

CONSUMER PERCEPTION TOWARDS CASHLESS TRANSACTIONS

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ABSTRACT:

The people in India are very much cash dependent, whether they are living in Rural, Semi-Urban, Urban, regularly use cash in their transaction. People living in villages, towns, small cities are facing problem of cash. Less than 20 per cent of India does not face this problem of cash. Approximately 215000 ATMs for instance in rural centres. So having cashless transactions any time is still dream in India though the government is trying to slowdown these problems by introducing cashless concept, people are finding difficult to go for cashless transactions.

The purpose of the present study is to examine the perception of consumers towards cashless transactions. The study examined the factors influencing consumer's acceptance towards cashless transactions. The objectives of the study were:

- To study the banking details of the respondents
- To investigate the respondents perception towards cashless transactions.
- To study the factors influencing the respondents towards the adoption of cashless transaction.

The study was carried out in Coimbatore city with 150 consumers of leading public and private sector banks.

The findings revealed that security concern, service charges, ease of use, resistance to change, accessibility and awareness influence acceptance of cashless services. The study recommended extensive awareness and sensitization on the features, benefits and use of cashless transactions to consumers of cashless transaction in Coimbatore city in general.

INTRODUCTION:

The enhanced role of the banking sector in the Indian economy, the increasing levels of deregulation and globalisation in the Indian banking industry have placed numerous demands on the banks. It is no longer adequate for banks to provide only traditional banking services. To meet the varied financial needs, banking industry have to offer a wider and flexible range of financial products, tailored for all type of customers. For the discerning present day customers the banking industry have not only to provide a bouquet of financial services, but also do this in a more efficient manner in the terms of cost, time and convenience.

Technological innovations witnessed by the corporate sector during the nineties have introduced new business paradigms, wherein the information technology is increasingly playing an significant role in improving the banking services.

E- Banking is the electronic bank that provides the financial services for the individual client by means of internet, online banking, homebanking, remote electronic banking and phone banking, etc, refer to one form or another of electronic banking. Electronic banking is defined as the automated of new and traditional banking products and services directly to the customers, individuals or businesses, to access accounts, transact business or to obtain information on financial products and services through a public or private network, including the internet.

What is cashless transaction?

Cashless transactions are not the blessings of nature for progress, these are all only one form transaction, developed from barter and currency. They are not powerful blessing for progress, but are only facilitators. Education, sincerity, science and technology, coupled with hard work are the main requirements for developing a nation. Cashless transactions, can't produce goods for consumption. I don't think that the invention, or usage of currency, has lost its importance. World over, the currency is still holding a very important position. I do not know, how digital transactions can be accounted for, by customs officials, during foreign tour. Only cash transaction will have a sense of finish, or completeness and needs no post verification, where as digital or cashless transactions will occupy our mind, till it is verified. However, large volumes cannot be handled in cash. Any transactions through digital accounting as well as through cheques, can be termed as cashless transaction.

Challenges and prospects for cashless banking system:

Challenges:

1. **Currency dominated economy:** High level of cash circulation in India. Cash in circulation amounts to around 13% of India's GDP.
2. **Transactions are mainly in cash:** Nearly 95% of transactions take place in cash. Large size of informal/unorganized sector entities and workers prefer cash based transactions. They don't have required digital and financial technology literacy.
3. **ATM use is mainly for cash withdrawals and not for settling online transactions:** There are large number of ATM cards including around 21 crore Rupaya cards. But nearly 92% of ATM cards are used for cash withdrawals. Only low level of digital payment using ATM cards. Multiple holding of cards in urban and semi-urban areas show low rural penetration.
4. **Limited availability of Point of Sale terminals and poor transaction culture in POS:** According to RBI, there are 1.44 million POS terminals installed by various banks across locations at the end of July 2016. But most of them remains in urban/ semi-urban areas.
5. **Mobile internet penetration remains weak in rural India:** For settling transactions digitally, internet connection is needed. Bu in India, there is poor connectivity in rural areas. In addition to

this, a lower literacy level in poor and rural parts of the country, make it problematic to push the use of plastic money on a wider scale.

Prospects:

- **The JAM infrastructure can encourage digital transaction culture:** The JAM infrastructure is spreading to reach each remote corner of the country as well as to every citizen. Almost 24 JDY Accounts, 124 Aadhar identity cards and nearly 90 crore mobile phones. Similarly, 33 million internet users are in India. This means that the JAM infrastructure can be used to promote cashless transactions.
- A large number of government transfers (DBT) are made through JAM mode. This will help people to get digital transaction awareness.
- The growth in volume and value of transactions using prepaid payment instruments (PPIs) issued by banks and authorized non-bank entities has also been significant.
- NPCI promoted Aadhaar enabled Payment System, IMPS etc and they have registered big turnover in transactions. Newly launched UPI (Unified Payment Interface) is expected to give a big boost to cashless transactions.
- Number of credit and debit cards is increased to 25.4 million and 691.1 million, respectively. The demonetization drive may encourage people to learn and settle transaction using online.
- RTGS and NEFT volumes increased almost threefold between 2013 and 2016 reflecting greater adoption of the system by all segments of users.
- As more people start using RuPay debit cards and Aadhaar for digital payments, it will facilitate a less cash economy.
- With increasing mobile banking services, growth in E-Commerce and use of mobile payment applications, the use of cash will decrease.
- The RBI has made several efforts to promote digital settlements most important of them are to launch of a regulatory setup for prepaid instruments. Similarly encouragement of mobile banking and internet banking will help to reduce the transactions on physical cash.

OBJECTIVES OF THE STUDY:

1. To study the banking details of the respondents
2. To investigate the respondents perception of cashless transactions.
3. To study the factors influencing consumers towards the adoption of cashless transaction.

SCOPE OF THE STUDY:

The banks becoming cashless and customers' expectations of such bank in a variety of databases, literature, and media are increased. The usage of transactions exclusion of cash or money involved directly have been increasing across the world as more and more customer finding it more convenient and easier to

manage their money. Banking industry in general and Indian sector in particular, is in booming phase and will continue to perform better like the performance it has shown in the past decade. This study confines to analyzing the perception of respondents towards cashless transaction. It also tries to identify the benefits of the cashless servicing in the banking sector.

1.12 LIMITATIONS OF THE STUDY:

1. The study is restricted to the Coimbatore city.
2. The sample size was restricted to 150.

REVIEW OF LITERATURE:

- **Nikilan raj(2017)** in his work demonetization a boon or bane has examined that it has been a boon for Indian E-payment systems. Some of the lead E-payment systems has stated that there is a three times surge in the new users. Moreover this will help people to overcome the hassles of dealing in cash but also an act as a significant step towards providing India to emerge as a true cashless economy.
- **Dr.Jayanthi(2017)** in the study has study concluded that the usage of smart phones, PCs, tablets, and modern technological services rendered by the customers. further efforts in minimizing the cyber crime and network issues would enhance the financing in "e" in a major extent to regular financing activities by the customers.

RESEARCH METHODOLOGY:

The research aims to quantify the perceptions of respondents towards cashless transaction It would be descriptive in nature because it measures the impact of various demographic factors on the respondents perception while they make cashless transaction. The data was collected from the respondents in both the public and private sectors by setting an appropriate questionnaire using convenience sampling method, the data has been collected from 150 respondents respectively. And their responses have been analysed by using appropriate statistical tools. Thus, the research design adopted for the study is Quantitative Descriptive design to cover the various aspects of the study.

ANALYSIS:

General profile:

PROFILE	CATEGORY	NO.OF RESPONDENTS	PERCENTAGE
Gender	Female	82	55
Age	21-30 Years	78	52
Educational Qualification	Graduate	62	43
Marital Status	Married	96	64
Occupation	Employee	65	43
Locality	Urban	60	40
Income	Rs.10001-20000	58	39

- It has been found that majority of the respondents belong to the female category.
- It has been identified that majority of the respondents were from the age group ranging from 21-30 years.
- It has been found that most of the respondents have completed their graduation.
- It has been observed that majority of the respondents were married.
- It has been identified that most of the respondents are employees.
- It has been found that most of the respondents hail from rural area.

It has been identified that most of the respondents family income falls between RS.10001-Rs.20000. per month.

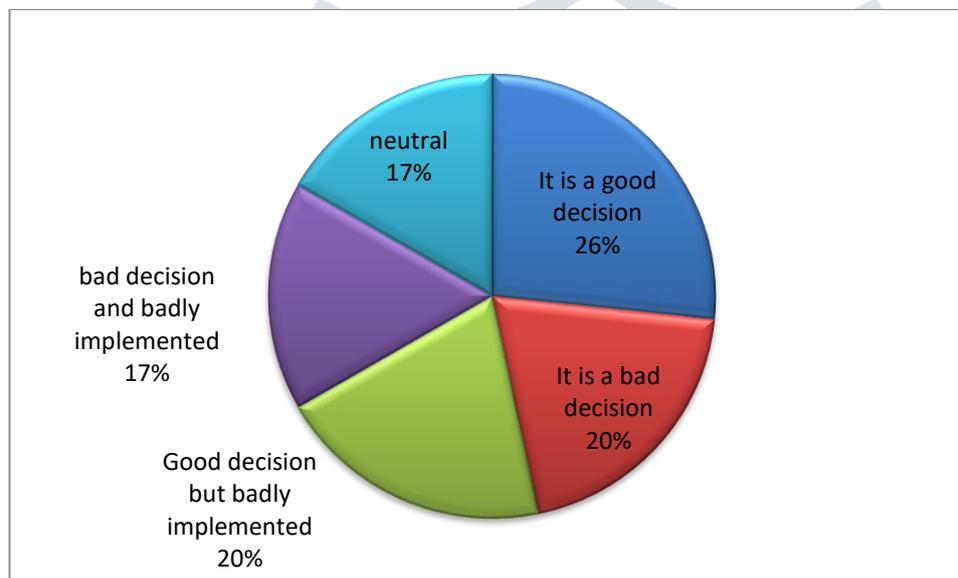
Banking profile:

PROFILE	CATEGORY	NO.OF RESPONDENTS	PERCENTAGE
Type of account maintained	Saving account	100	67
Source of inspiration	Bank/staff/agents	44	29
Mode of payment used	Debit card	70	47
Usage of cashless services	Yes	88	59
Management of automated machines	Manage well	76	51
Charges for services charged	Normal	86	57

- It has been identified that majority of the respondents maintain savings account.
- It was analyzed that majority of the respondents were inspired to go for cashless transactions is advertisements.
- It has been identified that most of the respondents use credit cards for making payments.
- It was noted that majority of the respondents felt that the bank charges for cashless transactions are normal.

Perception towards cashless transactions:

PROFILE	CATEGORY	NO.OF RESPONDENTS	PERCENTAGE
Respondents' perception of cashless transactions	It is a good decision	40	27
Opinion on cashless service	Essential	50	33
Mode of receiving information through	Television ads	42	28

Chart showing the perception of the respondents :

- It has been found that majority of the respondents could manage the automated machines well.
- It has been found that most of the respondents stated that it is essential to have an cashless servicing.
- It was analyzed that the respondents prefer television ads for informing them about introduction of new concepts.

Measuring respondents perception towards cashless transactions

Factors	Calculated Value	Df	Table Value	Significance
Age	31.71	10	18.307	Rejected
Educational qualification	31.81	16	26.296	Rejected
Income	18.50	12	21.026	Accepted
occupation	76.81	12	21.026	rejected

Source: Computed Data

As the calculated chi-square value 31.71 for 10 degrees of freedom at 5 percent level of significance the value of chi-square is 18.307 as the calculated value is higher than the table value the null hypothesis is rejected. Therefore there is a association between age and perception.

As the calculated chi-square value 31.81 for 16 degrees of freedom at 5 percent level of significance the value of chi-square is 26.296. As the calculated value is higher than the table value the null hypothesis is rejected. Therefore there is a association between educational qualification and perception.

As the calculated chi-square value 18.50 for 12 degrees of freedom at 5 percent level of significance the value of chi-square is 21.026 as the table value is higher than the calculated value the null hypothesis is accepted. Therefore there is no association between the income and the perception.

As the calculated chi-square value 76.81 for 12 degrees of freedom at 5 percent level of significance the value of chi-square is 21.026 .As the calculated value is higher than the table value the null hypothesis is rejected. Therefore there is a association between occupation and perception.

Preference for choosing cashless transactions

Factors	Mean Value	Rank
Convenient	7.37	1
Acceptability	3.09	10
Distribution network	4.76	5
Saving of cost and time	6.81	3
Effective devices for payment and borrowing	6.29	4
Influencing of societal change in the attitude of borrowing and spending	4.01	9
Symbol of social status and pride	4.413	7
Peer feed back	4.30	8
Bank recommendation	4.59	6
Safe and secure	6.88	2

Source: Primary Data

From the above Table it is clear that the mean score for the convenience for using the cashless transactions is 7.37 is ranked as the first factor. Secondly the factor safety gets an mean value of 6.88. the

third factor influencing the cashless transactions is saving of cost and time. the Symbol of social status and pride with the mean value of 4.413 is ranked as the seventh factor for influencing the cashless transactions. Influencing of societal change in the attitude of borrowing and spending has been ranked in the position of nine with mean score of 4.01 the least mean value 3.09 acceptability is ranked ten for choosing the cashless transactions.

- It was identified that convenience of use is ranked first for choosing the cashless transactions.

Conclusion of the study:

Though a cashless society does not seem to be a viable end, a reduction in complete dependence on cash as a payment mode in the long run is desirable. A strong political and administrative will to create an enabling environment is essential since, it tries to influence the behavior of the individual, business man and society at large. Besides cost reduction, it would put a full stop to 'off the record' transactions. Owing to issues relating taxation, black money, etc., people may hesitate to adopt it. But notions have proved that by switching over to cashless mode, a sizable portion of the money is brought into circulation that has the capacity to increase the supply of money for undertaking developmental projects which in turn would increase the income and the standard of living of the people. A positive and a proactive role of the Government and RBI is essential for a better adoption to innovative payments that would make our entire economy still smarter to face the challenges posed by globalization, privatization and automation.