

MOVING FROM CASH TO CASHLESS TRANSACTION: A CASE STUDY OF CONSUMER PERCEPTION

Dr. Rishi Kant Mittal*

ABSTRACT

In this era, a very significant level of change is seen in the means of making and receiving payments. Due to constant level of technological infrastructure and policy changes, there has been an increase in the number of modes of payments. Cashless transaction is the future of Indian economy where there will be no physical flow of cash. All the payments will be made and received in the virtual world. Cashless Transaction got popular after demonetization where plastic money was widely used. The study is aimed towards studying the level of awareness among the citizens about Cashless Transaction. The study also helps in determining the factors which influence the people to switch from cash towards cashless payments and what are the benefits people avail by using other means of payments. After the case study of Consumer Perception conducted it can be said that the working professionals and business class people use digital payment methods more. There are various factors which influence the people to shift such as offers, cashback etc. There is still a long run for India to be cashless to full extent as the government needs to develop a smooth and secure infrastructure.

KEYWORDS: *Technological Development, Demonetization, Cashless Payment Modes, ANOVA.*

Introduction

The Hon'ble prime minister of India, on 8th November, 2016 demonetized the two largest denominations of currency notes of ₹ 500 and ₹ 1000, which were ceased with immediate effect with a few exceptions. The entire nation was in a state of shock because such a huge render was declared invalid in just one announcement and it was not the first time the government of India has not taken such a step earlier. Indian government took this step in 1946 and 1978 but in 2016 it faced a lot of criticism as people were left with only ₹ 100 notes or less denomination to transact with. The main aim of this step was aimed to attack on counterfeit currency, currency used for terrorist financing, black money and corruption.

Not only this is the Hon'ble Prime Minister of India also working towards digitization of India (Digital India). Thus, both moves Demonetisation and Digitization if worked upon effectively will help the Indian Economy to become Cashless Transaction. Cashless Transaction refers to the term where the physical flow of currency notes and coins are replaced with digital flow of money, which includes use of plastic money, digital means and over the net transactions. Such a replacement doesn't mean immediate removal of currency notes but slowly and gradually expelling of paper currency by means of following a proper procedure.

Physical money means the paper currency notes and coins issued by the government as legal tender. Plastic money involves the use of plastic cards such as debit cards, credit cards, pre-paid cards, contact less cards etc. Electronic payment modes include all kinds of mobile wallets and payments made done through smart phones, laptops etc.

* Post Doctoral Fellow (ICSSR), University of Rajasthan, Jaipur, Rajasthan, India.

Strengths of India Going Cashless Transaction

- **A Planned Strategy:** The government of India followed a detail criterion by first SIT on black money, then Jan Dhan Yojana which was followed by tracking on foreign accounts and money hoarders. Then, the income declaration scheme and finally, demonetization. The government of India is focussing on reaching the entire corner and to every citizen. Many bank accounts were created throughout the country as an initiative taken up by government.
- **Steps taken by Government:** The following steps for cashless transaction taken by Government:
 - Launch of BHIM app for smartphone users based on UPI.
 - Launch of Aadhar merchant pay.
 - Direct benefit transfer.

Weakness Faced by India for Cashless Transaction

The following weaknesses have been faced:

- Cash is the dominating means of payment in the Indian economy.
- There is 24X7 electricity in India.
- E-illiteracy is also a major weakness.
- Smartphone market is still untapped.
- Lack of technological infrastructure.
- Sluggish economy.

Opportunities Available with India after Going Cashless

- **Curbing Black Money:** Going cashless will bring an end to the parallel economy running by black money.
- **Tax Collection:** With digitization, tax collection will be made easy.
- **Reduced Real Estate:** going cashless will ensure only payment in white money.
- **End of Corruption:** Going cashless will ensure a proper check on bank accounts, which will reduce the system of bribery.

Threat with Going Cashless Transaction

- Threat of cyber-crimes.
- Threat of loss of database.
- Threat of data encryption.
- Cash is considered the most convenient and fastest means of payment.
- It is very difficult to gain trust and faith among Indians, as there are constant ups and downs in the economy.

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.

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.

Dominic, Saranya, and Rajani, (2018), A study on transformation in behaviour of individual towards Cashless Transaction. The study is aimed towards studying the behavioural changes in individual towards Cashless Transaction. After the study conducted it was seen that many individuals have already moved or are moving towards a cashless nation but there is still a long way for India to become cashless.

Kousalya and Shankar, (2018), Cashless Transaction. The paper was focussed towards understanding the impact of Cashless Transaction and its importance in India. After the research conducted it was seen that the introduction of Cashless Transaction in India will bring about a positive impact on the financial sector and will help in modernisation of the payment system in India.

Objectives of the Study

The primary purpose of the present study is to obtain a true insight into the performance of cashless economy in India. The core objective of the study is to analyse Consumer Perception on Cashless Transactions in Indian economy. The specific objectives are the following:

- To study consumer awareness on cashless transactions.
- To assess the customer trust and confidence in cashless transactions.
- To study benefits of Cashless Transaction.
- To analyse future trends of cashless transactions.
- To understand the factors influencing the customer moving towards Cashless Transaction.

Research Methodology

This study reviews literature chosen with the primary as well as secondary data. The study is mainly based upon the **primary data**. Primary data was collected through survey method. Questionnaire was used for collecting data. Questionnaire was developed based on past experience of the researchers and review of literature on the topic done by the researchers. The **secondary data** will be collected from various sources like websites, online and offline annual reports, magazines, journals, newspapers, and thesis.

