

Cashless Transactions: A Study of Rural Customer Behavior with reference to Chittoor District

¹M JAYALAKSHMI , ²UPPALURU.DADAKALANDAR

¹Research Scholar , ²Junior Research Fellow (MANF)

Dept. of Business Management, Sri Padmavati Mahila Visvavidyalayam (Women's University), Tirupati.India

Dept. of Tourism Management, Vikrama Simhapuri University, Nellore.India

Abstract

The demonetization was implemented with the aim of eliminating societal corruption and counterfeit Currency. But the move was sudden, happening overnight. The two notes accounted for **86%** of the bank notes in circulation in India, and retailers and consumers were forced to look immediately for options. A Cashless Economy is an economy in which all types of transactions are carried out through digital means. It includes e-banking (Mobile banking or banking through computers), debit and credit cards, card-swipe or point of sales (POS) machines and digital wallets. Many changes have taken place in the recent past like launch of many digital wallets like - Paytm, Mobiwik, Free Charge etc., and government launching many UPI (united payment interface) solutions and BHIM app for smooth transition to digital payments. The main objective of this study to analyze the socio-economic factors, awareness and their problems related to cashless transactions of rural consumer. The study revealed that the Government should take initiative and continue benefits for those are regular usage of cashless transactions, so that, it will motivate regular user and non-user of rural customers.

Key words: Cashless transactions, Mode of payments, UPI, BHIM, POS.

I. INTRODUCTION

Cashless transaction is a process of buying goods and services against money where there is no physical currency is involved. The physical currency is replaced by a number of methods that are powered by digital information technology and are capable to transfer money from one person's bank account to another person's. All these money transfer 3 methods have their own, features, qualities, and mechanisms that work together with other devices or equipment's therefore they are termed as "systems"

A Cashless Economy is an economy in which all types of transactions are carried out through digital means. Since the removal of the notes, the government has been working hard to promote digital payment systems to consumers, proactively offering different incentives and REWARDS. So far, it seems to be working: the government has reported a 400-1,000% increase in digital transactions since the demonetization. It includes e-banking (Mobile banking or banking through computers), debit and credit cards, card-swipe or point of sales (POS) machines and digital wallets.

"We want to have one mission and target: Take the nation forward – Digitally and Economically" -NARENDRA MODI (PRIME MINISTER OF INDIA)

The digital money strategy has been laid out by Prime Minister Modi's government from its early days in power, via a string of major decisions. Bank Accounts being opened for the poorest in society. The Reserve Bank of India also decommissioned The Jan Dhan scheme", for example, saw more 220m new all currency notes issued before 2005. The government has also launched UPI (Unified Payment Interface), a payment system that can be used for immediate mobile transfers between account holders of two different banks. And they introduced various technologies like BHIM (Bharat Interface for Money) app to transact between each other as well as with other merchants. BHIM App currently has 17 million downloads in less than 3 months since its launch. And government is considerably promoting their digital cashless technologies other than BHIM such as UPI & Aadhar Enabled Payment Systems. As per National Payments Corporation of India, payment transactions through Aadhar enabled Payment Systems have raised 12 times over 6 months from April 2016 to October 2016 which is highlighting that traditional bank they are

moving towards e-wallet services on mobiles at a faster pace. This will do two things, one the households will have an incentive to go cashless and two; a large portion of the unorganized sector will be financially included. The 5 A's of promoting financial inclusion through cashless payment instruments which are availability, accessibility, acceptability, affordability and awareness. Government should assure basic necessities in rural areas and focus on developing infrastructure. Special drives through schools, colleges, Panchayats etc. can help create awareness about cashless/ banking transactions.

1.1 Modes of Payments

For making India cashless, these are the various modes available in the form of digital transactions. These can be highlighted as below:

Banking Cards: Banking cards offer consumers more security, convenience, and control than any other payment method. The wide variety of cards available – including credit, debit and prepaid – offers enormous flexibility, as well.

Banks Prepaid Cards: For this service, a bank account is there with wallet or a pre-paid card and a smart phone to generate the MPIIN.

USD (Unstructured Supplementary Service Data): The innovative payment service *99# works on Unstructured Supplementary Service Data (USSD) channel. This service allows mobile banking transactions using a basic feature mobile phone, there is no need to have an Aadhaar Enabled Payment System (AEPS): AEPS is a bank led model which allows online, interoperable financial transaction at the POS (Point of Sale / Micro ATM) through the Business Correspondent (BC) /Bank Mitra of any bank using the other authentication. mobile internet data facility for using USSD based moba basic feature mobile

Interface (UPI) is a syan Aadhaar Enabled Payment System accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one hood. It also caters to the “Peer to Peer” collect request which can be scheduled and paid as per requirement and convenience.

