

## CASHLESS TRANSACTIONS: AWARENESS IN PRE AND POST COVID 19 ERA IN YOUNGSTERS

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### ABSTRACT

*India's economic development has been a debatable topic; as a result, several ambitious initiatives have been launched to strengthen the Indian economy. One such step toward the overall development of the economy was taken in 2015, when the Government of India launched the Digital India campaign to promote cashless economy, which was accelerated by demonetisation in 2016 and, later in 2020, Pandemic proved to be a blessing in disguise for Cashless economy. There is a significant change observed post demonetization in the quest of making Indian economy cashless not only in the urban parts of India but even in rural areas. According to the data provided by RBI the digital transactions went up by 271 percent, which is from 1.7 M to 6.3 M. The Covid-19 -19 is a major factor that has boosted the cashless economy; many people who were previously hesitant to transact online have switched to cashless modes of payment. Digital payments have gone up by 30.19 percent in the year ended March 2021, showcasing the country's adoption and also deepening of cashless transactions depicted in data provided by RBI. The goal of this study is to determine the impact and awareness level of the cashless economy on youngsters, and to learn the what, why, and how of going cashless, as well as the benefits and drawbacks that come with it, and ultimately give pragmatic solutions to overcome the difficulties. The study also aims to determine the impact of Covid-19 19 on cashless transactions.*

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**Keywords:** Cashless, Cashless Economy, Digitalization, Awareness, Covid-19.

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### Introduction

#### Why Cashless?

Since ancient times we have been using the cashless kinds of transaction – the barter system. Today, we completed a full circle when we try to make our transactions cashless again. Cashless means without any exchange of bank notes or a piece of paper authorized by the government saying “I promise to pay the bearer a sum of x rupees”, x being the amount. If we catch a bird's eye view, we would realize that a cashless transaction is nothing but a transaction of 0s and 1s, employing electronic means of communication and channel to enable the exchange.

India is a densely populated country. Being called a sub-continent, undoubtedly, for India to become completely cashless is a time-consuming process. However, government of India's approach through demonetization and forming of Digital India program has significantly changed the way of how we transact. With the use of ATM Cards, Internet banking, UPI, USSD, Mobile wallets, Mobile banking and micro-ATMs, we are paving our way to a completely digital cashless economy.

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Though cashless economy has numerous advantages it has also been observed that people especially old age population are still reluctant to adapt to the cashless economy and still there is a long way to achieve the goals set to make India Cashless.

#### **Modes of Cashless Payments**

- Banking cards (including credit, debit cards)
- Unstructured Supplementary Service Data (USSD)
- Aadhar Enabled Payment System (AEPS)
- Unified Payments Interface (UPI)
- Mobile Wallet
- NEFT & RTGS
- Point of Sale
- Internet banking

#### **Why Cashless?**

There are various reasons for answering- Why India should become a cashless economy?

##### **From user's Perspective**

- Easy and convenient to use for all
- Attractive discounts and offers.
- Lessens the need to carry cash around.
- Helps keep a record of transactions and prepare budgets accordingly
- Saves time and efforts.

##### **From Economic Perspective**

- Helps in curbing corruption and black money as cashless transactions are transparent and traceable.
- Tax collections will increase significantly and the revenue obtained can be used for the benefit of our society like building infrastructure, eradicating poverty, better education system, better health care systematic. It can be used to fuel economic growth of our country.
- Less need to print paper currency and thus environment friendly economy
- Reduce the role of middle men and thus less exploitation of the poor and uneducated class as the transactions can be direct from government of the needy.

##### **Objectives**

- To Examine the usage of cashless modes of payment for transactions and volume of transactions pre and post Covid-19.
- To know the preference of people i.e., cash vs. cashless pre and post Covid-19
- To figure out the current reliance on cash.
- To determine the frequency of cashless payments, post pandemic.
- To gauge which event made people more inclined towards cashless transaction i.e., Demonetization or Covid-19
- To find out the major problems faced by people in performing cashless transactions pre and post Covid-19
- To understand the mindset of population regarding completely cashless economy pre and post Covid-19

##### **Review of Literature**

Various scholars have previously assessed the impact of cashless Indian economy and provided useful insights into the change brought about.

- **“Cashless transaction: Modes, advantages and disadvantages” by Ramya N., Sivasakthi D., Nandhini M. (2017).** This research paper made important conclusions like -With limited cash in hand and an indefinite crunch in sight, most people are rushing to cashless transactions. Digital transactions bring in better transparency, scalability and accountability.

