Moving From Cash to Cashless Economy: - A Study of Consumer Perception Towards Digital Transactions

Richa Goel, Seema Sahai, Anita Vinaik, Vikas Garg

Abstract: In this era, we can see a very significant level of change 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 economy 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 economy 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 economy. 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.The primary data was collected by distributing questionnaires to 280 respondents, who have been using any digital mode of payment. Data is collected from students, working professionals and business class people. The questionnaire asks questions about the benefits people avail while using digital payment methods and what are the various factors which influence the people to use digital payment methods and what are the risks they face associated with digital payments.After the research conducted we can say 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.

Index terms: Cashless economy, technological development, demonetization, digital payment methods.

I. INTRODUCTION

The prime minister of India, on 8th November, 2016 demonetized the two largest denominations of currency notes of INR 500 and INR 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 INR 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 the Prime Minister of India is 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 Economy.Cashless Economy 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.

A. AROUND THE WORLD SCENARIO

As per the survey conducted by CNBC most cashless countries are:

Germany:
Share of non-cash payments: 76%
Share of people using debit cards:88%

South Korea:
Share of non-cash payments:70%
Share of people using debit cards:58%

United States of America:
Share of non-cash payments:80%
Share of people using debit cards:72%

The Netherlands:
Share of non-cash payments:85%
Share of people using debit cards:98%

Australia:
Share of non-cash payments:86%
Share of people using debit cards:7
Sweden:
Share of non-cash payments:89%
Share of people using debit cards:96%

Retrieval Number: A9218058119/19©BEIESP
Journal Website: www.ijrte.org

1220

Published By:
Blue Eyes Intelligence Engineering &
Sciences Publication

United Kingdom:
Share of non-cash payments:89%
Share of people using debit cards:88%

Canada:
Share of non-cash payments:90%
Share of people using debit cards:88%

France:
Share of non-cash payments:92%
Share of people using debit cards:69%

Belgium:
Share of non-cash payments:93%
Share of people using debit cards:86%

B. METHODS OF DIGITAL PAYMENTS IN INDIA

Banking Cards: These includes all types of plastic cards such as credit card, debit card, cash card, travel card etc. they provide 2 factor authentications for a secure transaction.

USSD: Unstructured Supplementary Service Data is an innovative of making payments without the use of internet and smartphone. The payments can be made by a feature phone by dialling *99#.

AEPS: Aadhar Enabled Payment System is a means by which a person can make payments at the point of sale by Aadhar authentication.

UPI: Unified Payment Interface powers multiple bank accounts into a single mobile application, merging all or some of the banking services.

Mobile Wallets: It is a means of carrying cash in digital format. Credit card or debit card can be linked to the mobile wallet for making payments or some money can be loaded into the mobile wallet.

Internet Banking: It is a medium through which various banking services like NEFT, RTGS, ECS, IMPS etc. can be availed over the institution's website.

Mobile Banking: It is a service provided by banks providing its customers a platform to conduct various banking services by use of their mobile phones or tablets through the apps provided by the bank.

C. STRENGTHS OF INDIA GOING CASHLESS

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.

Financial inclusion: The government of India is focussing on reaching all the corner and to every citizen. Many bank accounts were created throughout the country as an initiative taken up by government.

Steps taken by Government:
- Launch of BHIM app for smartphone users based on UPI.
- Launch of Aadhar merchant pay.
- Direct benefit transfer

D. WEAKNESS FACED BY INDIA
- 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.

E. 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.

F. THREAT WITH GOING CASHLESS
- 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.

II. LITERATURE REVIEW

Mr. Pradeep H. Tawade (2017), "Future and scope of cashless economy in India." This paper helps in assessing the future trends and the impact of going cashless in the Indian economic scenario. After the study was conducted it was seen that the Government of India should consider many more steps in digitalizing India. And payment methods should be made more secure and risk-free.

Dhanda and Arora (2017), Genesis of cashless society: A study on growing acceptability towards plastic money. This paper is aimed towards studying the factors responsible for the rapid increase in acceptability of plastic card in the recent years. After the study was conducted it was seen that use of plastic cards is a matter of great pride among teenagers and is considered safe and free from any frauds.