Mobile Wallets: A mobile wallet is a way to carry cash in digital format.. Most banks have their e-wallets and some private companies. e.g. Paytm, Free charge, Mobikwik, Oxigen, Rupee, Airtel Money, Jio Money, SBI Buddy, its Cash, Citrus Pay, Vodafone M-Pesa, Axis Bank Lime, ICICI Pockets, Speed Pay etc.

POS: A point of sale (POS) is the place where sales are made. On a macro level, a POS may be a mall, a market or a city. On a micro level, retailers consider a POS to be the area where a customer completes a transaction, such as a checkout counter. It is also known as a point of purchase.

Internet Banking: For this type of digital service to take benefit of, the individual must hold a bank account and opt for the online service same.

Electronic Fund Transfer Systems: Two popular methods RTGS and NEFT are increasingly used by people on a large scale for making funds transfer from one bank to another leading to less time and economy in operations.

2. REVIEW OF LITERATURE

Bansi Patel, Urvi Amin, (2012), in their article “Plastic Money: Roadmap towards Cash Less 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 the transaction. Now days in any transaction Plastic money become inevitable part of the transaction. And with it life becomes easier and development would take better place. Relating to Indian scenario, how the plastic money took place in the banking world would be focused by the researcher over here. And along with the plastic money it becomes possible that control the money laundry and effective utilization of the financial system would become possible which would also helpful for tax legislation.

Deepika Kumari, (2016)., in her studies of Cashless Transaction: Methods, Applications and

Challenges concluded that the demonetization applied by the government of India, the Government is trying to aware its people for cashless transaction by various kinds of advertisement method, but still a large number of people are awaiting for the

introduction of cashless transaction. This paper is a study of cashless transaction its different methods, advantages and challenges. This paper will help to understand the basic of the cashless transaction.

Jashim Khan, Margaret Craig-Lees (2014) in their research paper titled “Cashless transactions: their effect on purchase behaviour” have revealed that that when a credit card based payment is used, the volume, value and type of products purchased increase. This is due to the credit element, or to the cashless element of the transaction. The notion that the tangibility of cash influences perceptions is not novel, but it is untested. The perception may well have a direct impact on purchase behavior

Dr. Hitesh Kapoor (2016), in his research paper titled” Consumer satisfaction and E-Banking” has attempted to identify the factors that contribute to the consumer satisfaction with internet banking. The banking sector is one of the first sectors to make global presence. With the change in technologies adopted by banks, strategies used by the banks are also changing. Dimension of service quality like tangibility, reliability, responsiveness, assurance and empathy have shown more or less a great impact on customer satisfaction with internet banking services.

Karamjeet Kaur And Dr Ashutosh Pathak (2016) has explained in their research paper titled “E-Payment System on E-Commerce in India” the different types of cashless transaction methods including their functionality and processing. They have revealed that it is quite difficult, but not impossible, to suggest that which payment system is best. Some systems are quite similar, and differ only in some minor details. Thus, there are a number of factors that affect the usage of eCommerce payment systems.

Alawiye Adams Adewale (2013) has explained in his paper titled “The cashless payment system as a panacea to the national security challenges in Nigeria” that the cashless payment systems have a great impact on the economy and the part of the population which is illiterate cannot access these methods. This illiterate part of the society plays an important role in the success of the cashless economy of a country. He has also explained that the cashless systems reduce the criminalities and terrorism because direct cash is not involved in such transactions.

3. Research methodology

3.1 Objective

- To analyze the impact of socioeconomic factors on rural customer behavior on a cashless transaction
- To study and analyze the rural customer awareness on a cashless transaction
- To analyze the problems related to a cashless transaction of rural customer.

3.2 Data Source and Type

The study was mainly based on primary data. The required data was collected from the people of the rural area of Chittoor district and the secondary data was collected from Research papers, government and non- government websites, books etc.,

3.3 Sample Size and Sampling Technique

The study is based on the descriptive nature, both primary and secondary sources of data were used. The primary source of data collected through self-constructed questionnaire. In Chittoor, there were 66 rural areas out of which 5 rural areas are selected for the present study, out of 5 areas 20 respondents from each area were selected. In this study, the data of 100 samples were used to analyze the result. Stratified random sampling (simple random sampling) technique was used for the study.

