kotak Mahindra Bank to start Airtel money; Reliance Jio began a mobile wallet with the State Bank of India; Idea Cellular and Axis Bank partnered up to create Idea Money (Axis Bank, 2018). mRupee, one of the major players in the industry, was an initiative by TATA and Docomo (Handford, 2013). By 2019, India had mobile wallets such as Paytm, PhonePe, Freecharge, Mobikwik, Google Pay, Amazon Pay, and Airtel Money (Behani, 2019).

The Indian government catalyzed mobile wallet use by advocating a digital economy - the Digital India Movement - consisting of "faceless, paperless, cashless" transactions. In 2016, the Indian government demonetized its 500-rupee and 1000-rupee notes, thus increasing the need for mobile

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wallets. In 2017, the Indian government approved mobile wallet interoperability, further increasing competition (Research and Markets, 2019).

By 2020, India had 748 million smartphone consumers, with 149.7 million consumers being added per year (Statistica, 2021). There were 1.10 billion mobile connections in India in January 2021 and 624 million Internet users, about 79% of the total population (Kemp, 2021). In 2021 about 90% of these Indian users visited an online retail site or store, 82% searched online for products, 77% purchased a product online, and 69% used a shopping app on a mobile device. Indian consumers also increased their total time spent using mobile phones by 30% annually. While 79.9% of consumers had accounts with a financial institution, only 3.0% had credit cards, indicating that Indian consumers could bypass cards and go directly from "cash" to mobile wallet apps.

In summary, Indian mobile wallet use has grown exponentially bypassing the intermediate stages of cordless telephones and plastic money (Eappen, 2019). India's immense market opens opportunities for more mobile financial applications. Given the expansion of Indian mobile wallets and the assortment of available telecom carriers and digital payment products, we focus on two critical factors on the consumer's decision to continue product use: satisfaction, a dedication factor, and loyalty, a constraining factor. We ask:

1. To what extent do Indian customers weigh satisfaction and loyalty as a determinant of continuance intention to use mobile wallet?
2. To what extent do age, education, and income moderate the effects of satisfaction and loyalty to continuance intention?

LITERATURE REVIEW

Satisfaction

Satisfaction is an accumulated cognitive and emotional construct. Cognitively, satisfaction is the sum of gaps between expectations and delivery (Parasaruman et al., 1988). It is the end state from where consumers compare their experiences before and after consumption. Consumers calculate net pleasure or disappointment by comparing the perceived performance against expectations (Chiu et al., 2012; Chinomona & Dubihlela 2014; Lin et al., 2015). Consumers are satisfied when they "trust that consumption provides results that are relative to the standards of happiness and unhappiness" (Woisetschlager et al., 2011). Emotionally, satisfaction is an accumulated experience of pleasure, happiness, fun, and enjoyment.

Many studies established how consumer satisfaction is key to continued willingness to use for mobile wallets social media, and electronic products. Chea & Luo (2006) found that consumer satisfaction with electronic services directly and indirectly affects continuance intention. Chen et al. (2009) showed that consumer satisfaction affects the willingness to continue using self-service technologies. Finn et al. (2009) found that customer satisfaction contributes to the success of electronic services. Kim et al. (2013) proposed that satisfaction can strongly affect consumers' willingness to participate continuously. Gwebu et al. (2014) show that consumer satisfaction will directly affect consumer willingness to continue FaceBook use.

When customer satisfaction increases, willingness and actual repurchase behavior increases. Kuo et al. (2009) found that customer satisfaction positively affects buyers' intentions in value-added services in Taiwan. For Lin et al. (2015), satisfied consumers increase their loyalty to IT products and continue purchasing. When customers perceive higher service quality, they feel more satisfied and show positive behavioral intentions (Lu et al., 2011). Shiau & Luo (2013) found a strong relationship between consumer satisfaction and continued willingness for Thai consumers.

H1a: Satisfaction is positively related to Continuance Intention.

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