



“A Study on Impact of Mobile Wallets on Financial Inclusion in Urban with Special Reference Bengaluru City”

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Abstract—

This study examines the impact of mobile wallets on financial inclusion in urban areas, with special reference to Bengaluru city. The findings reveal that a majority of respondents are aware of and actively use mobile wallets, particularly platforms like PhonePe and Google Pay. Mobile wallets are primarily used for essential transactions such as mobile recharges, bill payments, and money transfers due to their convenience, ease of use, and time-saving features. The study also highlights that young, educated, and middle-income individuals are the dominant users. Despite high adoption, challenges such as security concerns, technical issues, and occasional lack of trust still persist. Overall, the study concludes that mobile wallets play a significant role in promoting financial inclusion by providing easy access to digital financial services, though improvements in security and infrastructure are needed to enhance user confidence and usage.

Keywords: Mobile Wallets, Financial Inclusion, Digital Payments, Urban Banking, FinTech, Cashless Economy, Consumer Behavior.

I. INTRODUCTION

The global financial landscape has undergone a tectonic shift over the last decade, transitioning from traditional brick-and-mortar banking to a "digital-first" ecosystem. At the heart of this transformation is the **Mobile Wallet**, a tool that has evolved from a simple payment interface into a comprehensive financial gateway. In emerging economies like India, these digital platforms are not merely conveniences; they are critical instruments for **Financial Inclusion**, providing the unbanked and underbanked with access to credit, insurance, and secure savings.

The Indian Context

India has emerged as a global leader in real-time digital payments. Driven by the **"JAM" Trinity** (Jan

Dhan accounts, Aadhaar, and Mobile connectivity) and the revolutionary **Unified Payments Interface (UPI)**, digital transactions have seen exponential growth. As of early 2026, UPI accounts for over **81% of retail digital payments** in India, with the RBI's Financial Inclusion Index rising to **67.0**, reflecting significant improvements in the "Usage" and "Quality" of financial services.

Urban Dynamics and the "Digital Divide"

While financial inclusion is often discussed in a rural context, the urban landscape presents a unique set of challenges. In rapidly growing metropolises, a "second-tier" digital divide exists. While high-income professionals enjoy seamless "Super App" experiences,



migrant laborers, street vendors, and gig economy workers often struggle with digital literacy, security fears, and inconsistent access to formal credit.

The Rationale for Studying Bengaluru

Bengaluru, often hailed as the "Silicon Valley of India," provides a perfect laboratory for this study. The city is a paradox of hyper-connectivity and informal labor. It boasts:

- **High Tech-Penetration:** A digitally savvy population that is often the first to adopt new Fintech features like **Buy Now Pay Later (BNPL)** and **Central Bank Digital Currency (CBDC)**.
- **Economic Diversity:** A vast informal sector, including over **1.5 lakh street vendors** and a massive gig workforce, whose financial health is increasingly tied to mobile wallet adoption.
- **Infrastructure:** A robust ecosystem of Fintech startups and a high density of QR-code-enabled merchants.

2.BACKGROUND OF THE STUDY

The rapid advancement of digital technology has significantly transformed the financial services sector worldwide. The emergence of mobile wallets has revolutionized the way financial transactions are conducted by enabling fast, secure, and convenient cashless payments. In India, the growth of digital payments has been accelerated by government initiatives such as Digital India and the development of digital infrastructure like the Unified Payments Interface (UPI).

Mobile wallets have become an essential tool in promoting financial inclusion by providing easy access to financial services for individuals who were previously excluded from the formal banking system. With increasing smartphone penetration and internet accessibility, urban populations have rapidly adopted mobile wallets for various transactions such as bill payments, recharges, and fund transfers.

However, despite widespread adoption, challenges such as security concerns, lack of digital literacy, and trust issues still exist, especially among certain sections of society. Bengaluru, being a major metropolitan and technological hub, presents a unique

environment where both high digital adoption and socio-economic diversity coexist. Therefore, it becomes important to study how mobile wallets contribute to financial inclusion and to identify the gaps that limit their effectiveness in improving financial well-being.

