



A STUDY ON CONSUMER'S PERCEPTION REGARDING CASHLESS TRANSACTION IN PEIKULAM AREA

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Abstract

“Faceless, paperless, cashless” is one of professed role of Digital India. Digital India becomes a new program by the Government of India, which also promote cashless economy. The cash less transaction means to buy or sell the products and services by using electronic forms instead of paper currency and excluding the cash based transaction from the all the marketing activities. Concealed cash transactions are hereby removed from traditional cash based transactions and also it will promote all the economic activities are to be transparent nature. The state supervision and monitoring the all types of cashless transactions are also possible and easy through the cashless transactions.

Keywords: *Cashless Transactions, Consumer Perception Regarding Cashless Transactions.*

Introduction And Importance of The Study

The Indian Government moves towards a cashless environment after the massive stoke of demonetization. According to the multi – lateral agency, the rising use of payment by electronic medium can help to save 1.6 percent of India’s GDP. “cash can carry significant handling and transportation costs and the risks of theft, loss and counterfeiting”. Change and motivate the people to money – free transactions from cash transaction. 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, the Digital India programme is a flagship programme of the Government of India with a vision to transform India into a digitally empowered society and knowledge economy.

“Faceless, paperless, cashless” is one of professed role of Digital India. Digital India becomes a new program by the Government of India, which also promote cashless economy. The cash less transaction means to buy or sell the products and services by using electronic forms instead of paper currency and excluding the cash based transaction from the all the marketing activities. Concealed cash transactions are hereby removed from traditional cash based transactions and also it will promote all the economic activities are to be transparent nature. The state supervision and monitoring the all types of cashless transactions are also possible and easy through the cashless transactions.

Emphasis the digital payment among the people is important action to eliminate corruption, hoarding cash, tax evasion and money – oriented activity completely ceased and it can help to achieve positive and transparency in economic development. In growing information technology is great help and catalyst to the people to make cashless transactions. The increasing use of internet and smart phone, apps, mobile banking, internet banking service, credit card, debit card and electronic exchange are simplify and promote the consumer payments and settlements. The government of India has taken a number of steps to promote, utilize and reach the cashless transaction among the people for better use. There are a lot of awareness and concession for promoting cashless transactions. Especially in the government incentives for digital payments, cancelation of service charges, cash discounts, reward points. At the same time, direct and indirect restrictions on cash transactions to prevent and minimize the cash based transaction.

The RBI and the Government are making several efforts to reduce the use of cash in the economy by promoting the digital / payment devices including prepaid instruments and cards. RBI’s effort to encourage these new varieties of payment and settlement facilities aims to achieve the goal of a ‘less cash’ society. Here, the term less cash society and cashless transaction economy indicate the same thing of reducing cash transactions and settlement rather doing transactions digitally.

Cashless transaction economy doesn’t mean shortage of cash rather it indicates a culture of people setting transactions digitally. In a modern economy, money moves electronically. Hence the spread of digital payment culture along with the expansion of infrastructure facilities is needed to achieve the goal.



On November 8th, Government withdrawn Rs. 500 and Rs.1000 notes – two highest denominations in circulation. Main objectives were to fight counterfeit money and black money. The action has given tremendous boost to cashless transactions as card based and digital payment were not hindered when all high denomination cash transactions suffered because of absence of high denomination currencies.

The RBI and government have launched several measures for the spread of electronic and other non – cash settlement culture.

The vision – 2018 for payment and settlement system in India brought by the RBI in June 2016 reiterates the commitment to encourage greater usage of electronic payment sections of society so as to achieve a “Less – Cash” society. The vision statement highlights following plans:

1. The regulator wants to reduce the share of paper – based clearing instruments.
2. Aadhaar based payment system will be a big boost for promoting the cashless transaction culture.
3. A committee of seven members, chaired by a ministry official, Nearaj kumar Gupta was formed to recommend step for the reduction of cash based transactions.
4. The technology has spread internet banking, mobile banking, prepaid instruments, Credit / Debit cards etc. and at the same time, electronic payment system is fast growing. All these indicate that India is moving towards the RBI's goal of less cash economy – steady but slowly.

Statement of The Problem

As continuation of demonetization process, the cashless transaction activities are implemented impact the significant changes in the behaviour of consumer. In India most of the consumers are heavily dependent only on the cash economy, now the consumers have to switch from cash to cashless electronic transactions. 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. 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 behaviour of consumers and level of awareness about the cashless transaction, faith of the electronic transmission and problems of consumers while using electronic payment.

Review of Literature

The reviewing of the literature serves many varied interesting features, which forms the vital background for the study. The following are the reviews relating to the present study.