- **“Cash to Cashless Economy in India: Importance and Challenge” by Seema** This paper is specific and concludes that, However the profits of this move have now started filtering in with more and more people switching to digital modes of accepting and making payment. India is progressively transitioning from a cash-centric to cashless economy. Digital transactions are observable, therefore easily taxable, leaving no room for the circulation of black money. The whole country is going through the process of modernization in money transactions, with e-payment services gaining unmatched momentum.
- **“Cashless Economy in India: Challenges and Opportunities” by Aalia Sheerin.** The results of the study conclude that there is a continuous increase in the number of mobile internet users as a proportion of total Indian population. It was 18.55% in 2015 which increased to 23.93% in 2017. But there are differences in the number of internet users in rural and urban India. Post demonetization, tremendous growth has been noticed in mobile banking and UPI is also gaining momentum even though it is a new platform. The journey towards being a ‘cashless economy’ from a cash-based economy is not easy because people have certain inhibitions regarding e-banking in the form of safety and security of their private information but the trends are showing positive chances of being a ‘cashless’ economy because mobile banking values and volumes have soared in the last two years and same has happened with the use of UPI. The growths are quite impressive for a developing country like India.
- **Hurdles in Metamorphosing India’s Economy to a Cashless Economy (A Case Study of Sagar City in Madhya Pradesh) by Bharat Kumar Meher.** This Case study concludes that It is quite baseless to think for a cashless economy without overcoming all those shortcomings sighted above. The step taken in the name of demonetization had affected many common people negatively but still many of those reacted positively with the situation and co-operate with the Modi Government with a lot of expectations that this government could uproot the loopholes in the economy like corruption, black money, unethical business practices, terrorism, etc. It is not questionable that government is making all its efforts to encourage people to use electronic payment methods but bearing such banking charges or transaction costs is not a cup of tea for the people of India specifically for middle and lower income group on which it is the need for gross reflection people aware of ways to keep credit, debit cards safe and to train them to teach the measures to keep our transactions hassle free.
- **“Cashless Rural Economy- A Dream or Reality? By Sheetal Thomas & G. Krishnamurthyl** can be concluded by this paper that there is enormous potential that rural economy in India can become Cashless economy. The rural population is ready to learn with one person receiving the benefit soon the rest of the village will follow. Keeping the consumption pattern and the recent trend into the government can plan for implementation of basic support system like incentivizing the use of internet use through free data and Smartphone, distribution of laptops to students pursuing higher education in nearby towns. Undistributed internet connectivity and better availability of POS should be ensured through sound infrastructure. Another way is by creating awareness about digital transactions and financial literacy among rural population by partnering with different educational organizations and NGO’s. It can also prove multi-lingual online payment platforms i.e. mobile apps should be in regional languages for easy understandability and transactions. At last by using the schemes & various policies implemented by Ministry of Rural Development to bring the population under electronic payment system, the government can make the cashless rural economy a reality from dream.
- **“From a Cash Economy to a Less-Cash Economy” by Meghna Meena.** India is gradually transitioning from a cash-centric to cashless economy. Digital transactions are detectable, therefore easily taxable and leaving no room for the circulation of black money. The whole country is undergoing the process of modernization in money transactions, with e-payment services gaining unprecedented momentum. A large number of business entities, even the street vendors, are now accepting electronic payments, prompting the people to learn to transact the cashless way at a faster pace than ever before. A nationwide financial literacy campaign should be accompanied by a medium-term strategy to improve access to, and awareness of, electronic payments. This move will help in curbing corruption and black money. For this government should incentives both consumers and sellers

- **Diffusion of Digital Payment System in Rural India by R. Pradheep Balaji & Dr. T Vijayakumar.** Government's decision to drive towards digital payments has introduced another period of digitalization in India. Digitalization is not only a piece of our lives any longer but it is a priority of life. Our future would be defined according to the digital economy and its apparatus impacting the social system and thus, how it shapes those developing devices. It involves expanding mindfulness in rural sectors. Enhanced arrangements as far as UPIs, mobile payments and digital transactions with more anchored highlights, simplicity of exchanges and diminished cost of dealing with the payments through digital mode could prompt more potential improvements and supporting in enhanced states of computerized installments preparing in rural areas.

### Research Methodology

This research is based on **Primary Data** collected by the means of questionnaire prepared in two-time frames that is pre and post Covid-19 era.

**The sample size is 200 respondents majorly comprising of youngsters.**

Respondents belong to various parts of **Bhopal city** and the data was collected by the means of a **questionnaire as well as direct interview method.**

The information soobtained by the means of questionnaires and direct interview has been analyzed, presented in form of tables and charts for the purpose of interpretation and better understanding

Secondary data like bank data, government official sources, journals, reports and website has also been taken into consideration for the purpose of research.

Data obtained has been interpreted with the help of visualization of the dataset.

Thus, this is a **Pure Research** based on primary data collected first hand on the basis of convenience sampling.

### Findings and Interpretation

#### Pre Covid-19 Era

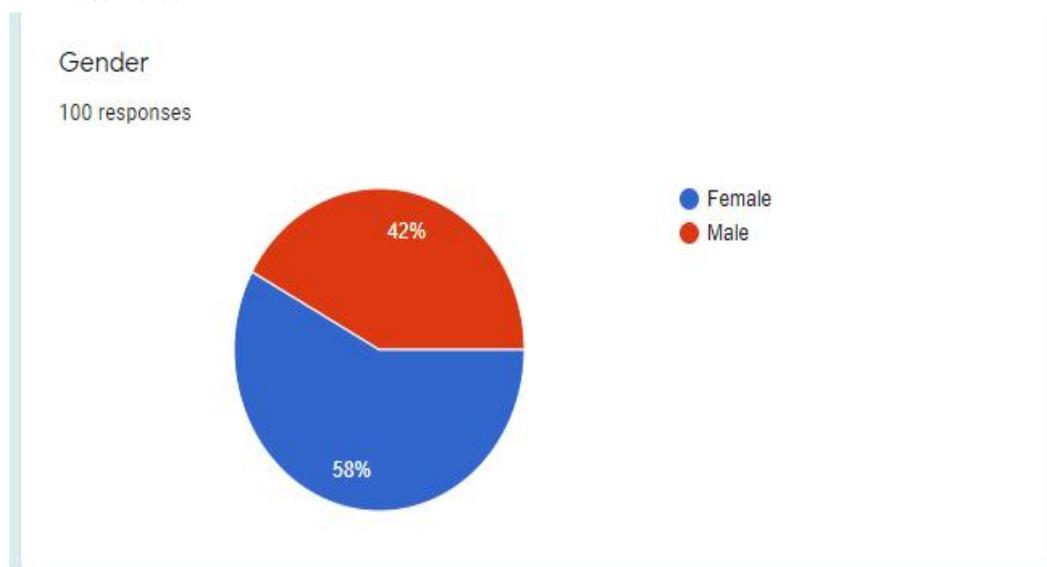
#### Questionnaire 1

#### (Sample size – 100)

The gender and age group of sample size is as follows:

#### Gender

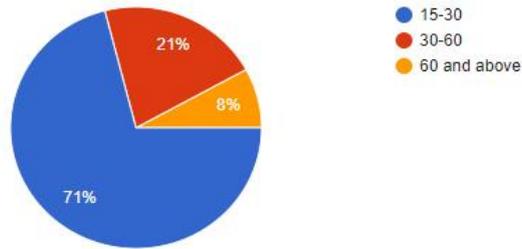
- 58% Females
- 42% Males



**Age Groups**

- 71% 15-30 (Youngsters)
- 21% 30-60 (Middle aged)
- 8% - 60 and above (Old age)

Age group  
100 responses



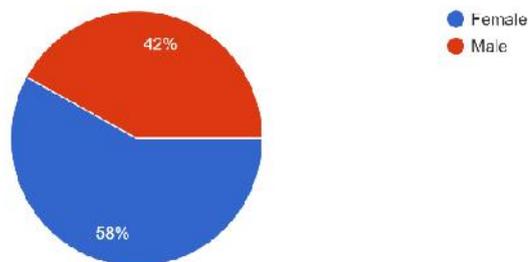
**Post Covid-19-Era:  
Questionnaire 2  
(Sample size – 100)**

The gender and age group of sample size is as follows:

**Gender**

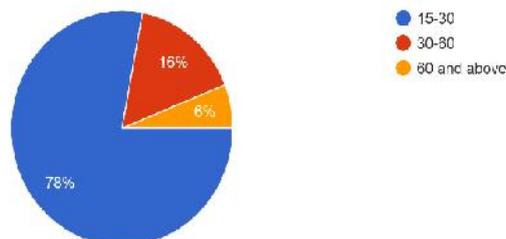
- 58% Females
- 42% Males

Gender  
100 responses



- 78% 15-30 (Youngsters)
- 16% 30-60 (Middle aged)
- 6% - 60 and above (Old age)

Age Group  
100 responses



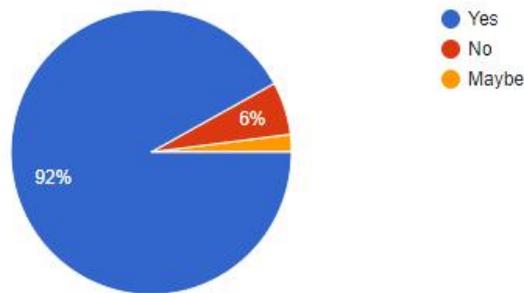
**Objective 1:** To Examine the usage of cashless modes of payment for transactions and volume of transactions pre and post Covid-19

**Findings**

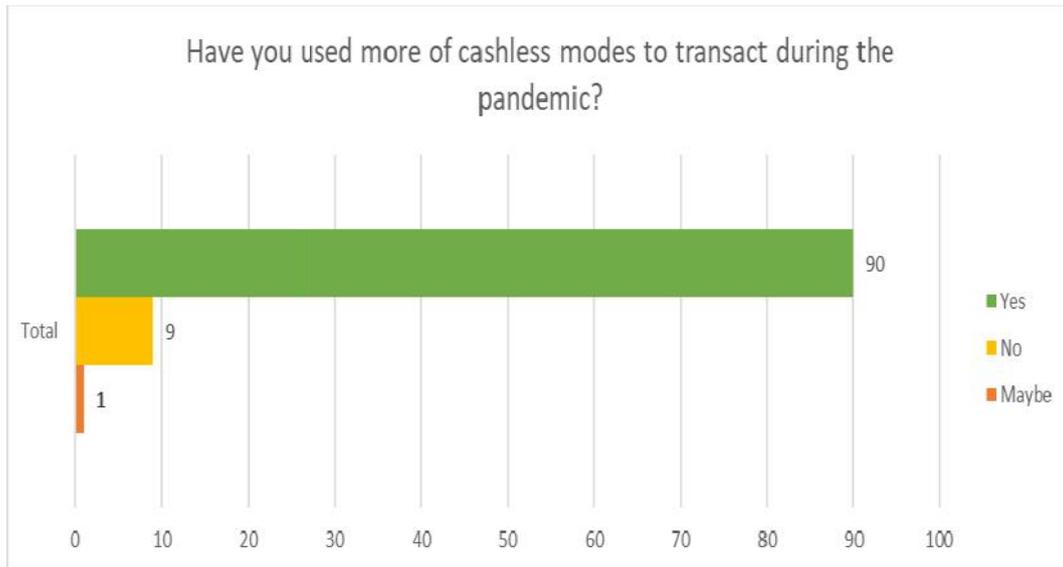
**Pre Covid-19**

Have you ever used a digital payment method like debit & credit card, Net banking, UPI(GPay, PhonePay, Paytm, BHIM), etc

100 responses



**Post Covid-19**



**Interpretation**

The data acquired **prior to Covid-19** demonstrates that the vast majority of people (92 percent) in the sample size are aware of and use cashless transactions; the main consumers of cashless economy are young people.