3.REVIEW OF LITERATURE

Previous studies indicate that mobile wallets play a significant role in promoting financial inclusion in India. Researchers like Khurana et al. (2025) and Gupta et al. (2024) found that digital payment systems improve access, usage, and quality of financial services, especially for unbanked populations. Studies by Rout and Ray (2024) highlight that mobile wallet, along with UPI, have transformed transaction behavior and increased accessibility.

Several researchers, including Gupta (2024) and Hasan et al. (2024), identified ease of use, convenience, security, and trust as key factors influencing adoption. However, barriers such as low financial literacy, cybersecurity concerns, and trust issues were also noted by Mruthunjaya (2025) and Sreenivas (2024).

Further, Sakriya (2025) observed higher adoption in urban areas due to better infrastructure and awareness. Biswas (2021) concluded that mobile financial services positively impact savings, investment, and overall financial behavior. Overall, literature suggests that while mobile wallets enhance financial inclusion, challenges still limit their full potential.

4.RESEARCH METHODOLOGY

Research Objectives

1. To study the level of awareness and usage of mobile wallets among urban users in Bengaluru.
2. To analyze the factors influencing the adoption of mobile wallets.
3. To examine the impact of mobile wallets on financial inclusion.
4. To identify the purposes for which mobile wallets are used (such as payments, transfers, etc.).

5. To evaluate user satisfaction towards mobile wallet services.
6. To identify the challenges and barriers faced by users in using mobile wallets.

Research Design

The study adopts a **descriptive and analytical research design**. It describes the usage pattern of mobile wallets and analyses their impact on financial inclusion among urban users.

Data Collection

The study is based on **primary data**, collected through a structured questionnaire using Google Forms. The questionnaire includes both demographic and opinion-based questions.

Sampling Technique

A **convenience sampling method** is used to collect responses from individuals in Bengaluru city who are users of mobile wallets.

Sample Size

The study is conducted with a sample size of **100 respondents** (adjust if your exact number is different).

Area of Study

The research is confined to **Bengaluru city**, focusing on urban users of mobile wallets.

Tools for Analysis

Data is analyzed using **percentage method, tables, and charts** to interpret the responses effectively.

5. DATA ANALYSIS

Section A: Respondent Profile

The demographic analysis of respondents indicates that the majority belong to the 20–25 age group, showing that mobile wallet usage is highest among young individuals. A higher proportion of respondents are female, suggesting active participation of women in digital financial services. In terms of education, most respondents are graduates, which reflects that educated individuals are more inclined towards adopting mobile wallets. Occupationally, a significant number are self-employed and salaried employees, indicating that working individuals rely more on digital transactions.

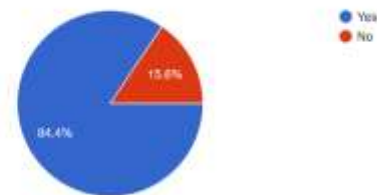
The income distribution shows that most respondents fall within the middle-income group (₹40,001–₹60,000), highlighting that mobile wallet usage is prominent among this segment. Additionally, a large number of respondents are from South Bengaluru, suggesting a higher concentration of mobile wallet users in this region. Overall, the profile reflects that young, educated, and economically active urban individuals are the primary users of mobile wallets.