3.4 Data Collection and tools for analysis

For analyzing the collected data frequency and percentage was being used to fulfill the research objectives. Therefore, data collected through the schedule were analyzed statistically by using the Software Package for Social Science (SPSS).The chi-square test is used to analyze data.

3.5 Hypothesis

The relationship between the socio-economic profile of the respondents and their level of awareness on cashless transaction.

3.6 Limitation of the study

Research was based on small sample size and was limited to rural areas of Chittoor district only.

3.7 Findings of the study

The data involved respondents from different age groups. The table below shows the classification of the location, age groups, gender, educational qualification, occupation and monthly income of the respondents.

4. ANALYSIS AND INTERPRETATION

The total samples of 100 were collected by Chittoor district. The socioeconomic profile of the respondents as presented in the table no. 1. The socioeconomic profile of the respondents was obtained by using four variables, namely gender, age, Occupation, monthly income level. It has been identified that most of the respondents are male (66%), when compare to female (34%). Most of the respondents belong to the age group of 31-40 years (37%) while respondents above 51-60 years of age were the least (3%). It is also observed that the monthly income of respondents between Rs.10001-20000 (51%) and more comparable than the other income level.

Table no.1 socio-economic profile of the respondents

Variables	No of Respondents	Percentage
Gender		
Male	66	66
Female	34	34
Age(years)		
18-25	9	9
26-30	28	28
31-40	37	37
41-50	23	23
51-60	3	3
Occupation		
Employees (F.T)	17	17
Employees (P.T)	42	42
Self Employed	18	18
Unemployed	4	4
A home maker	11	11
Student	8	8
Monthly Income (Rs)		
Less than 10000	39	39
10001 – 20000	51	51
20001 – 30000	3	3
Above 30000	7	7

Ho: There is no relationship between Socioeconomic Characteristics of the customers and the level of awareness on a cashless transaction

H₁: There is a relationship between Socioeconomic Characteristics of the customers and the level of awareness on a cashless transaction

Table No: 2. Socioeconomic profile.

Variables	Level of awareness					Total	χ^2 value	Table value	Remarks
	Poor	Fair	Average	Good	Excellent				
Gender									
Male	10	27	17	12	0	66	16.597	9.488	S
Female	3	3	15	11	2	34			
Age (years)									
18-25	2	3	2	1	1	9	33.052	26.296	S
26-30	2	5	14	6	1	28			
31-40	9	8	8	12	0	37			
41-50	0	14	6	3	0	23			
51-60	0	0	2	1	0	3			
Occupation									
Employees(F.T)	5	6	2	4	0	17	45.116	31.410	S
Employees(P.T)	3	11	18	8	2	42			
Self employed	1	6	5	6	0	18			
Unemployed	4	0	0	0	0	4			
Home maker	0	4	3	4	0	11			
Student	0	3	4	1	0	8			
Monthly Income (Rs)									
Less than 10000	9	8	11	10	1	39	22.623	21.026	S
10001 – 20000	4	22	15	9	1	51			
20001 – 30000	0	0	3	0	0	3			
Above 30000	0	0	3	4	0	7			

Inferences: The table value for Chi-Square at 4 degrees of freedom at the 5 % level of significance is less than the calculated value. Hence the null hypothesis is accepted. There is no significant relationship between socioeconomic factors such as Age, Gender, Occupation and Monthly Income and the level of awareness of the rural customers.

Table No. 3. Reasons to switch from cash to cashless transactions

S.No	Reasons	5	4	3	2	1	Total	Mean Score	Rank
1	Security application	41	34	15	5	5	100	4.01	I
2	Internet connection	28	20	35	12	5	100	3.49	III
3	Loss of cards/mobiles	20	30	14	24	12	100	3.25	V
4	Hackers activities	20	25	15	30	10	100	3.46	IV
5	Lack of technical knowledge	40	20	20	10	10	100	3.09	VI
6	Lack of convenience	35	30	18	19	8	100	3.75	II

5= strongly disagree 4= disagree 3= agree or disagree 2= agree 1= strongly agree

The above table No.3 Reveals that the weighted average of each variable shows the reasons to switch from cash to cashless transactions among the rural customers. From the calculated weighted average the security application has been given the first rank followed by lack of convenience. The Third and fourth rank will be given to Internet connection and Hacker activity. The loss of card/mobiles and lack of technical knowledge will be given fifth and sixth rank by the rural customers.

