A CRITICAL ANALYSIS ON CONSUMER BEHAVIOR ON CASHLESS TRANSACTIONS IN ALWAR DISTRICT OF RAJASTHAN

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ABSTRACT

Digital Indian is one of the flagship programmes of the Government of India. It was initiated on 1st July, 2015 by the Hon'ble Prime Minister. In cashless economy all transaction are made using credit or debit cards or digital devices like Point of Sales Machines (PoS), Digital Wallets, E-banking (Mobile banking or Banking through Computer), etc. and the circulation of liquid money or paper currency is minimized. This will increase usage of such payment systems and enable a shift towards an efficient cashless infrastructure. Through the cashless transactions the concealed cash transactions are hereby removed from the traditional cash based transactions and also it will promote all the economic activities are to be transparent nature. The amount and potential for cashless payments made by consumers in India is tried to understand in this paper. Through an extensive consumers survey of Alwar District, It is estimated the extent to which consumers make non cash expenditure. It is also identified the bottlenecks which prevents consumers to make non cash payments. The objective of the study is known the consumer awareness, customer trust and confidence and problems faced by the consumers on cashless transaction in Alwar District of Rajasthan. For it various statistical techniques like, descriptive statistics and Chi-square test had been used.

KEYWORDS: *Cashless Transactions, Mobile Banking, Indian Economy, Debit Cards, E- Payment.*

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Introduction

Cashless Economy as name suggests is systematic arrangement where the currency notes and coins are not in circulation and commercial transactions are made through the means other than cash such as debit/ credit cards, electronic fund through banks or virtual wallets. This happens through digital transfer of information through the banks, who are custodian of credits earned by their clients through various modes. The RBI has classified payment system in three broad categories viz. paper based payment system, electronic payment system and other payment system in 2009. The cashless economy facilitates easy circulation of money throughout the financial system of an economy thereby providing transparency in payments and increases velocity of money. The Indian Government moves towards a cashless environment after the massive stoke of demonetization. In India, where people use a lot of cash in everyday life which is 95 percent cash 85 percent of the transaction are not in electronic forms. According to World Bank Development report 2013, electronic payments can save over one per cent of India's gross domestic product (GDP). In a growing global economic environment, many world countries are successfully implementing cashless electronic methods. At present, India has begun to show its pace in electronic method. The Government of India aim to promote and pace of cashless transactions among the people and all the sectors of economy.

Consumer behaviour is the study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and the underlying motives for those actions. It is critical to understand consumer behavior to know how potential customers will respond to a new product or service. Some of the benefits of cashless transactions for Indian economy are as under:

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- It boosts the economy because the cost of making and handling paper money is quite high.
- It reduces the terrorist activities, as most of the terrorist activities are supported by the black money in hard cash.
- This protects the environment, as no trees are cut for printing of paper money.
- Reduction in crime rates. Crimes with financial motives are rare in cashless economy.

Most of the consumers have been using more on cash for purchase of products and service except few. Currently the government announced that all restrictions for the traditional cash transaction and offers for electronic transfer push the consumers to adopt and implement cashless transaction for their needs. Every initiative has a loop side also; some of the very important limitations of cashless transaction in Indian economy are given below:

- Always depending on card or bank system connectivity.
- Major part of Indian consumers is not equipped and educated about banking systems.
- Reduction in large number of jobs due to automation and online transaction.
- Small retailers/ consumers don't have enough resources to invest in electronic payments.
- Most of the consumers don't faith and believe in cashless transactions in India because they are afraid to increase in cyber crimes and online banking frauds.

In the context of the above, this study makes an attempt to analyze and find out how the cashless transaction has caused to changes in the behavior of consumers in Indian economy and level of awareness about the cashless transaction, faith of the electronic transmission and problems of consumers while using electronic payment.

Limitation of the Study

This case study was confined only in Alwar District in Rajasthan and the results of the study cannot be generalized.