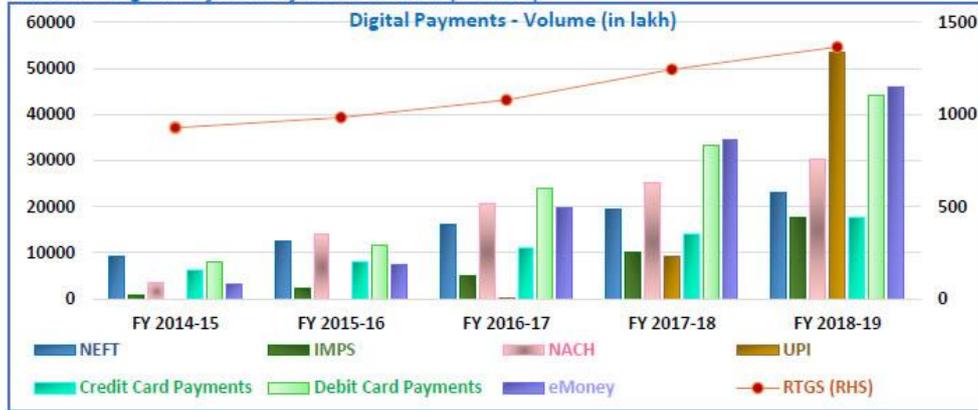
Around 6% of respondents have never used a cashless mode of transaction, with the majority of respondents being in their forties and fifties. This information reveals the growing awareness of cashless purchases.

**Post Covid-19**, people began using more cashless transactions, as indicated by the data. Almost 90% of respondents use cashless payment, indicating a significant shift forward towards a cashless society.

Overall, we can conclude that, while people were aware of the benefits of contactless payments prior to the pandemic, they began to use them far more frequently after the pandemic.

The research shows that we are gradually moving toward a cashless economy. Our Research completely aligns with reports by RBI

**Table 14: Digital Payment Systems in India (Volume)**



Source: RBI Data

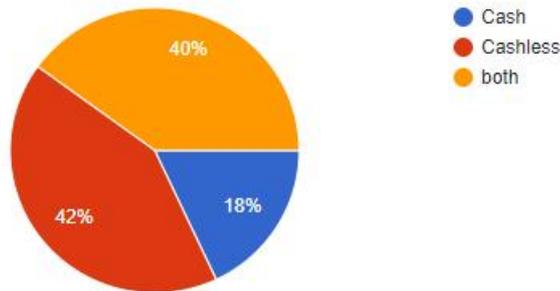
**Objective 2:** To know the preference of people i.e., cash vs. cashless pre and post Covid-19

**Findings**

**Pre Covid-19**

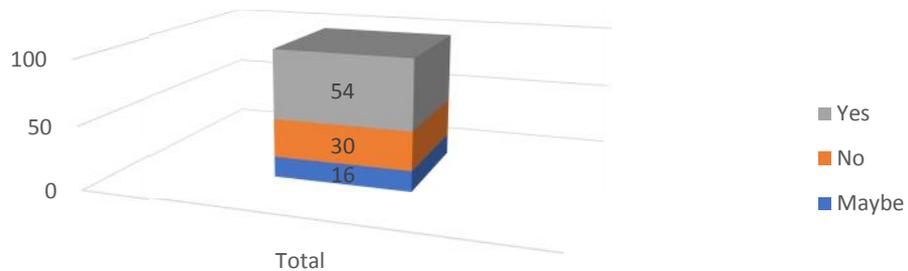
What is your preferred mode of payment?

100 responses



**Post Covid-19**

In Covid-19 era would you rather become cashless as opposed to transacting in cash



### Interpretation

Pre Covid-19 the results obtained showcase that though people are likely in favour of cashless modes of payment the preference of cash cannot be overlooked. Around 42% of population prefer to make cashless transactions, 40% prefer cash transactions and rest 18% both cash and cashless transactions. From detailed study of each observation, it was noted that majority people who preferred cashless transactions were youngsters, this highlights the fact that people who prefer cash are middle aged and old age. This preference may be due to technological challenges and lack of awareness which needs to be solved in order to promote cashless economy.

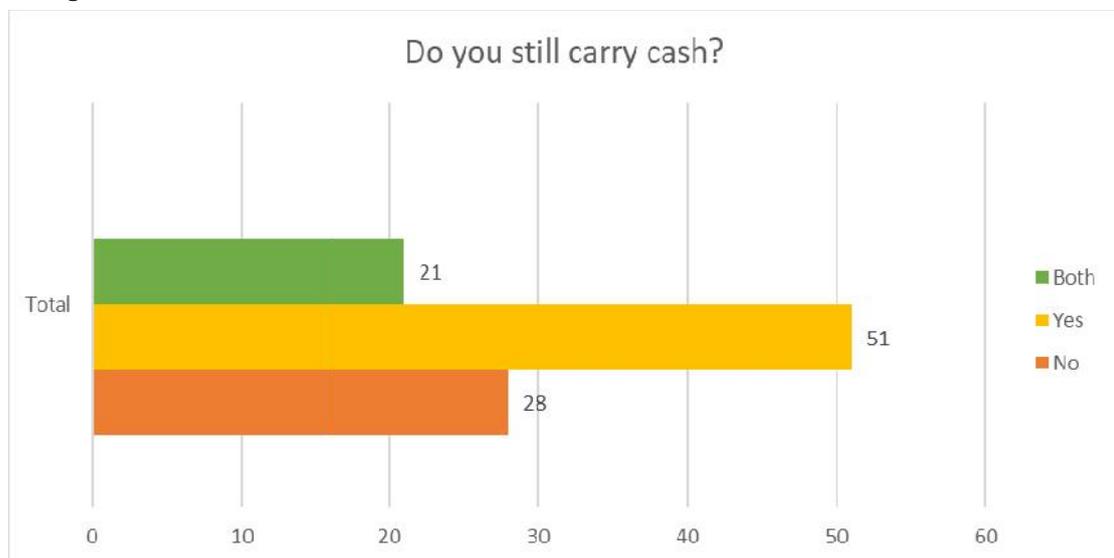
Post Covid-19, according to the finding 54% people have referred to become cashless as opposed to to 30% of population still preferring cash. This indicates that people are more ready to become cashless and willing to shift towards making online payments.