5. FINDINGS

- The level of awareness among respondents in relation to the cashless transactions based on gender, the males having more awareness compare than the females. Approximately 85 percent of males having more awareness about the cashless transaction than the females (fair, average, good). In case of age, the level of awareness is more between the age group of 31-40 years, i.e. 76 percent they have a high level of awareness than the other age groups. Level of awareness based on occupation was more except others category, particularly employees (P.T), employees (F.T) and self-employed persons having a high level of awareness about the cashless transactions. In the category of monthly income, lower income group (less than Rs.10, 000) having low level of awareness compare than best earning category (above Rs.10, 001). Cooperatively the level of awareness on a cashless or the digital transaction is more.
- The customers ranked six identified reasons, while using cashless transactions or digital payments of their own discretion, based on the ranking, the security application is one of the major problems with the most the respondents and ranked first and also the lack of convenience is another problem while fund transfer thorough internet banking and using debit/credit card.
- The customers ranked six identified problems faced by the Rural customers while using cashless transactions or digital payments of their own discretion, based on the ranking, the service application one of the major (strongly agree and agree) problems of the most the respondents and ranked first (75 percent) is because of this type of cyber security incidents such as phishing, scanning, website intrusions and defacements, virus code and denial of service attacks will continue to grow. Further, the lack of convenience is another reason and ranked second (65 percent). It's on the part of the payer; cost of accepting electronic payments by the payee; and the reluctance by the payee to make his transactions, as a major issue in rural areas not working in a proper manner, by the customer ranked third. Hacker's activities, loss of cards /mobiles also reasons by the customers and ranked fourth and fifth respectively, a few of the educated lack knowledge of e-transactions and are confused, while others are afraid of cyber crimes and unable to trust the cashless system.

6. SUGGESTIONS and RECOMENDATIONS

The idea of a cashless economy will contribute significantly to the development of India. But in rural India, i.e., half or more of the population, is not fully equipped for a cashless economy. The government hasn't done enough to provide effective internet facilities. The older generation is largely uneducated. They don't have the required knowledge of online cash transactions and could become easy targets for cheating and manipulation.

- All the line department functionaries such as school teachers, health workers, village Development officers, anganwadi workers, etc. must educate the people about the financial inclusion and digital economy.
- In respectively women's are behind using cashless transaction than the men. Hence the self-help groups (SHGs) can be of great help to the people in the promotion of digital banking systems in the rural areas. More and more SHGs must be given the charge of Bank Mitras (friend) who can extend their help to the bank, post offices and Bank corresponding for proliferation of the digital economy.
- Strong political will among both the ruling and opposition parties is necessary for the implementation of any economic reforms, including demonetization and cashless economy in the country.

- The government of India, before implementing such law, the government has to find solutions for such problems. Only then it can prove to be a boon for the people.
- Mobile Internet penetration remains weak in rural India: In India there is poor connectivity in rural areas.
- The uneducated villagers are not yet ready to go cashless. Cybercrime will increase tenfold and the chances are the cunning people will exploit the villagers. Hence the rural India may not be ready for going cashless.
- The government of Andrapradesh, has announced monetary incentives to university students and unemployed youth to train people in digital payments using mobile phones and other digital tools in towns and rural areas.

7. CONCLUSION

The Government of Andrapradesh to take the initiative of financial literacy program has been conducted in rural areas of cashless economy. The rural population is ready to learn, with one person receiving benefits soon the rest of the village also follow. Among rural people by partnering with different educational organization's and NGO's. It can also provide multi-lingual online payment platforms, i.e. mobile apps in regional languages for ease of transactions. Only this strategy followed by the government's and bank's adoption of cashless transactions. In Chittoor district more over educated population in rural areas. Hence, cashless transactions and online payment system by the way proper implementation of cash based cashless Chittoor district will come true.

Finally, by using the schemes and policies implemented by Ministry of Rural Development to bring the population under electronic payment system, the government can make the cashless rural economy. "Coming together is a beginning; keeping together is progress; Working together is success"

8. Future Research

The present study was limited area of Chittoor district with very small sample size (100). Hence this study awareness on cashless transaction and online payment system implemented. This study only focused on few selected factors to determine the behavior of the respondents. Therefore, suggested that future research should be carried out by increasing sample size and the concentrate on geographical areas for best results.

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