Review of Literature

Reddy and Ramakrishna, (2017), in his article 'Card products in India', commented about the reasons for not attaining full growth potential among card products and suggest remedies for growth in this field for the benefit of all players.

Ashish Das and Rakhi Agarwal, (2017), in their article 'Cashless Payment System in India- A Roadmap' Cash as a mode of payment is an expensive proposition for the Government. The country needs to move away from cash-based towards a cashless (electronic) payment system. This will help reduce currency management cost, track transactions, check tax avoidance / fraud etc., enhance financial inclusion and integrate the parallel economy with main stream.

Jain P.M., (2018), in the article 'E-payments and E-banking' opined that E-payments will be able to check black money. Taking fullest advantage of technology, quick payments and remittances will ensure optimal use of available funds for banks, financial institutions, business houses and common citizen of India. He also pointed out the need for e-payments and modes of e-payments and communication networks.

Objectives of the Study

- To know the consumer awareness on Cashless Transaction.
- To assess the customer trust and confidence in Cashless Transaction.
- To understand the factor influence the customer's moving towards cashless.
- To analysis the problems faced by the consumers while using Cashless Transaction.
- To know the socio- eco impact of cashless economy on society in India.

Research Methodology

The study is based on descriptive nature both primary and secondary source of data were used. The primary source of data collected through self constructed questionnaire. A sample of 300 respondents from different socio-economic characteristics was selected from the various communes of both Rural and Urban Areas of Alwar District in Rajasthan were taken for the study. The study based on Simple random sampling method. The collected data have also been tested with the help of simple percentage, ranking method and chi-square test. The study was conducted from the month of April 2018 to July 2018.

Hypothesis of the Study

H_{01}:   There is no significant relationship between socio-economic characteristics and cashless transactions.

H_{02}:   There is no significant difference between level of awareness and their cashless transactions.

H_{03}:   There is no significant difference between level of the consumer trust and confidence in their cashless transactions.

Analysis and Interpretation

Table 1: Distribution of Socio-Economic Profile of the Respondents

Variables	No. of Respondents	Percentage
Gender		
Male	162	54
Female	138	46
Age (in Years)		
Upto 25	90	30
26 – 50	132	44
Above 50	78	26
Occupation		
Government Employee	81	27
Private Employee	69	23
Professionals	51	17
Business	51	17
Other	48	16
Monthly Income (in ')		
Less than 10,000	75	25
10,001 – 20,000	126	42
20,001 – 40,000	60	20
Above 40,000	39	13

Source: Computed and Compiled from Primary Data and Information.

The socio-economic profile of the respondents as presented in the table 1 the socio economic profile of the respondents was obtained by using four parameters namely gender, age group, occupation and monthly income level. It has been identified that most of the respondents are male (54%) when compared to females (46%). Most of the respondents belong to the age group between 26 – 50 years (44%) while respondents above 50 years of age were the least (26%). It is also observed that the monthly income of respondents between ' 10001 – 20000 (42%) are more compared than the other income level.

H_{02}:   There is no significant difference between level of awareness and their cashless transactions.

Table 2: Relationship between the Socio-Economic Profiles of the Respondents and their Level of Awareness on Cashless Transaction

Variables	Level of Awareness			Total	2 value	Table Value	Remark
	Low	Moderate	High				
Gender							
Male	25	65	72	162	21.84	5.99	S
Female	50	40	48	138			
Age (in Years)							
Upto 25	45	30	15	90			
26 – 50	32	45	55	132	33.84	9.49	S
Above 50	45	13	20	78			
Occupation							
Govt. Employee	20	21	40	81			
Private Employee	22	25	22	69			
Professionals	06	10	35	51	31.21	15.51	S
Business	15	11	25	51			
Other	22	16	10	48			
Monthly Income (in ₹)							
Less than 10,000	30	25	20	75			
10,001 – 20,000	40	60	26	126	31.26	12.59	S
20,001 – 40,000	20	10	30	60			
Above 40,000	09	10	20	39			

Source: Computed and Compiled from Primary Data and Information.