Overall, we can conclude that, while people were aware of the benefits of contactless payments prior to the pandemic, they began to use them far more frequently after the pandemic.

The research shows that we are gradually moving toward a cashless economy.

**Objective 3:** To figure out the current reliance on cash.

### Findings



### Interpretation

There is no denying the fact that cash is still the king as 51% of the population still carries cash and 21% Use both modes to transact whereas 28% people completely shifted to cashless.

As can be seen, the majority of the population (51%) still uses cash.

There may be several common reasons why cash is still king: people have a habit of carrying cash, especially the elderly, and they believe carrying cash is safer than using the online. In other cases, there isn't even an occurrence that can cause trust concerns with online mode; rather, it's more of an old generation's preconceived view.

On the other hand, there have been some real-life examples of online transaction fraud, which have made some consumers apprehensive of utilising the internet.

People don't always have both of the aforementioned reasons for not using online mode. In comparison to cashless transactions, people view cash exchange to be a simpler process.

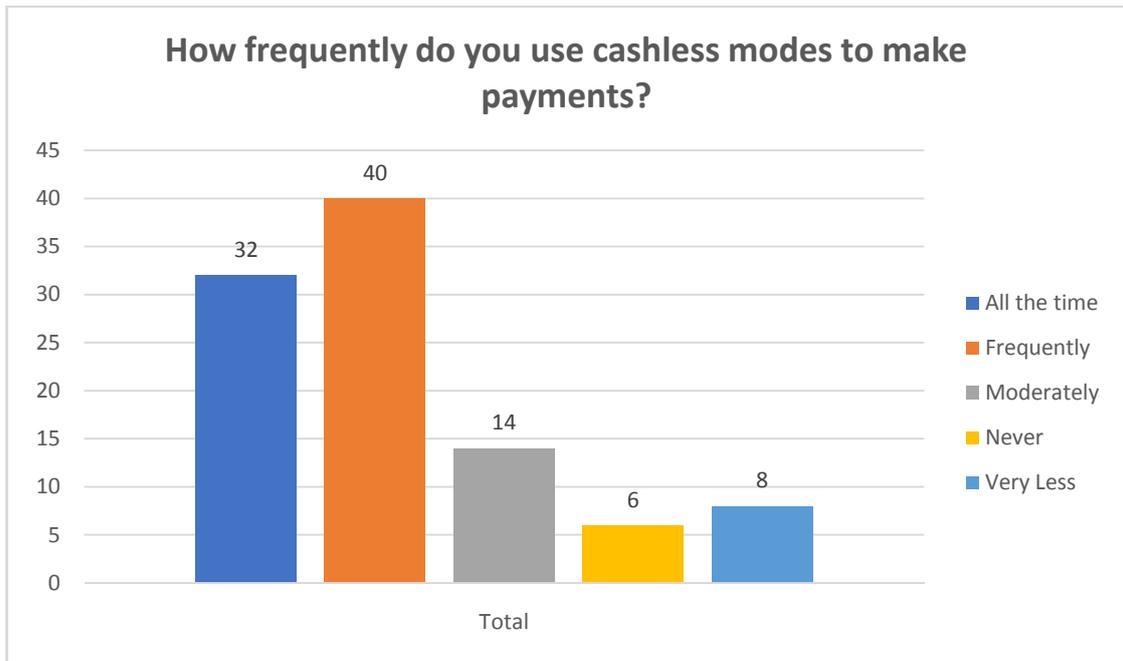
They believe that using an online payment app and entering a pin for small to medium transactions, such as purchasing at a grocery store or a clothing store, is an unnecessarily time-consuming process.

This 28% population finds cashless mode to be more reliable, trustworthy and on the go process.

In the end coming to the population using both modes, which is around 21%, we can say that they are trying to strike a balance between both modes and are unable to find their favourite choice or we can say that they are ok using both the modes and don't find the need to choose a favourite which is completely fine.

**Objective 4:** To determine the frequency of cashless payments post pandemic

**Findings**



**Interpretation**

The data obtained suggest that people have started to use cashless frequently.

Almost 40% of the population frequently uses cashless modes to make payment which is the great sign towards making economy a cashless one.

32% people only use cashless modes to make payment and have completely gone cashless.

6% have never need any cashless transaction, 6% majorly comprises of older population which is a huge leap forward for cashless economy.

The goal of this study was to determine the frequency of cashless payments after the epidemic.

Now, when it comes to the post-pandemic scenario of cashless payments, things are far from the same as in the general environment.

First and foremost, the most common cause for more people to go cashless in modern times is the prevention of virus transmission via touch, as well as the ability to keep social distance. Around 40% of consumers make cashless transactions on a regular basis.

There is also a sizable population (about 32%) that has entirely embraced the cashless style of operation.