Section B: Awareness & Usage

Table 1: Awareness (Total = 45)

Response	No. of Responses	Percentage
Yes	38	84.4%
No	7	15.6%

Are you aware of mobile wallet applications?
45 responses

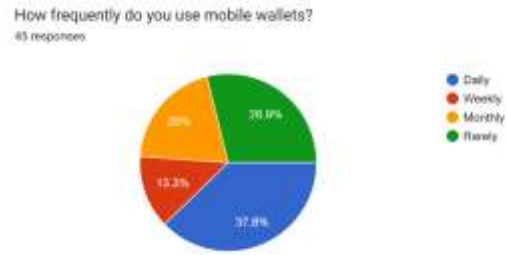
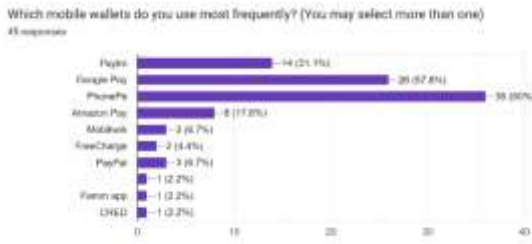


Interpretation:

A large majority (84.4%) are aware of mobile wallets, indicating strong penetration and awareness in urban areas.

Table 2: Mobile Wallet Usage

Mobile Wallet	No. of Responses	Percentage
PhonePe	36	80%
Google Pay	26	57.8%
Paytm	14	31.1%
Others	Low	

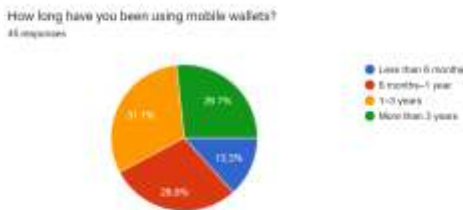


Interpretation:

PhonePe (80%) and Google Pay (57.8%) are the most preferred mobile wallets, indicating their dominance in the digital payment ecosystem.

Table 3: Duration of Usage (Total = 45)

Duration	No. of Responses	Percentage
< 6 months	6	13.3%
6–12 months	12	26.7%
1–3 years	14	31.1%
> 3 years	13	28.9%



Interpretation:

Most users (31.1%) have been using mobile wallets for 1–3 years, indicating moderate experience and growing familiarity.

Table 3: Frequency of Usage (Total = 45)

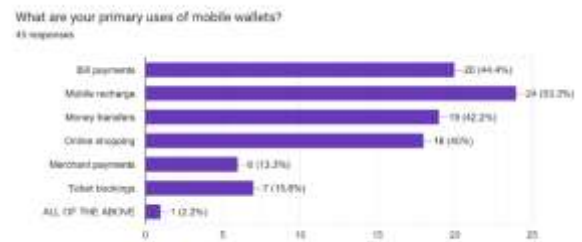
Frequency	No. of Responses	Percentage
Daily	13	28.9%
Weekly	9	20%
Monthly	6	13.3%
Rarely	17	37.8%

Interpretation:

A large proportion (37.8%) use mobile wallets rarely, suggesting that while awareness is high, consistent usage is still developing.

Table 4: Primary Uses

Purpose	No. of Responses	Percentage
Mobile Recharge	24	53.3%
Bill Payments	20	44.4%
Money Transfer	19	42.2%

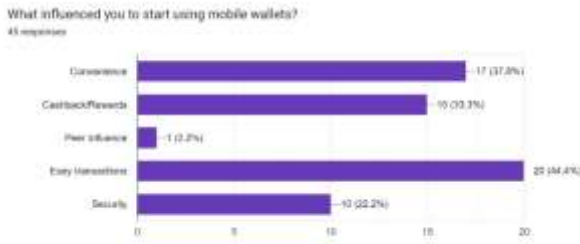


Interpretation:

Mobile wallets are mainly used for essential transactions like recharge (53.3%) and bill payments (44.4%), highlighting their role in daily financial activities.

Table 5: Adoption Factors

Factor	No. of Responses	Percentage
Easy transactions	20	44.4%
Convenience	17	37.8%
Cashback	15	33.3%



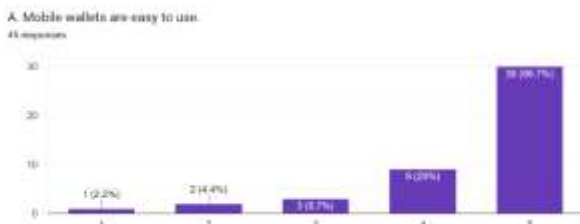
Interpretation:

Ease of transactions (44.4%) is the most influential factor, followed by convenience and cashback benefits, indicating functional advantages drive adoption.