Jain, P.M (2006) in the article “E – Payments and e-banking” opined that e – payments will be able to check black”. An analysis of Growth pattern of Cashless Transaction system. Taking fullest advantage of technology, quick payments and remittances will ensures 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.

Balakrishnan (2007) in his article working capital management – Impact of emerging electronic payment Options in India published the adoption of new age electronic payments systems and use of new practices in inventory and production management help the companies achieve long – term reduction in working capital management requirement.

Ashish Das, and Rakhi Agarwal (2010) 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 payment system. This will help reduce currency management cost, track transactions, curb tax avoidance/fraud etc., enhance financial inclusion and integrate the parallel economy with main stream.

Moses – Ashike (2011) in the article “cashless Economic can reduce Risk of carrying Huge cash”, observed that developed countries of the world, to large extent, are moving away from paper payment instruments towards electronic ones, especially payments cards. Some aspects of the functioning of the cashless economy are enhanced by e – finance, e-money, e – brokering and e – exchanges. These all refer to how transactions and payments are effected in a cashless economy.

Bansi Patel, Urri Amin, (2012) in their article “Plastic Money: Roadmap Towards cashless society” the world glance as per technology changes suitable changes should be adopted by the economy. And among all the changes in economy lead to some drastic changes in to the transactions. Now a days in any transaction plastic money becomes inevitable part of the transaction.



Subramanian. S., (2014) the study paper – free payment systems in India an analytical study concluded that the Banks and other financial institutions should concentrate further on efforts to encourage corporate, individual / retail customers and also noted that the gaps in the bill payments eco – system for lack of inter – operability, high cost of cash, cheque / draft collection and poor accessibility in semi – urban and rural areas to ensue efficient innovative paper free electronic payments and settlement systems form the back bone of economic well being of the nation.

Saini, B.M., (2015) in his studies of “Demonetization metamorphosis for cashless India, conclude that cashless transaction will lead to e - transactions. There has been a drastic improvement in electronic transactions which may boost cyber crime so we make people aware of ways to keep credit, debit cards safe and to train them to teach the measures to keep our transactions hassle free.

Mahesh.U.Daru, (2016) in his study of ‘Cashless India : dream of future India” analysed that the concept of a cashless economy to be true in India, the centre, the state as well as the local governments have to work a lot to ensure that : First, every person is financially included in the mainstream. Second, there has to be the availability of the option of paying with cashless methods at the grass root level. Third, there is a need to ensure the safety and security of the cashless transactions. The idea of cashless economy itself is great but all these problems and potential threats have to be taken into accounts.

Vaibhav Shahaji Patil and jyoti mishra (2017) in their articles “Study to find out Advantages and Disadvantages of making India a cashless economy India” is lagging far behind many developed countries implementing cashless transactions. Government should ensure first availability and quality of telecom network in all parts of country. Government should adopt strategy of incentivize cashless transactions and discourage cash payments. It is observed that rural people are not aware or educated enough to use cashless digital facility.

Scope of The Study

The study has been understand mainly to analyze the “consumer’s perception regarding cashless transaction in Peikulam area”. With this motive, awareness of the respondents about cashless transaction, level of perception, satisfaction and also problems faced by the respondents while using digital payments are studied.

Objectives of The Study

1. To know the personal profile of the respondents.
2. To study the concept of cashless transaction.
3. To know the reasons for using cashless transactions.
4. To analyse the problems faced by the respondents while using cashless transaction.
5. To analyse the level of perception towards the usage of cashless transaction.
6. To analyse the level of satisfaction towards the usage of cashless transaction.
7. To offer suggestions based on the findings of the study.

Hypotheses To Be Tested

In order to study the relationship between demographic profile of the respondents and their level of perception towards the usage of cashless transaction, the following null hypothesis were framed.

1. There exists no significant relationship between gender of the respondents and level of perception.
2. There exists no significant relationship between age of the respondents and level of perception.
3. There exists no significant relationship between marital status of the respondents and level of perception.
4. There exists no significant relationship between educational qualification of the respondents and level of perception.
5. There exists no significant relationship between income level of the respondents and level of perception.

In order to study the relationship between demographic profile of the respondents and their level of satisfaction towards the usage of cashless transaction, the following null hypothesis were framed.

1. There exists no significant relationship between gender of the respondents and level of satisfaction.
2. There exists no significant relationship between age of the respondents and level of satisfaction.
3. There exists no significant relationship between marital status of the respondents and level of satisfaction.
4. There exists no significant relationship between educational qualification of the respondents and level of satisfaction.
5. There exists no significant relationship between income level of the respondents and level of satisfaction.



Area Coverage: The present study has been carried out in Peikulam area only.

Research Methodology : This section describes the methodology which includes the collection of data, the construction of questionnaire and pre – test, the sampling design and the scheme of analysis.