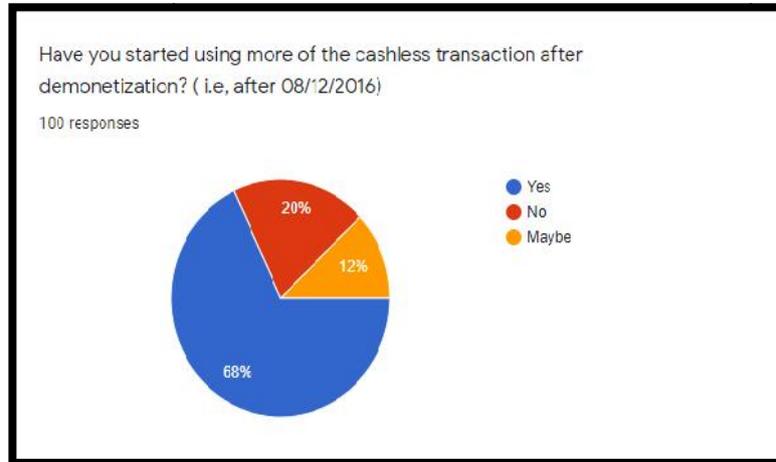
We can also see from the data that 6% of consumers state they do not use cashless mode at all. This group is frequently reported to be technologically not sound and uninformed of cashless payment options. In the majority of cases, this is a foreign idea to them.

A further 8% of the population uses cashless transactions infrequently. The explanation for this part's conduct is usually discovered to be apprehension about adopting cashless transactions because they have tried it a few times and found it to be unappealing.

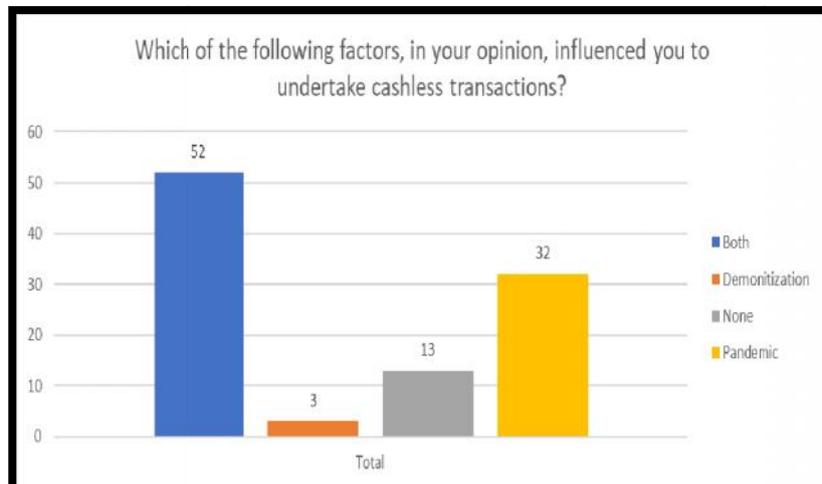
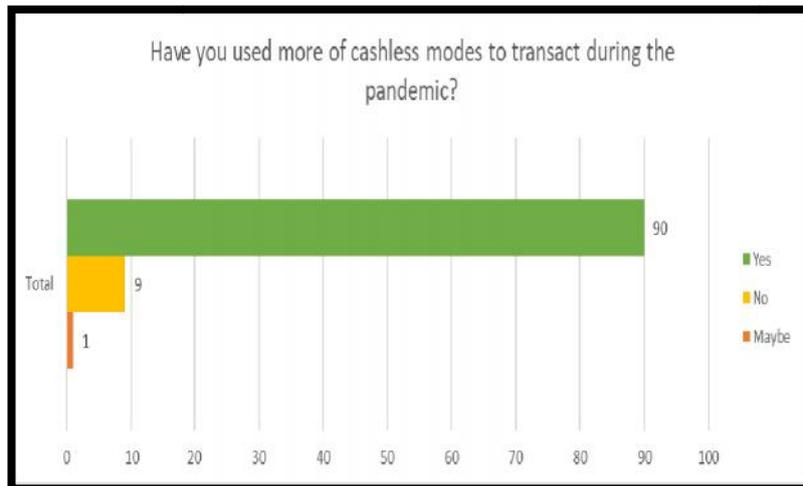
**Objective 5:** To gauge which event made people more inclined towards cashless transaction i.e., Demonetization or Covid-19

**Findings**

**Pre Covid-19**



**Post Covid-19**



**Interpretation**

The data suggest both demonetisations and pandemic influenced to undertake cashless transactions. In the previous research (pre Covid-19) demonetisation was considered the major contributor to world cashless but our studies suggest that Covid-19 was the major event which inclines people more towards making cashless payment

There have been two major events which have fueled the cashless economy mission demonetization and Covid-19.

Our re- search suggests that 68% people have used cashless transaction after demonetization and 90% people have used more of cashless transaction during the pandemic. This data clearly depicts sat Covid-19-19 has proven to be blessing in disguise for cashless economy.

