

AN EMPIRICAL STUDY OF CONSUMER BEHAVIOUR TOWARDS CASHLESS TRANSACTIONS IN THE ERA OF DIGITAL PAYMENTS

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Abstract: It is said that money is the blood of any economy. With the advent of the Internet, smartphones, and other digital technologies, cash transactions have become easier. In the current scenario, most transactions are non-cash and the nature of future currencies will no longer be royal. The use of various methods of non-cash transactions has increased. Despite the rise in digital payments, security concerns have risen. Digital payments will have security issues that could hinder the growth of digital payments. Therefore, this paper helps to determine consumer perceptions of non-cash transactions, factors influencing non-cash transactions, and the level of consumer awareness of informational securities. Research shows that most consumers prefer credit/debit cards as the most convenient payment method after mobile wallets. Confidentiality, security, and convenience are the factors influencing non-cash transactions. Consumers are well aware of information security threats in cashless transactions. So it will take a long time for digital payments to become an important payment method, but it could happen and benefit the economy in the near future.

Keywords: Digital payments, digital economy, digital technology, Cashless transactions, and information security.

Introduction: With the Internet and other technological changes, there are many more changes in every person's daily life. Current conditions and information in the field of communication technology play an important role in the development of the country's economy because every sector depends on digital technology. Now that the market has a more digital orientation, the economy is also called the digital

economy or internet economy. The term "digital economy" was introduced by Don Tapscott in his book "The Digital Economy: Promise and Peril in the age of networked intelligence" Tapscott, D. (1996) states that networking is not a technology; it is an individual that uses technology, creativity and skills for social development. Today's generation is immersed in the world of social networking and e-commerce. Gada (2017) says that's the advent of internet users and online social networks, will ultimately add value to the digital economy today. We are powered by technology and digitalization, which is everywhere, from product taxes to purchases. India is also moving towards a digital economy by launching a Digital Project to Transform India into a Digital Society. Recently, Indians are turning to non-cash payments with the help of smart phones, QR code scanner, biometric, big data etc. Non-cash transactions are recurring financial transactions in electronic form, without physical finances. The online development of Internet Banking and other mobile applications has made it easier to work with customers. With business anywhere, anytime, even the technology is evolving at a greater pace.

In the form of Big Data, the Internet of Things, etc. they also have a dark surface. Consumer safety and privacy are now at a greater risk than ever before. So this is the study that tries to determine the customer's attitude towards non-cash payment transactions, and information security in the digital economy.

2. Growth of the Cashless Society

Access to smartphones, cloud computing, big data, biometric data, QR code scanners, etc. simplified digital or cashless payments, India is becoming one of the countries with avid users of smartphones and mobile applications. These smartphones, internet devices, mobile applications are the main drivers of the cashless society. Mobile devices have changed the whole world in which one can buy, pay or transfer anything with a single click. A survey by Nielsen in 2016 found that Millennium and Generation X are the mobile banking users who are more involved. The Indian government offers countless cashless offers and incentives like a paperless economy. The availability of 3G and 4G networks has increased throughout the country. Digital payments are getting faster and faster in the country without any inconvenience. According to Shah, a. (2016) National Optic Fiber Network (NOFN) under the Indian Digitization Program Broadband was provided in rural India. It covers 250,000 gram- panchayat in the nation. Thanks to it, rural areas of India have access to the Internet. A study by BNY Mellon (2014) found that the National Payment Corporation of India (NPCI) is expanding the range of services available for mobile banking. It has also been found that the recent use of mobile payments has brought India at par with China. There are various digital payment methods such as mobile banking, internet Bank, bank card, mobile wallet, etc. Latest mobile wallets, UPI (unified payment interface applications) are becoming popular. Some of the most popular transactions Programs like Paytm, Tej, PayPal, PhonePay, Freecharge, Rupee, Bhim, Aadhaar Pay and even every bank has developed its own banking program application. Consumers believe that the market for a cashless society is more transparent and convenient. The advantage of a cashless economy is a reduction in the amount of black money. According to Geer, J. D. the government, business owners, banks, newcomers and consumers may have different motives

in paying cash. Despite the benefits, there are still barriers to digital payments such as technology Problems, ambiguity, customer acceptance rate, adequate bank balance, etc.

3. Factors affecting cashless economy

There are many factors that influence consumers' perception towards a moneyless society. One of the most important factors is the government's influence on consumers for non-monetary purposes. Private and public banks promote and also help their customers for cashless payment transactions through mobile banking and online banking. Consumers can do mobile tracking, transactions, payments, downloads, bookings, etc. In addition to all discounts, promotions, cashback, 24/7 access and other services it attracts consumers to things without money. According to KPMG, one of the most important factors that improve the use of digital payments is their ease of transactions, payment release, payment tracking and easy navigation. Mahor, N. (2017) found that individuals in a cash or a cashless transaction are influenced by information technology, willingness to pay, social impact and comfort in making payments.

