

Awareness of consumers regarding various modes of cashless transactions

Mahesh Vashista

Assistant Professor of Commerce, Ch. Dhajja Ram Janta Mahavidya Butane, Sonipat, Haryana, India

Abstract

The government wants India to go cashless, but doing so is not easy. Cashless transactions have their downsides for consumers. But, for those with access to digital payments, rejecting cashless options or hesitating to embrace technology is also not the answer, especially in the wake of the cash crunch brought on by the government's demonetisation move. Researcher take objectives to find out the problem are that to check the awareness level of consumers regarding various modes of cashless transactions. Researcher takes secondary data for the present study. Researcher find out The Public Sector banks customers 68.4 per cent out of total use cashless transaction and only 31.6 per cent use cash transaction. From private sector banks 75 per cent customers use cashless transaction and only 25 per cent customers' use cash transactions. The results show that private sector bank customer's percentage is more use cashless transaction whenever most of accountholder in public sector banks. The public sector banks should be convenience of own customer for more using cashless transaction.

Keywords: cashless transactions, e- banking and demonetization

Introduction

The payments scene in India is undergoing a transformation: traditionally a cash-based economy, it has seen an increase in card-based and mobile transactions. In spite of advances made in the recent years by the Government and regulators to popularize cashless transactions, India continued to be a high-cash-usage economy. But on November 9th, 2016 Prime Minister Narendra Modi took entire India by surprise when he announced the demonetization of INR 500 and INR 1000 notes. There was a mad dash to withdraw smaller bills, or deposit bigger ones, at automatic teller machines around the nation before they shut down temporarily. This demonetization decision has been the biggest and most ambitious step ever to crack down on black money and fake currency and to move India towards a 'Cashless' economy.

In such a scenario, mobile as a platform has a unique set of capabilities that can overcome the challenges posed by the Indian payments landscape. Mobiles offer a low-cost means to create financial access and payments. It can extend the last-mile reach of banking services either through business correspondents or directly to the end consumers. Improvements in the telecom infrastructure, access to internet connectivity and low-cost smartphones will eliminate the need for hardware based on fixed line connections. Mobile can be a platform that uniquely combines digital identity, digital value and digital authentication to create low-cost access to financial services.

In fact, since demonetization has come into effect, if there is a clear winner, it is the class of startups offering online wallets and digital payments. Mobile wallets have witnessed a massive rise in app downloads. Paytm's traffic, for instance, increased by 435 per cent and its downloads by 200 per Cent. Paytm is India's leading mobile wallet startup – it allows users to make transactions “at 850,000 places across 1,200 Indian cities, including mom and pop shops, branded retail outlets, and petrol pumps. Paytm even advertised in newspapers, congratulating Prime Minister on the

demonetization, calling it the “boldest decision in the financial history of independent India” (NC, 2016).

Effect of demonetization on cashless payment system

The government wants India to go cashless, but doing so is not easy. Cashless transactions have their downsides for consumers. But, for those with access to digital payments, rejecting cashless options or hesitating to embrace technology is also not the answer, especially in the wake of the cash crunch brought on by the government's demonetisation move. Questions of access aside, a cashless world has its benefits. Embracing cashless options and being an informed consumer who is aware of the available systems and their designs increases the chances of a convenient and consumer-friendly experience. Traditionally, online transactions were done either by providing debit and credit card details or through net banking interfaces. While there were issues of security, which kept improving, the payment experience was not very user-friendly. These options were also largely restricted to computers with access to internet. But after the smart phone revolution, things have changed entirely. India has seen an explosion in digital payment options, from e-Wallets to the Unified Payment Interface to a combination of the two.

On the 126th birth ceremony of B. R. Ambedkar Prime Minister Narendra Modi made a new step towards Digital India. On this very occasion in Nagpur Modi has launched Aadhaar Pay using BHIM App. This app will allow consumers to pay with their biometric data, linked to their Aadhaar. This BHIM App is expected to reconstruct the way of digital marketing, particularly in rural India. This new payment method is named as the BHIM Aadhaar Sewa by the government.

Literature Review

Cashless economy is not the complete absence of cash, it is an economic setting in which goods and services are bought and paid for through electronic media.

Manivannam, P. (2013) in his research paper “Plastic Money a way for cash less payment system” examined that plastic money i.e usage of credit card was measured a luxury, and has become needed. Theses plastic money and electronic payment was and used by only higher income group. This facility extended not only to customers in urban areas or cities, but also to customers residing in rural area. However, today, with development of banking and trading activity the fixed income group or salaried classes are also start using the plastic money and electronic payment systems and particularly credit cards.

Kumar, p. (2015) in his research paper “An analysis of growth pattern of cashless transaction system” examined the behavior of customer towards cashless transaction system & how far they are adopted to this new world of cashless society. It is expected that if awareness & education about cashless transaction system is developed then only we will be in a position to stop fake money in the Indian economy. It was concluded that the cashless system is not only requirement but also need of today society the cashless transaction is not only safer than the cashless transaction but it is less time consuming & not a trouble of carrying & trouble of wear & tear like paper money.