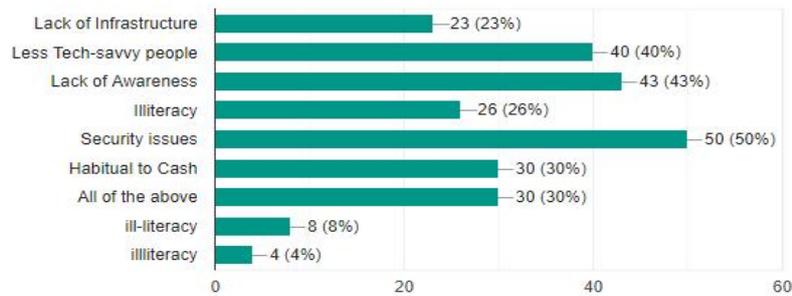
**Objective 6:** To find out the major problems faced by people in performing cashless transactions pre and post Covid-19

**Findings**

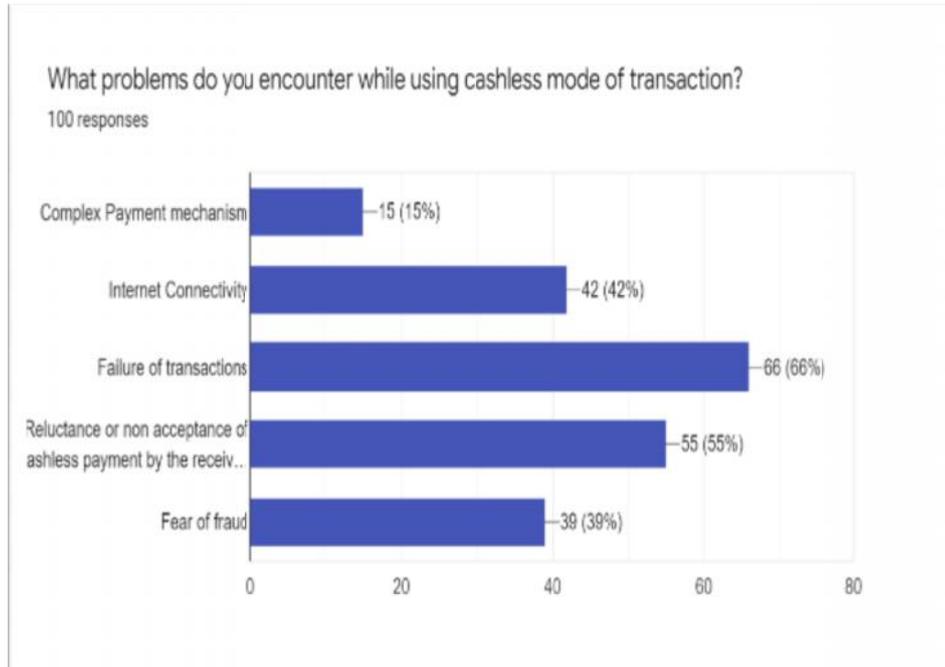
**Pre Covid-19**

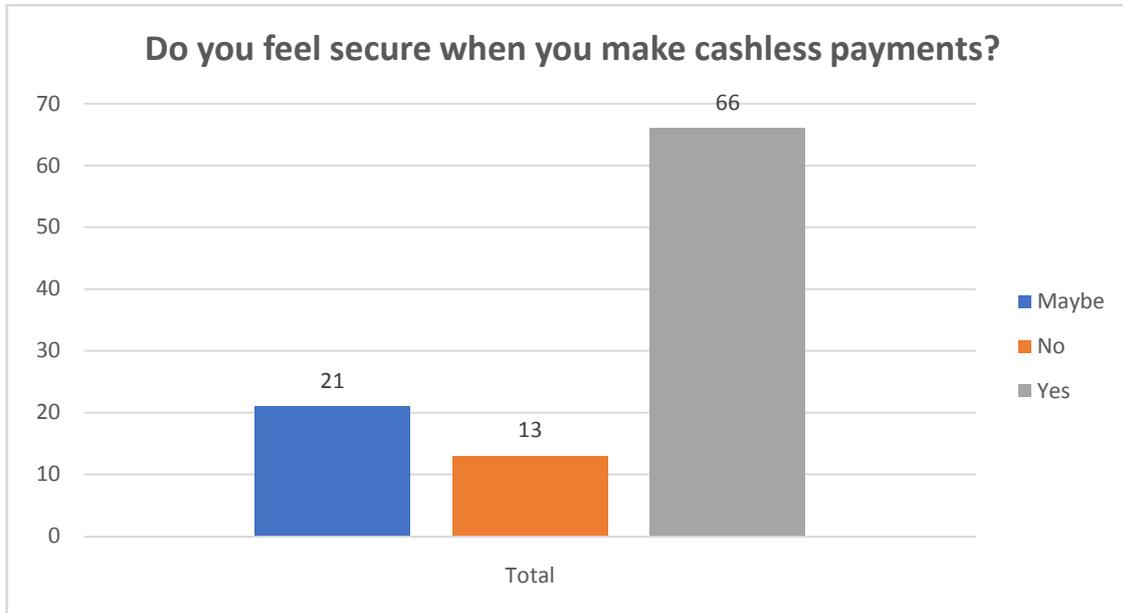
According to you what are the major problems in making India a Cashless Economy?