Dr. Rashmi Gujrati (2017), India's march towards faceless, paperless, cashless economy. The paper is aimed towards creating a sense of awareness about cashless economy, its benefits, challenges and the steps taken by government toward cashless economy. After the research conducted it was seen that cashless economy comes with various benefits but brings in a lot more challenges with it.

Dr. Asha Sharma (2017), Potential for cashless economy in India. The study was conducted to find the scope of India becoming a cashless economy, challenges and opportunities related to cashless economy. The study shows that there is a significant scope of Cashless India as we can abolish various problems we face today but we must be prepared for the challenges and problems which cashless economy will bring.

Dominic, Saranya, and Rajani (2018), A study on transformation in behaviour of individual towards cashless economy. The study is aimed towards studying the behavioural changes in individual towards cashless economy. 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.

Mr. Bharat Khurana (2015), Dream of cashless India: Benefits and challenges. The paper studies the benefits and challenges India might face if it becomes a cashless nation. It also helps in assessing the meaning of digital India and steps taken by government towards achieving the dream of cashless India. After the study no matter how much the government had done for fulfilling the dream of digital India but there is still a lot more that can be done to achieve that dream.

Metri and Jindappa (2017), Impact of cashless economy on common man in India. The study focusses on effect of going cashless on a common man living in India and the challenges related to going cashless. The study shows that India can never turn into a fully cashless economy as cash has been the dominating factor and always will be. Going cashless will only be feasible for a very small section of the society but not the whole nation.

Kumari and Khanna (2017), Cashless payment: a behavioural change to an economic growth. The paper aims to study how a behavioural change led to an economic growth in the Indian economic scenario. After the study conducted it was seen that various factors were responsible for such a change as people were finding various benefits and opportunities by adopting such a change.

Felix, Rebecca and Igbinoba (2015), Appraisal of the impact of e-banking and cashless society in the Nigerian economy. The paper was aimed towards understanding the impact of e-banking and cashless society on the people of Nigeria. But after the study was conducted it was seen that most of Nigerian citizens were not at all aware of such concepts and those who were aware were not fully using such facilities and there was no infrastructure development before implementing such changes.

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

Kokila and Ushadevi (2017), A study on consumer behaviour on cashless transaction in U.T. of Puducherry.The paper was focussed towards understanding the awareness and trust among the customers about cashless transactions. It was seen that people were aware about the cashless transaction but were still in doubt with implementing the same in daily routine.

Thomas and Krishnamurthy (2017), Cashless rural economy- a dream or reality. The study is focussed towards understanding the impact of demonetisation on rural India and to keep a check on the government initiatives to make rural market a cashless economy. The studies show that the government of India should initiate various schemes to make the dream of cashless economy a reality.

Shrikala K.K. (2017), Cashless Transaction: Opportunities and Challenges with special reference to Kodagu district of Karnataka. The paper is aimed to find the opportunities available in the rural part of India and the challenges which may be faced while moving towards a cashless economy. It was seen that there are many opportunities and every opportunity come with its own challenges, but they can be avoided with proper implementation.

Shendge, Shelar and Kapase (2017), Impact and importance of Cashless Transaction in India. The paper focuses on impact and importance of cashless transactions in India. The study shows that if India becomes a cashless economy there will be both positive and negative impact, but negative impacts can be overlooked if the gain from positive impact is considered.

Garg and Panchal (2017), Study on Introduction of cashless economy in India 2016: Benefits & challenges. The study focusses on finding benefits and challenges related to cashless economy in India. The study shows that there are various benefits related to cashless economy and various challenges related to the cashless economy.

Akinola (2012), Cashless Society, Problems and Prospects, Data Mining Research Potentials. The is focused on understanding the cashless society and the problems related to the same in Nigeria. The study shows that cashless society will face a lot of challenges and criticism by the citizens of Nigeria.