Table 2 depicts the relationship between selected socio-economic variables and level of awareness on cashless transaction of the respondents. It is clear that the table value of Chi-square at 5 percent level of significance is more than the calculated values the null hypothesis is accepted. There is does not exist any significant association between gender, age, occupation and monthly income of the respondents and their cashless transaction. It can be concluded that there is no significant difference between level of awareness and their cashless transactions.

H_{03}:   There is no significant difference between level of the consumer trust and confidence in their cashless transactions.

Table 3: Relationship between the Consumer Trust and Confidence on Cashless Transactions

Variables	Level of Awareness			Total	2 value	Table Value	Remark
	Low	Moderate	High				
Gender							
Male	27	70	65	162	40.30	5.99	S
Female	70	40	28	138			
Age (in Years)							
Upto 25	37	32	21	90	50.16	9.49	S
26 – 50	22	40	70	132			
Above 50	45	20	13	78			
Occupation							
Govt. Employee	18	25	38	81	49.41	15.51	S
Private Employee	25	30	14	69			
Professionals	10	10	31	51			
Business	18	11	22	51			
Other	30	12	06	48			
Monthly Income (in ')							
Less than 10,000	45	20	10	75	28.31	12.59	S
10,001 – 20,000	60	45	21	126			
20,001 – 40,000	25	10	25	60			
Above 40,000	12	12	15	39			

Source: Computed and Compiled from Primary Data and Information.

The above table no.3 shows the relationship between selected socio-economic variables and level of the consumer trust and confidence in their cashless transaction of the respondents. It is clear that the table value of Chi-square at 5 percent level of significance is more than the calculated values the null hypothesis is accepted. There is does not exist any significant association between gender, age, occupation and monthly income of the respondents and their cashless transaction. It can be concluded that there is no significant difference between level of the consumer trust and confidence in their cashless transactions.

Problems Faced by the Consumers while Using Cashless Transaction

Table 4: Problems Faced by the Consumers while Using Cashless Transactions and their Ranking

Types of Problems	6	5	4	3	2	1	Total	Mean Score	Rank
Service Tax	182	54	26	28	10	0	300	5.23	I
Security issue	122	102	30	22	15	9	300	4.89	II
Lack of Trust	73	69	45	82	18	13	300	4.19	V
POS Availability	58	92	46	53	29	22	300	4.10	VI
Internet Traffic	67	80	98	32	13	10	300	4.42	IV
Lack of Convenience	132	61	58	15	22	12	300	4.77	III

Source: Computed and Compiled from Primary Data and Information.

(6=very high, 5=high, 4=moderate, 3= low, 2=very low, 1= never)

The above table no. 4 shows about the weighted average of each variable regarding the problems faced by the consumers while using Cashless Transactions. From the calculated weighted average the service tax is major problem while using cashless transactions is been first ranking by the respondents followed by security issues, Lack of Convenience, Internet Traffic, Lack of Trust and POS Availabilities.

Findings of the Case Study

- The level of awareness among respondents in relation to the cashless transactions based on gender, the males having more awareness compare than the females. Nearly 85 percent of

males having more awareness about the cashless transaction than the females (both moderate and high level of awareness). In case of age, the level of awareness is more between the age group of 26- 50years i.e. 76 percent they have high level of awareness than the other age groups. Level of awareness based on occupation was more except others category, particularly government employees, professionals and business persons having high level of awareness about the cashless transactions. In the category of monthly income, the low income group (less than ' 10,000) having low level of awareness compare than the high earning category (above ' 10,001). Collectively the level of awareness on cashless or digital transaction is more.