Senthilkumar, C. (2015) studied the customer’s perception towards Debit card users in public and private sector banks at Dharmapuri District with the objective to assess the level of awareness and satisfaction of customers towards debit cards and to identify the problems faced by consumers in using debit cards. Primary data were collected through questionnaire. For this convenient sampling technique was adopted. The sample size was restricted to 80 debit card users from 110 questionnaire collected. Statistical methods such as percentage analysis, factor analysis have been used. It was concluded that the majorities of respondents have one debit card issued by a private sector bank, have control, restrict and plan on cards usage and have perception and awareness on debit cards. In debit card usage purpose, the dominant factor is a basic need factor, followed by life style and perennial factors. The debit card usage purpose is significantly influenced by the control over debit cards and payment on various utility bills.

Singh, P. (2013) conducted a study on “An exploratory study on internet banking usage in semi-urban areas in india”. The objectives of the study were to explore the factors impeding the usage of internet banking in semi-urban area and to study the importance of internet banking in Indian scenario. She took a sample of 100 respondents and resident of 17 semi-urban areas of Madhya Pradesh and out of these 20 responses were rejected due provided incomplete information. The respondent profile as 60 male and 20 female. The study was based on primary data. On the basis of above study she concluded that nine factors i.e cost, reliability, processing barriers, security issues, technological inconvenience, lack of infrastructure, conventional approach, risk and resistance, which were the barriers in the usage of internet banking services in the semi-urban areas. To increase the use of internet banking in semi-urban areas carrying out internet banking properly, a basic knowledge of computers the internet is required. There are lot of advantages of internet banking services like time saving, minimum efforts, cost saving, easiness and many more.

Lanjewar, J. (2015) studied “Changing attitude of customers towards plastic money”. The objectives of the study were to know different types of plastic money offered by banks, to study the features and to evaluate the risk involved in the credit card usage. For the purpose of accomplishing above objectives they collected a sample of 150 consumers of South Nagpur. The primary data was collected by administering structured questionnaire to the investor. Data was collected from two nationalized banks customers randomly. On the basis of above study it was found that more transactions take place in plastic money than paper notes because paper money is are more risky than plastic money. Consumers prefer these cards mostly for online shopping. At last it was concluded that plastic money has a very bright future in the coming years because of the increasing trend of e-commerce.

Research Methodology

Objectives of the study

The objectives of the study are laid down as follows:

To check the awareness level of consumers regarding various modes of cashless transactions.

Research Design

In the present study, exploratory research design has been adopted because the main purpose of the study is to find out the awareness level of consumers regarding the various modes of cashless transaction system in India. But, since the scope of the study is very vast hence it also represents some characteristics of exploratory as well as descriptive research design. The descriptive study is considered to describe the facts in an accurate way. The purpose of descriptive research is to describe the state of affairs as it exists at present. The main characteristics of this method are that the researcher has no control over the variables; he can only report what has happened or what is happening and the exploratory research means the study with the intention to invention and discover the new phenomena.

Data Analysis and Results

Table 1: Age - wise Classification of Respondents

Respondents	Frequency	Percent	Cumulative Percent
Below 30	56	56.0	56.0
31-50	20	20.0	76.0
Above 50	24	24.0	100.0
Total	100	100.0	

Note: Researcher’s calculations

The Analytical Table 1 depict the age of the respondents. This table shows that out of total respondents, 56 per cent were below 30 years old, 20 per cent were between 31 and 50 years old, and finally 24 per cent were above 51 years. Respondents below 30 years of age represented 56 per cent of the sample, which could seem unbalanced and be perceived as a probable limitation of generalization. However, according to the existing literature (Tavilla, 2012), young as well as middle-aged users of cashless transactions are the core demographic of the cashless user population and are composed to be the most active adopters of cashless transaction in the recent time.

Table 2: Education-wise Classification of Respondents

Respondents	Frequency	Percent	Cumulative Percent
Upto 12 th	22	22.0	22.0
Graduation	16	16.0	38.0
Post Graduate	36	36.0	74.0
Other Qualification	26	26.0	100.0
Total	100	100.0	

Note: Researcher’s calculations

The Analytical Table 2 depict the education level of respondents. From the above table we observe that out of total 100 respondents 22 per cent of the respondents were educated up to senior secondary, 16 per cent were graduated, 36 per cent were post graduated and 26 per cent respondents having other qualification.

Table 3: Factors Leading towards the Use of Cashless Transactions

Factors	Frequency	Cumulative Percent
Permanent use of Smartphone	12(12)	12.0
Easier access than cash	14(14)	26.0
Ease of doing Transaction	20(20)	46.0
Quick access to account	8(8)	54.0
Reduces the risk of theft	4(4)	58.0
Trying new technology	10(10)	68.0
Discount/Cash back/Tax Benefit	18(18)	86.0
Reduce Corruption	10(10)	96.0
Habit	4(4)	100.0
Total	100(100)	

Note: * Researcher’s calculations, ** Figures in brackets show percentage.