Bindra and Bindiya (2017), Going Cashless: stepping towards Digital India. The study is focussed to find out benefits, challenges and the growth prospects in India on the path of moving towards digital India. The study shows that digital India will bring a huge growth in the GDP of India and will also have other benefits are the society and the economy as well.

Thilagavathy and Santhi (2017), Impact and importance of Cashless Transaction in India. The paper focuses on impact and importance of cashless transactions in India. The study shows that if India becomes a cashless economy there will be both positive and negative impact, but negative impacts can be overlooked if the gain from positive impact is considered.

Sharad Malhotra (2017), Impact of Cashless Society for the Economic Growth in India. The paper focuses on impact and importance of cashless transactions in India. The study shows that if India becomes a cashless economy there will be both positive and negative impact, but negative impacts can be overlooked if the gain from positive impact is considered. There would be lower costs and keep a check on financial crimes and TAX frauds.

III. OBJECTIVES

A. PRIMARY OBJECTIVES
- To study consumer awareness on cashless transactions.
- To assess the customer trust and confidence in cashless transactions.
- To study benefits of cashless economy.
- To analyse future trends of cashless transactions.

B. SECONDARY OBJECTIVES
- To understand the factors influencing the customer moving towards cashless economy.
- To illustrate the steps taken by government to fulfil the dream of digital India.
- To assess the preparedness of Indian Government for implementing the cashless economy.
- To study the socio-economic impact of cashless economy on the society.

IV. RESEARCH METHODOLOGY

This study reviews literature chosen with the primary as well as secondary data.

A. Research Design:
The research is analytical and descriptive in nature. The researcher for the purpose here had made use of primary data and secondary data. The researcher has made use of close ended questionnaire where sample of 280 was used. The data was collected and was analysed by using SPSS Software.

Secondary sources were also used with respect to Review of Literature, Journals and articles.

Descriptive Statistics was done by using Mean, Standard Deviation, Frequency and inferential statistics was used like correlation, regression and ANOVA.

B. Sources of Data
The data required for doing the research has been collected mainly by using primary and secondary sources. The primary sources include the questionnaire. The secondary source includes the various journals, research paper and internet websites.

C. Size of Sample
The study has been conducted by using the sample of 280.

V. RESEARCH FINDINGS AND ANALYSIS SURVEY

A. RESPONSE RATE

RESPONSES	FREQUENCY
Returned complete Questionnaires	280
Returned incomplete	12
Unreturned	10
Total	300

This table shows the No. of questionnaires and their validity received for analysis

B. FINDING OUT DESCRIPTIVE STATISTICS FREQUENCIES

Items		Frequency
Gender	Male	154
	Female	126
	Total	280
Age Group	Below 15 yrs.	8
	15-25 yrs.	126
	25-35 yrs.	66
	35-45 yrs.	30
	Above 45 years	50
	Total	280
Educational Qualification	School level	6
	Graduate	250
	Post graduate	24
	Total	280
Occupation	Working	60
	Non-working	220
	Total	280
Income	Below 15k	66
	15-25k	66
	25-35k	96
	35-45k	20
	More than 45k	32
	Total	280
Marital Status	Married	118
	Unmarried	162
	Total	280

This table shows the number of respondents and their demographic information

C. RELIABILITY

Reliability Statistics

Cronbach's Alpha	N of Items
.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.