The researcher has made use of close ended questionnaire where sample of 280 was used. A sample of 280 respondents from different socio-economic characteristics was selected from the various consumers of both Rural and Urban Areas of **Haryana State**. The data was collected and analysed by using SPSS Software. Descriptive Statistics was done by using Frequency and inferential statistics was used like correlation, regression and ANOVA.

Hypotheses

- H₀₁:** There is no significant difference between level of consumer trust and confidence in their cashless transactions.
- H₀₂:** There is no significant relationship between gender and benefits of cashless economy to public.
- H₀₃:** There is no significant relationship between gender and the level of optimism towards cashless transactions.

Data Analysis and Interpretation

Table 1: Response Rate

Responses	Frequency
Returned Complete Questionnaire	280
Returned Incomplete Questionnaire	14
Unreturned	06
Total	300

This table shows the number of questionnaires and their validity received for analysis.

Table 2: Finding Out Descriptive Statistics Frequencies

Variables	No. of Respondents
Gender	
Male	154
Female	126
Total	280
Age (in Years)	
Below 15	08
15-25	126
26-35	66
36-45	30
Above 45	50
Total	280
Educational Qualification	
Senior Secondary	06
Graduate	250
Post Graduate	24
Total	280

Occupation	
Working	60
Non-Working	220
Total	280
Monthly Income (in ')	
Less than 15,000	66
15,001 - 25,000	66
25,001 - 35,000	96
35,001 - 45,000	20
Above 45,000	32
Total	280
Marital Status	
Married	118
Un-Married	162
Total	280

This table shows the number of respondents and their demographic information.

Table 3: Reliability Statistics

Cronbach's Alpha	N of Items
0.896	41

The table above shows the degree of the questionnaire's reliability. The value of alpha is 0.896 which is more than 0.6. This shows that the data is reliable for further analysis.

Hypotheses Testing

H₀₁: There is no significant difference between level of consumer trust and confidence in their cashless transactions.

Table 4: Correlation

		Trust	Confidence
Trust	Person Correlation	1	0.560**
	Sig. (2 tailed)		0.000
	N	280	280
Confidence	Person Correlation	0.560**	1
	Sig. (2 tailed)	0.000	
	N	280	280

This table shows the relationship between trust and confidence.

Table 5: ANOVA

Model		Sum of Square	d.f.	Mean Square	F	Sig.
1	Regression	20.296	1	20.296	114.667	0.000
	Residual	48.896	276	0.177		
	Total	68.892	277			

This table shows the significant relationship of Trust and Confidence, where trust is dependent, and Confidence is independent.

The test shows that there is a significant relationship between the level of trust and level of confidence. So, we fail to reject the null hypothesis.

H₀₂: There is no significant relationship between gender and benefits of cashless economy to public.

Table 6: Correlation

		Trust	Confidence
Gender	Person Correlation	1	-0.070
	Sig. (2 tailed)		0.240
	N	280	280
Benefits	Person Correlation	-0.070	1
	Sig. (2 tailed)	0.240	
	N	280	280

This table shows the relationship between Gender and Benefits.

Table 7: ANOVA

Model		Sum of Square	d.f.	Mean Square	F	Sig.
1	Regression	0.335	1	0.335	1.351	0.247
	Residual	68.557	276	0.248		
	Total	68.892	277			

This table shows the significant relationship of Gender and Benefit, where Gender is dependent, and Benefits is independent.

Table 8: Confidence

Model		Unstandardized Coefficient		Standardized Coefficient	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.499	0.049		30.328	0.000
	B	-0.025	0.021	-0.070	-1.161	0.247

The test shows that there is a significant relationship between the gender and level of benefits from the cashless society. So, we reject the null hypothesis and accept the alternate hypothesis.

H₀₃: There is no significant relationship between gender and the level of optimism towards cashless transactions.

Table 9: Correlation

		Trust	Confidence
Gender	Person Correlation	1	-0.116
	Sig. (2 tailed)		0.053
	N	280	280
Level of Optimism	Person Correlation	-0.116	1
	Sig. (2 tailed)	0.053	
	N	280	280

This table shows the relationship between Gender and their level of optimism towards cashless transactions. The relationship is negative in nature.

Table 10: ANOVA

Model		Sum of Square	d.f.	Mean Square	F	Sig.
1	Regression	0.927	1	0.927	3.768	0.053
	Residual	67.965	276	0.246		
	Total	68.892	277			

The test shows that there is no significant relationship between the gender and level of optimism towards cashless transactions. So we fail to reject the null hypothesis.

Findings of the Case Study

- There are still a lot of people who do not use any kind of digital payment method.
- There is a lot of scope in the future for cashless society.
- People are mostly influenced by convenience and offers provided for switching to cashless modes of payments.
- There is still a lot to be done to digitalise India.
- People don't feel safe sharing their financial and personal information over the internet.
- People face various problems while using digital payment methods.

Suggestions

- Government of India should try to educate people about the benefits of going cashless before taking any crucial steps.
- They should also be able to implement their plans properly and without troubling the public.
- They should also tell about the opportunities which the public will get if they become digital.

- People should try and use any digital payment method at least once.
- Government should develop infrastructure to cope up with any policy change or a plan implementation beforehand.
- People and government should work together to develop infrastructure and technology to digitalize India.

Conclusion

It is concluded that there is a long way for India to become a cashless economy. People still lack trust and confidence while using cashless transaction. A lot of development in the field of infrastructure is required to make the dream of cashless India a reality. There are many people who are still not aware about the cashless economy not only in India but outside of India. Government has faced a lot of criticism in the past from the public for the various plans implemented on the public. There are a lot of challenges in fulfilling the dream of cashless India but in the long run cashless economy will help in growth and will bring a lot of benefits and opportunities with it.

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