Analytical Table 3 expresses the reason for using cashless transactions. Respondents who had experience in cashless transactions were asked to identify the factors which have motivated them to use cashless transactions. It was found though the analysis for regular using cashless transaction was ease of doing transaction 20 per cent, discount/ cash back offer/tax benefit 18per cent, having a Smartphone with them 12per cent and trying new technologies 10per cent. Further table shows that 10per cent respondents were favored that cashless transaction was helping in reduce corruption. And only 4per cent respondents were habitual of cashless transaction. In cashless transaction only 4per cent respondents agreed that cashless transaction reduce the risk of theft. It means that most of people feel that cashless transactions were not very safe.

Table 4: Factors Restricting towards the Use of Cashless Transactions

Factors	Frequency	Cumulative Percent
Unaware about Apps/Internet/computers	18(18)	18.0
Privacy Concern	22(22)	40.0
Security Violation	14(14)	54.0
Don’t know how to do	10(10)	64.0
Don’t need it	6(6)	70.0
Don’t want to change	4(4)	74.0
Too complicated/Difficult	6(6)	80.0
High Service Charge	16(16)	96.0
Restriction for usage Card Limit/Withdraw Limit	4(4)	100.0
Total	100	

Note: * Researcher’s calculations, ** Figures in brackets show percentage.

Analytical Table 4 expresses the factors restricting the use of cashless transactions. It has been highlighted and analyzed through analytical table 4 It was established through the analysis that 18 per cent of the respondents did not use cashless transactions because they were not aware about internet or computers facility because lack of technical education. The Government should have launched a proper technical education programs for any kind of education stream. 22per cent of respondents feel less privacy in cashless transaction, 10per cent respondents don’t know the procedure of cashless transaction, 6per cent respondents feels no requirements of cashless transaction. Some people don’t want to change in their life style so 4per cent respondents were that they don’t want to change their habit of cash transaction. Sometimes high service charges may create problem in transactions. 16per cent of respondents are not want to use cashless transaction because of high service charges and 4per cent respondent are not use cashless transaction because of card withdraw limit.

Findings and Conclusion

In the study, 61.9 per cent out of total female respondent who are using cashless transaction and 38.1 per cent are female respondents use cash transaction. While 69 per cent out of total male respondent, were male that use cashless transaction and only 31 per cent male respondents use cash transaction. The study found that male members of the state of Haryana are using more cashless transactions.

The study indicated that 45.5 per cent respondents were from up to senior secondary which are regular use cashless transaction, 87.5 per cent respondents belong that studied up to their graduation, 77.8 per cent respondents were that of post graduate group and 53.8 respondents belongs in other qualification education group that were used cashless transactions. Up to 12th pass out candidate are more use cash transaction because of illiteracy of technical knowledge and graduate pass out candidate are more preference cashless transactions due to teach the specialized subjects and computer are compulsory subject in graduation. It is show that positive correlation between higher education level and more cashless transactions users. It’s suggested that a cashless society lesson will be introduced for every educational institute in state of Haryana.

The most popular reasons of using cashless transaction were Ease of Transaction (20 per cent), Discount/Cash Back Offer/Tax Benefit (18 per cent), having a Smartphone with them (12 per cent) and Trying New Technologies (10 per cent). Further table shows that 10 per cent respondents were favored that cashless transaction was helping in reduce corruption. And only 4 per cent respondents were habitual of cashless transaction. In cashless transaction only 4 per cent respondents agreed that cashless transaction reduce the risk of theft. It means that people feel that cashless transactions were not very safe.

The factors influencing the customers not using cashless transactions. It is evidenced that 18 per cent of the respondents does not use cashless transactions because they were not aware about internet or computers facility. 22 per cent of respondents feel less privacy in cashless transaction, 10 per cent respondents don’t know the procedure of cashless transaction, 6 per cent respondents feels no requirements of cashless transaction. Some people don’t want to change in

their life style so 4 per cent respondents were that they don't want to change their habit of cash transaction. Sometimes high service charges may create problem in transactions 16 per cent of respondents did not want to use cashless transaction because of high service charges and 4 per cent respondent does not use cashless transaction because of card withdraw limit. The main cause found out from the study is financial and technical illiteracy in India. Indian government starts the various types of financial and technical literacy camps, whereby people aware.

The Public Sector banks customers 68.4 per cent out of total use cashless transaction and only 31.6 per cent use cash transaction. From private sector banks 75 per cent customers use cashless transaction and only 25 per cent customers' use cash transactions. The results show that private sector bank customer's percentage is more use cashless transaction whenever most of account holder in public sector banks. The public sector banks should be convenience of own customer for more using cashless transaction.

Conclusion

Based on the results show, the overall effects of cashless transaction (gender, age, educational qualification, types of banks, residential status, monthly income and various type of payment mode) toward perception of consumers in state of Haryana is significant in most of ways. The objective of the research is fulfilled with the results acceptance.

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