Section C: Likert Scale

Table 6: Adoption Perception

Statement	Average Rating
Easy to use	4.44
Saves time	4.51
Convenient	4.42



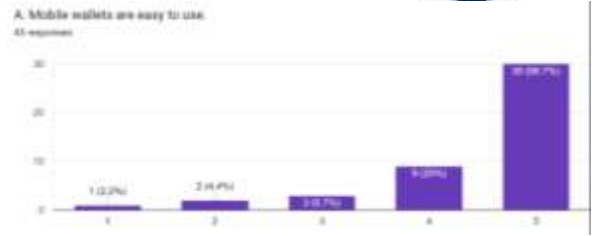
Interpretation:

High ratings (above 4) indicate strong agreement that mobile wallets are easy, convenient, and time-saving, enhancing user satisfaction.

Section D: Challenges & Barriers

Table 7: Challenges

Challenge	Average Rating
Security concerns	4.20
Poor internet	4.13
Technical issues	4.20



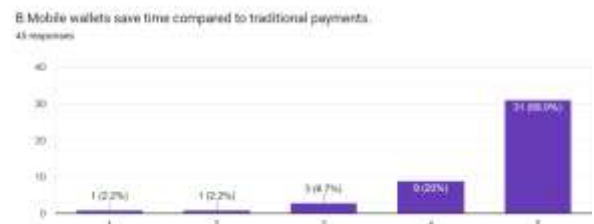
Interpretation:

Security concerns and technical issues are the major barriers, indicating the need for improved system reliability and user trust.

Section E: Satisfaction

Table 8: Overall Satisfaction

Level	No. of Responses	Percentage
Very satisfied	8	17.8%
Satisfied	22	48.9%
Neutral	14	31.1%



Interpretation:

Most respondents (48.9%) are satisfied, while a significant portion remains neutral (31.1%), suggesting scope for improvement in services.

The study reveals that mobile wallets are widely adopted among young, educated, and middle-income individuals. While users appreciate convenience and speed, concerns about security and technical issues still hinder full adoption. Overall satisfaction is positive, indicating strong potential for further growth in financial inclusion.

6.FINDINGS

The study reveals that mobile wallets are widely used among urban populations in Bengaluru, especially among young, educated, and middle-income groups. Most respondents prefer mobile wallets for convenience, quick transactions, and ease of use. Mobile wallets have significantly contributed to financial inclusion by improving access to digital

payment systems and reducing dependency on cash. However, issues such as security concerns, technical problems, and lack of awareness among certain groups still limit their effectiveness.

SUGGESTIONS

- Improve **security measures** to build user trust and reduce fraud concerns.
- Enhance **digital literacy programs** to increase awareness among all sections of society.
- Provide **user-friendly interfaces** for better accessibility, especially for beginners.
- Strengthen **network and technical infrastructure** to avoid transaction failures.
- Encourage usage through **incentives and awareness campaigns**.
- Focus on including **low-income and less tech-savvy users** to achieve true financial inclusion.

CONCLUSION

The study concludes that mobile wallets have played a significant role in promoting financial inclusion in Bengaluru by providing convenient, fast, and accessible digital payment solutions. They have reduced dependency on cash and enabled greater participation in the formal financial system, especially among young and urban users. However, true financial inclusion is still limited by factors such as security concerns, lack of digital literacy, and unequal access among different socio-economic groups. Therefore, while mobile wallets are a powerful tool for financial inclusion, continuous improvements in awareness, security, and infrastructure are essential to maximize their impact and ensure inclusive growth.

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