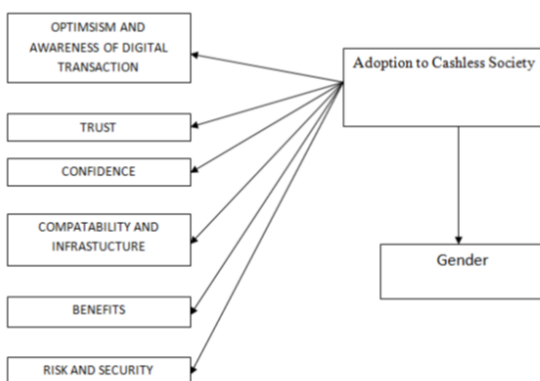### D. USING MEAN AND STANDARD DEVIATION

	N	Mean	Std. Deviation
U1	280	1.19	.494
U2	280	4.72	1.553
U3	280	4.00	.000
U4	280	1.32	.808
U5	280	3.19	1.686
O1	280	1.85	1.411
O2	280	1.72	1.452
O3	280	1.81	1.451
O4	280	3.81	.611
O5	280	1.84	.554
T1	280	1.83	1.462
T2	280	1.87	1.466
T3	280	1.98	1.550
T4	280	3.76	1.781
T5	280	3.61	.942
T6	280	3.50	1.136
C1	280	2.04	1.543
C2	280	2.05	.422
C3	280	1.47	.809
C4	280	2.47	.835
CO1	280	1.85	1.426
CO2	280	4.40	1.072
CO3	280	2.11	1.575
CO4	280	1.85	1.500
CI1	280	1.26	.673
CI2	280	1.68	1.428
CI3	280	1.76	1.460
B1	280	1.85	1.457
B2	280	1.74	1.464
B3	280	1.89	1.533
B4	280	1.85	1.529
R1	280	1.89	1.519
R2	280	1.96	1.500
R3	280	3.19	1.495
R4	280	1.87	1.421
Valid N (listwise)	280		

As we can see the mean in this table lies between 1 and 3, it shows that the respondents have a positive approach i.e. they opted to agree towards the parameters. Standard deviation shows the degree at which the mean is deviating from the actual mean.

E. HYPOTHESIS

- There is no significant difference between level of consumer trust and confidence in their cashless transactions.
- There are no significant benefits of cashless economy to public.
- There is no significant difference between level of awareness among consumers and their cashless transactions.
- There is no significant potential level of cashless economy in India.

F. CONCEPTUAL FRAMEWORK

G. HYPOTHESIS-1

H0: There is significant difference between level of consumer trust and confidence in their cashless transactions.
H1: There is no significant difference between level of consumer trust and confidence in their cashless transactions.

Correlations

		Trust	Confidence
Trust	Pearson Correlation	1	.560**
	Sig. (2-tailed)		.000
	N	280	280
Confidence	Pearson Correlation	.560**	1
	Sig. (2-tailed)	.000	
	N	280	280

**. Correlation is significant at the 0.01 level (2-tailed).

This table shows the relationship between trust and confidence.

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	20.296	1	20.296	126.190	.000[b]
	Residual	44.390	276	.161		
	Total	64.686	277			

a. Dependent Variable: T
b. Predictors: (Constant), C

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.

H. HYPOTHESIS-2

H0: There is no significant relationship between gender and benefits of cashless economy to public.
H2: There is a significant relationship between gender and benefits of cashless economy to public.

Correlations

		Gender	Benefits
Gender	Pearson Correlation	1	-.070
	Sig. (2-tailed)		.247
	N	280	280
Benefits	Pearson Correlation	-.070	1
	Sig. (2-tailed)	.247	
	N	280	280

This table shows the relationship between Gender and Benefits.

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.335	1	.335	1.347	.247[b]
	Residual	68.557	276	.248		
	Total	68.892	277			

a. Dependent Variable: Gender
b. Predictors: (Constant), B

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

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.499	.049		30.328	.000
	B	-.025	.021	-.070	-1.161	.247

a. Dependent Variable: Gender

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.

I. HYPOTHESIS-3

H0: There is no significant relationship between gender and the level of optimism towards cashless transactions.

H3: There is a significant relationship between gender and the level of optimism towards cashless transactions.

Correlations

		Gender	O
Gender	Pearson Correlation	1	-.116
	Sig. (2-tailed)		.053
	N	280	280
O	Pearson Correlation	-.116	1
	Sig. (2-tailed)	.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.

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.927	1	.927	3.766	.053[b]
	Residual	67.965	276	.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

VI. CONCLUSION

We can conclude that there is a long way for India to become a cashless economy. People still lack trust and confidence while using digital payment methods. A lot of development in the field of infrastructure is required to make the dream of Digital 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 digital India but in the long run cashless economy will help in growth and will bring a lot of benefits and opportunities with it.