Collection of Data:The researcher has collected data from both primary and secondary sources. The primary data were collected from the respondents with the help of questionnaire. The secondary data were collected from books, journals and websites.

Construction of Tools And Pre – Test: The researcher herself has structured the Questionnaire for this study. The variables to be studied have been identified in questionnaire with some selected respondents in and around Peikulam. The variables thus identified by the researcher have been converted into appropriate questions. The questionnaire was suitably revised in the light of the experience gained.

Sample Design: The sample was selected from Peikulam area which was considered to be rural area. The sample size was selected as 120. They were selected at random by applying convenience sampling method.

Data Collection: The researcher herself has carried out the field work for this study. It was conducted during the period from December 2017 – March 2018. The researcher have used questionnaire for collecting the data. The data was collected on Sundays and holidays. Care was taken to ensure completeness and accuracy in the interview.

Analysis of Data: The master table was prepared for entering the responses of each respondents and small cross tables were made from the master table for analysis.

Frame Work of Analysis

The present study is an empirical one. The tools for analyzing the data include conventional techniques such as simple percentage analysis, total score analysis and likert scale method. Tables and percentages are used in the appropriate places to analyse the data.

Likert scale is used to measure the usage of cashless transaction in Peikulam area. The likert scale is one of the most widely used attitude scaling techniques.

In this approach, the respondents are asked to indicate his degrees of agreement with each of their perception and satisfaction regarding cashless transaction, which are related to the object of the questions. Five categories are normally used although three and seven have sometimes been used. The usual description for the five categories are,

1. Strongly agree
2. Agree
3. No opinion
4. Disagree
5. Strongly Disagree

The total score of each respondent is obtained by adding scores that he received for 17 statements. From the total score obtained by adding the individual scores obtained by the 120 respondents, arithmetic mean and standard deviation have been calculated and the level of perception and satisfaction have been find out.

Limitation of The Study

1. Due to the limitation of the time, research could not be made more a detail.
2. It is restricted to Peikulam only. Hence, the results obtained cannot be generalized to the population as a whole.
3. As the study was conducted for the short duration of three months, it was difficult to study in depth about the various aspects.
4. Time, cost and resources were constraints for a fully comprehensive study.
5. Demographic factors may influence the usage of cashless transaction for different set of customers and the findings cannot be generalized for the respondents with different personal profiles.

Analysis of Data And Interpretation Mode of Payment

S.No	Mode of Payment	No. of Respondents	Percentage
1.	Cash	24	20
2.	Debit / Credit card	42	35
3.	Mobile Banking	30	25
4.	Mobile Wallet	6	5
5.	Internet Banking	18	15
	Total	120	100

Source : Primary data

It is inferred from the above Table that, out of 120 respondents, 42(35 percent) respondents are use debit/credit card, 30(25 percent) respondents are use Mobile banking, 24(20 percent) respondents are use Cash payment, 18(15 percent) respondents are use internet banking and the remaining 6(5 percent) respondents are use Mobile wallet for their payments. Hence, majority of the respondents preferred to make payment through Debit / Credit cards.

Frequency of Cashless Transactions

S.No	Frequency	No. of Respondents	Percentage
1.	Once in a month	12	10
2.	Twice in a month	36	30
3.	4 times in a month	54	45
4.	More than 4times	18	15
	Total	120	100

Source : Primary data

It was found from Table that, out of 120 respondents, 54(45 percent) respondents have use cashless transaction four times in a month, 36(30 percent) respondents are use twice in a month, 18(15 percent) respondents are use more than 4 times in a month and the remaining 12(10 percent) respondents are use once in a month.

Hence, it could be concluded that the majority of the respondents have made cashless payment four times in a month.

Convenience of Cashless Transactions

S.No	Convenient	No. of Respondents	Percentage
1.	Yes	90	75
2.	No	30	25
	Total	120	100

Source : Primary data

From the above Table it is stated that, out of 120 respondents, 90(75 percent) respondents told that cashless transaction are more convenient than cash transactions and the remaining 30(25 percent) respondents told that cashless transactions are not convenient for them.

Hence, majority of the respondents told that cashless transactions are more convenient.

Problems Derived From Cashless Payment

S. No	Problems	Ranks given by the respondents					Garrets Rank	
		I	II	III	IV	V	Mean Score	Rank
1.	Security	38	36	20	18	8	52.95	I
2.	Poor internet Connectivity	16	22	18	20	44	52.87	II
3.	Merchant Acceptance	30	16	22	26	26	46.67	IV
4.	Costs	12	28	32	26	22	46.53	V
5.	Lacks of tech know how	24	18	28	30	20	48.98	III

Source: Primary data

It was inferred from the above Table that 'security' was the first and foremost problem faced by majority of the respondents while using cashless payment, 'poor internet connectivity' was the next problems among the respondents followed by 'lack of tech know how', 'Merchant Acceptance' and 'costs'.