- The relationship between the consumer level of trust and confidence on cashless transactions, based on gender nearly 50 percent of female respondents have low level trust and confidence in cashless payment, in case of age, the 58 percent of aged respondents (above 50 years) have low level trust and confidence compare than the other age groups. In the categories of occupation 63 percent of others having low level of trust and confidence than the govt., private and professional. In the categories of monthly income those who are monthly income below ' 10,000 and from ' 10001 – 20000 having low level of trust and confidence of cashless transaction, i.e. 60 percent and 50 percent respectively.

- The consumers ranked six identified problems faced by the consumers while using cashless transactions or digital payments of their own discretion, based on the ranking, the service tax is one of the major (very high and high) problems by the most the respondents and ranked first (79 percent) is because of most of the sellers and service providers charges service tax for consumers transaction, hence the consumers avoid the cashless transaction during their purchase. Further the security issues are another problem and ranked second (75 percent) because of afraid about hacking of card details during fund transfer thorough internet banking or using debit/ credit card. The 64 percent of the respondents feel that the lack of convenience another important problem while using online payments because of asking too much information's and it ranked at third. Internet Traffic, Lack of Trust is also further problems faced by the consumers and ranked fourth and fifth respectively, Point of Sale (POS) availability is not sufficient in all the shops are also another problems and obstacles for cashless payments.

Suggestions

The cashless transaction activity had a great step to enhance the transparent economic development, empower the financial inclusion and integrates the parallel economy with main stream. In present scenario the country needs to move away from traditional cash based transaction towards a cashless or digital payment system. Therefore the following suggestions will help to improve cashless transaction among the consumers in Indian economy:

- The Government of Rajasthan along with banks should be organize intensive awareness programme about the benefits and need of cashless transaction or digital payments to students of colleges, higher educational intuitions.
- The banks should organize camp at village to educate the people about digital payment system.
- Women's are behind in using and adopting cashless transaction than the men, hence the banks in Rajasthan state should organize awareness programme to women's SHG and also motivate the women's savings account holders to using more on cashless transaction.
- Government should try to promote electronic payment infrastructure should be completely safe and secure.
- The too many proceeding should be avoided during online payment.
- The government should continue and give some incentive benefits to those are using regular digital payments because it will motivate not only the regular user but also new user.
- The service tax, fees and other charges is important obstacles for while using cashless transactions, so the government of India should consider and waiving off the service tax for online and POS transactions.
- Basic cyber hygiene – better access to control techniques with strong authentication measure should be implemented by mobile e-wallets companies.
- As most of respondents are concerned about the security of cashless payments, the security system should be strengthening so that people won't scare about their money and transactions.

- In Rajasthan the Point of Sale (POS) terminals is too low, so the consumer could not able to swipe in all places, hence the banks should provide POS machine to all possible shops at concession rate.
- The Government of India and Telecom ministry should make necessary step to enhance broadband speed and wide coverage of internet to all areas.

Conclusion

Indian economy is primarily to be driven by the use of cash and less than 15% of all payments happen electronically. This is largely due to the lack of access to the formal banking system for a large part of the population and as well as cash being the only means available for many. Large and small transactions continue to be carried out via cash. Even those who can use electronic payments, use cash. Indian economy is primarily driven by the informal sector and it relies heavily on cash based transactions. There are various factors which affects the people's behavior for adopting various mode of payment. India is a developing country. It has huge capacity for development through man, material, natural resources, generating and adopting new way and thoughts. Due to various factors discussed in the paper, it is found that Indian economy is developing.

The Government has implemented various reforms for sustainable and transparent economic development. The demonetization and digital payments are most important among the reforms. The cashless transaction is not only requirements but also emerging need of today for transparent economic development. In Alwar District in Rajasthan concerns it can achieved easily because, there is only need of Government and banks should adopt strategy of incentivize for cashless transactions, awareness of digital payments and discourage cash payments by the way of proper implementation and supervision of restrictions for cash based transaction then the cashless India will come to true.

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