Few of the major finding according to this study are:

- There are still a lot of people who do not use any kind of digital payment method.
- There are 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.

VII. KEY 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.

REFERENCES

1. Mr. Pradeep H. Tawade (2017), Future and scope of cashless economy in India
2. Dhanda and Arora (2017), Genesis of cashless society: A study on growing acceptability towards plastic money
3. Dr. Rashmi Gujrati (2017), India's march towards faceless, paperless, cashless economy
4. Dr. Asha Sharma (2017), Potential for cashless economy in India
5. Dominic, Saranya, and Rajani (2018), A study on transformation in behaviour of individual towards cashless economy
6. Mr. Bharat Khurana (2015), Dream of cashless India: Benefits and challenges
7. Metri and Jindappa (2017), Impact of cashless economy on common man in India
8. Kumari and Khanna (2017), Cashless payment: a behavioural change to an economic growth
9. Felix, Rebecca and Igbinoba (2015), Appraisal of the impact of e-banking and cashless society in the Nigerian economy
10. Kousalya and Shankar(2018), Cashless economy/transaction
11. Kokila and Ushadevi(2017), A study on consumer behaviour on cashless transaction in U.T. of Puducherry
12. Thomas and Krishnamurthy (2017), Cashless rural economy- a dream or reality
13. Shrikala K.K. (2017), Cashless Transaction: Opportunities and Challenges with special reference to Kodagu district of Karnataka
14. Shendge, Shelar and Kapase (2017), Impact and importance of Cashless Transaction in India
15. Garg and Panchal (2017), Study on Introduction of cashless economy in India 2016: Benefits & challenge

AUTHORs PROFILE

Dr. Richa Goel is Assistant Professor-Economics and International Business at Amity International Business School, Amity University Noida. She is a Ph.D. in Management and has a journey of almost 18 years in academic and consistently striving to create a challenging and engaging learning environment where students become life-long scholars and learners. Imparting lectures using different teaching strategies , she is an avid teacher, researcher, and mentor. She has to her credit a number of publications in reputed national and international journals accompanied with participation in conferences. She is serving as a member of review committee for conferences journals and acting as Lead Editor of Annual International Referred Journal and Research Coordinator with Amity International Business School. Her area of interest includes Economics, Business Law, Human Resource Management and Diversity Management.

Dr. Seema Sahai is Associate Professor in IT & Operations at Amity International Business School, Amity University Noida. She is a Ph.D. in Management and has a journey of 23 years in academic and consistently striving to create a challenging and engaging learning environment She has to her credit a number of publications in reputed national and international journals accompanied with participation in conferences. She has a corporate experience of 2 years and has many projects to her credit.

Dr. Anita venaik with 19 years of work experience in academics and 4 years in corporates. presently working as professor at Amity business school .has written 11 text books in Various subjects in IT having 12 case studies published in European case centre also more that 30 research papers in Various national and international journals

Dr. Vikas Garg is a doctorate in commerce and management from CCS University, Meerut. He is currently working as an assistant HOD at Amity Business School, Amity University Greater Noida Campus. He is UGC NET qualified. With past academic experience of 15 years, he has an expertise in accounting and finance. His areas ofinterests are financial markets, financial reporting and analysis. He is associated with several Universities as an external guide for research scholars. He is lifetime member of Indian Commerce Association, Indian Accounting Association, Indian ManagementAssociation. He is certified in Customer Relationship Management from IIM, Bangalore. As a Professor of Amity University, has been an efficient researcher who has published many research papers in various international and national journals. He is highly efficient in different spheres of work and producing quality work. He has in depth knowledge in the area of finance and accounting and has been consistent performer in delivering accuracy in his tasks. He has organized many seminars and workshops at different. He is very good team leader and always performs the task with creativity.

Retrieval Number: A9218058119/19©BEIESP
Journal Website: www.ijrte.org

1226

Published By:
Blue Eyes Intelligence Engineering &
Sciences Publication