Relationship Between Demographic Profile And Problems Encountered By Sample Respondents

To find out the relationship between demographic profile of sample respondents such as gender, age, income level and the problems faced by the sample respondents while using cashless payment, spearman's rank correlation is used.

Spearman's Rank Correlation of Co – Efficient

Spearman's correlation co-efficient is distribution free on non-parametric because no strict assumption are made about the form of population from which sample observation are drawn. Correlation co – efficient ranges between +1 and -1.

The formula used to calculate spearman's rank correlation co – efficient is.

Where, D – Difference between ranks for each pair of observation

N – Number of paired observation

To assess whether there is any significant difference in the ranks given by the respondents regarding problems related to cashless transaction, spearman's rank correlation is calculated and the null hypothesis is framed. The calculated value are compared with the table value at 5% level of significance. The hypothesis is accepted when the calculated value is less than the table value and otherwise rejected.

Framed Null Hypotheses

The null hypotheses framed to test the significant difference in the ranks given by the respondents are,

1. There exists no significant difference in the ranks given by the male and female respondents regarding the problems related to usage of cashless transactions.
2. There exists no significant difference in the ranks given by the different age groups of respondents regarding the problems related to usage of cashless transactions.
3. There exists no significant difference in the ranks given by different income level of respondents regarding the problems related to usage of cashless transaction.

Relationship Between Gender And Their Views About Problems

To find out the relationship between gender and problems faced by sample respondents while using Cashless Transaction, Spearman Rank Correlation is used. "There is no significant difference in the ranks given by the male and female respondents regarding problems related to usage of cashless transaction", The results are presented in the Table

Relationship Between Gender And Their Views About Problems

S. No	Problems	Gender	
		Male	Female
1.	Literacy required	1	1
2.	Non – availability of internet connection	3	4
3.	Fear of change for card usage	7	6
4.	Lack of Trust	2	2
5.	Lack of convenience	9	5
6.	Security of application	8	3
7.	Loss of card	5	7
8.	Hacker's activity	4	9
9.	Lack of Technology	6	8

Source: Primary data

Sperman's Rank Correlation

Calculated value (r)	0.3667
Table Value (r _s)	0.6833
Level of significance	5%

It is found that the calculated value of 'r' is less than the table value. Hence it may be concluded that, there was no significant difference in the ranks given by the male and female respondents in problems related to usage of Cashless Transaction.

Major Findings

The major findings of the study are,

1. 60 percent of the respondents were male,
2. 45 percent of the respondents were in the age of below 25 years of age group,
3. 60 percent of the respondents were unmarried.
4. 30 percent of the respondents were completed professional courses.
5. 28 percent of the respondents were professionals.
6. 50 percent of the respondents were in the income level of below `25,000,
7. 65 percent of the respondents are in Nuclear family system.
8. 45 percent of the respondents have 4-6 members in their family.
9. 45 percent of the respondents preferred to open account only in "Public Banks".
10. 40 percent of the respondents should have two bank accounts.
11. Majority of the respondents preferred to make payment through Debit / Credit cards.
12. Majority of the respondents have frequently used the digital payments.
13. Majority of the respondents told that cashless transactions are more convenient.
14. Majority of the respondents told that the main reasons for using cashless transaction are "24 hours services".
15. Majority of the respondents felt that Aadhar, PAN, Bank account number are the safety measure for cashless transaction.
16. Majority of the respondents were not induced by the usage of cashless transactions due to the reason "Security".
17. The result of "Spearman's Rank Correlation of Co-efficient proved that there is no significance difference between gender, age, marital status and problems related to usage of cashless transactions.
18. The result of 'F' test proved that there is no significant relationship between gender, age, marital status, monthly income and significant relationship between educational qualification, and monthly income of sample respondents and level of perception.
19. The result of 'Chi - Square test proved that there is no significant relationship between gender, age, marital status, Educational qualification and monthly income of sample respondents and their level of satisfaction towards usage of cashless transactions.

Recommendations

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.

1. The Government of Tamil Nadu 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 institutions.
2. The Service tax is important obstacles for while using cashless transactions, so the government of India should consider and waiving off the service tax for online and point of sale transactions.
3. 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.
4. The banks should organize camp at village to educate the people about digital payment system.
5. The Government of India and Telecom ministry should make necessary step to enhance broadband speed and wide coverage of internet to all areas.
6. The Government should continue and give some incentive benefits to those who are using regular digital payments because it will motivate not only the regular user but also new user.



Conclusion

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. It can achieved easily because of small city with majority of educated population, 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.

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