100 responses



**Post Covid-19**

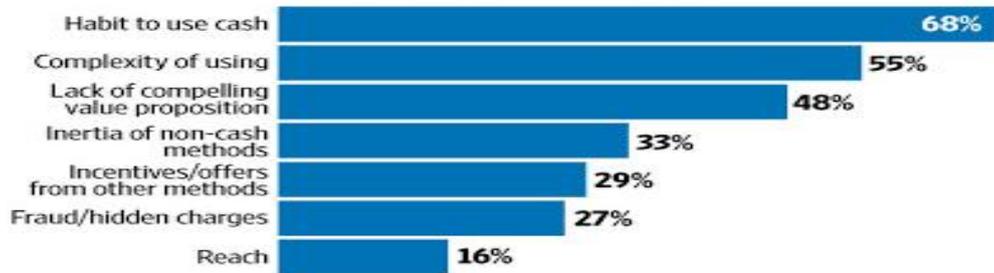




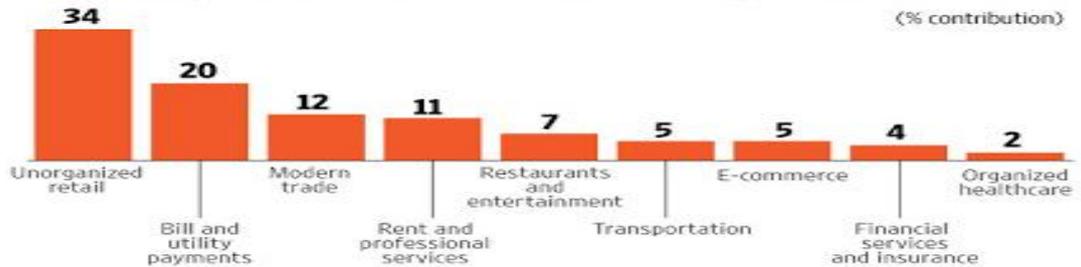
**Interpretation**

Pre Covid-19 the main hurdles in making cashless transactions were firstly, security issues which sums up to 50%, secondly Lack of Awareness, Less tech savvy people, Habitual to cash, illiteracy, lack of infrastructure and all of the above. According to BCG report these are the major problems in making India cashless.

**KEY BARRIERS TO DIGITAL PAYMENTS**



**Projected person-to-merchant (P2M) sub segments share in 2020**



Source: 'Digital Payments 2020', a BCG-Google report

**Figure 1: BCG Google Report**

Post Covid-19 different problems like transaction failure rate, non-acceptance. of cashless payment by the receiving party an internet connectivity has been the major problems.

There are many hurdles in making cashless payments which needs to address and possible solutions need to be implemented. A whopping 66% people have encountered failure of transaction as a major problem. Followed by reluctance on non-acceptance of cashless payment by the receiving party, net connectivity, fear of fraud, complex payment mechanism.

This proves that complete infrastructure needs revaluation and new changes to decrease the failure of transactions. Also 66% comprises of youngsters who are more risk taking.

Overall, the big picture represents that few adjustments need to be made such as strengthening the overall security and tech savvy people should come out and help those who are not technologically so that we all may grow together towards a cashless economy.

Growth is not useful unless it is inclusive of all strata of the society and for that these problems need to be addressed carefully

**Objective 7:** To understand the mindset of population regarding completely cashless economy pre and post Covid-19

#### **Interpretation**

A lot many people have accepted that cashless payments have increased in Covid-19-19 and even small vendors, house helps and people nearby have started using cashless modes of transaction.

Population has become more accepting and is there ready to adapt to this new technology driven society.

The data so collected validate the fact that people have started using more of cashless transactions during the pandemic. Almost 90% of the respondent's mode of cashless payment which is huge leap society towards cashless society.

Some interesting viewpoints by the respondents are as follows:

- "People even with low technological knowledge, are very efficiently using cashless mode of payment"
- "Everyone using cashless payment options form smaller or bigger amount. We don't have to run to atm in emergency"
- "Shopkeepers have increased online payment mode, hence increasing cashless transaction earlier that wasn't the case"
- "Yes. More people have switched to cashless payment lately taking India towards digital growth."
- "Yes, people nowadays avoid being in queues and crowdly places. and they prefer no contact with any delivery persons. so they are using cashless methods more"
- "I have noticed people who were reluctant to use electronic methods of payment before have now started using them more often."
- "Customers try as much as possible to not take balance from the buyers to avoid any contact of germs"
- "People are less skeptical using cashless means of payment, also, said cashless services have also evolved significantly citing the needs of people."
- "Most of the people, especially youth is shifted on online mode of transaction"

To sum up all these viewpoints we can clearly conclude that the mindset of people towards cashless economy has changed and also transacting paperless is not just restricted to the upper and middle class but also the lower income groups which were earlier not comfortable in transacting paperless.

People are now staying away from cash since they can get the virus through paper currency, which has been a key contributor to the cashless economy.

As a result, this aversion to currency had never been observed before Covid-19.

After the pandemic, even tiny businesses, vendors, and neighbouring nukkad shops have Q.R codes, indicating that the general public has become more accepting of cashless transactions.

#### **Conclusion**

- There is an increasing awareness amongst all the age groups especially youngsters have paved the way for cashless economy

- People though are using cashless transactions but the preference of cash transactions is also at par and people still prefer cash as a medium of payment.
- Majority of the population finds it convenient to use cashless mode of payments.
- Major chunk of population uses UPI mode for making cashless payments
- Demonetization has fuelled the quantum of cashless transactions as majority of the population has started using cashless means after it.
- People are not in favour of completely cashless economy.
- Security issues and lack of awareness are the major problems faced by the population in making cashless transactions.
- Pandemic has proven to be a blessing in disguise for making cashless economy

### Suggestions

- To create awareness amongst people, the government should provide technologically friendly infrastructure so that cashless transactions become easy.
- Security and privacy of data should be of prime concern and the government and service providers should gain the trust of people to promote cashless transactions.
- Apps and payment portals should be made easily understandable and translated to various local languages so that they become user friendly.
- Special Awareness campaigns should be organised for old age groups including door to door awareness campaigns.
- Special offers and discounts should be offered for all age groups to attract users.

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