4. Security concerns for cashless transactions

Despite the many advantages of cashless payments, the issue of confidentiality still remains. Increasing technological progress also increases the level of risk because the technology is also used for negative purposes. Most mobile payment systems collect personal information about users to provide suggestions and other benefits based on the information provided. This information can be used by hackers for the theft, personal information of consumers. There is also malware that causes other problems. Sidi, F., and others (2013) found that knowledge levels vary with skill development, for example, college-educated consumers often change their passwords and create a unique password. If low-educated consumers are unaware of technical measures such as scanning email attachments, privacy and policy reading information, then there are always chances of fraud. Dean, D. et al. (2013) identified in a study by Boston Consulting Group (BCG) and Liberty Global, only 10% of respondents make a total commitment to privacy measures, such as changing privacy settings or joining or denying data use. Taking care of your personal information is different for each person. Rose, J., et al. compared the situation with other generation consumers. It was also found that there are more developed countries that value confidentiality compared to developing countries. It is clear that the nature of consumer security concerns is growing. Simon S.M. Ho and Victor T.F. Ng (1994) says that there should be necessary information about the security concerns, guaranteed return of money in failed transactions, live demonstrations, reducing fears and worries about free routes operations. Thus, consumers should be more aware of usage to reduce privacy concerns. In addition to digital transactions, regulators must also provide transparent, secure and efficient payment system.

5. Research objectives

- a. To study the individual customer perception towards cashless transactions.
- b. To study the individual customers' awareness of the security concerns in cashless transactions.
- c. To identify the factors affecting cashless transactions.

6. Research Methodology

This is descriptive research conducted by administering a structured questionnaire to 300 randomly chosen respondents out of which 260 completed and returned the questionnaire. The data obtained from 260 respondents were then analyzed using Microsoft Excel and SPSS 17. The significance level was 5% and the chi-square test was used for data analysis.

7. Data analysis

Data analysis shows that out of 260 respondents 94 were men while 166 were women. 42% of the respondents were found to be in the age group of 31-40 years, 39% respondents were less than 30 years, 11% of the respondents belonged to the age group of 41-50 years while just 8% were above the age of 50 years. Out of the total respondents, 71% were married while 29% were unmarried. 25% of respondents had completed HSC, 16% were diploma holders, 28% were undergraduates, 29% were postgraduates whereas just 2% were doctorates. 88% of the respondents were employed, 5% were students, 5% were homemakers whereas just 2% of them were retired people. 30% respondents earned below 15000, 40% earned in the range between 15001-30000, 16% belonged to the income group of 30001-45000, 9% earned between 45001-60000 and just 5% earned above 60000.

Table 1. Payment modes by respondents

Payment mode	Frequency	Percentage
Mobile Wallet	135	52
Credit / Debit cards	44	17
Net Banking	39	15
Cash	36	14
Cheque	6	02
Total	260	100

Source: Primary data

Table 2. Factors affecting cashless transactions

Factors	Frequency	Percentage
Privacy & Security	132	51
Convenience	94	36
Discount & Offers	15	6
Mandatory	8	3
Low transaction fees	3	1
Shortage of cash	5	2
Other reason	3	1
Total	260	100

Source: Primary data

Hypothesis Testing:

H0: Consumer awareness of security concerns in cashless transactions is independent of their demographic profile.

H1: Consumer awareness of security concerns in cashless transactions is dependent on their demographic profile.

Table 3. Chi-square test

Statements	Gender	Age	Qualification	Monthly income
Understand terms and conditions before online transactions	.042*	.0165	.063	.581
Understanding threats and risks	.069	.301	.001*	.029*
Understand the conditions before installing the mobile application	.000*	.501	.038*	.028*
Understanding the reliability of the website	.081	.492	.029*	.424
Understanding the privacy and security of the softwares	.000*	.049	.016*	.028*
Understanding the risks while using public Wi-Fi	.032*	.319	.310	.184
Using OTP as a security measure in digital payment	.029*	.963	.017*	.037*

Source: Primary data, *significant at 5% level

Table 3 indicates the association between gender and the awareness of various security concerns among the consumers. The habit of understanding the terms and conditions before undertaking any online transaction is found to be significantly associated with the gender of consumers and this is evident with a $p < 0.05$ (0.042). Similarly, the association between gender and understanding the conditions before installing the mobile application is significant with $p < 0.05$. The association between gender and Understanding the privacy and security of the softwares is found to be significant with $p < 0.05$. There is a significant relationship between gender and Understanding the risks while using public Wi-Fi with $p < 0.05$. Similarly, the association between gender and Using OTP as a security measure in digital payment is found to be significant as $p < 0.05$.

The educational qualification is found to be significantly associated with 1. Understanding the threats and risks, 2. understanding the conditions before installing the mobile application, 3. Understanding the reliability of the website, 4. Understanding the privacy and security of the softwares, and 5. Using OTP as a security measure in digital payment as the value of $p < 0.05$.

The monthly income of the respondents is also found to be significantly associated with 1. Understanding threats and risks, 2. Understand the conditions before installing the mobile application, 3. Understanding the privacy and security of the softwares, and 4. Using OTP as a security measure in digital payment since the value of $p < 0.05$.

However, the employment status and marital status does not seem to have any association with the above mentioned variables.

8. Conclusion

Changes in the digital world have affected all aspects of human life. Smartphones and Internet features make life easier at the touch of a button. This will ultimately increase the needs and expectations of the customer. In the current scenario, cashless payments have completely replaced physical cash payments. There are some restrictions on privacy and security, but it depends on how customers, banks and other agencies use and manage the data. Therefore, the aim of this study is to determine consumer perceptions about cashless trading and information security in the digital economy. Survey shows that most consumers prefer a credit / debit card and then a mobile wallet. It has also been noted that privacy and security, as well as convenience, are key cash-free factors. Consumers are also aware of digital payment. The study showed that consumers are well aware of the safety of cashless payments. Thus, despite the new developments in the cashless society, consumers need to adapt to these changes and move on.

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