

Cashless: A Challenge and Opportunity for the Shopkeepers of CCSHAU, Hisar

Santosh Kumari*, Doctoral Research Fellow
&

Dr.Kavita Dua, Assistant Professor, Department of Family Resource Management, I.C. College of Home Sciences, Chaudhary Charan Singh Haryana Agricultural University, Hisar-125004, Haryana.

Abstract: “Cashless” Transaction System is a new and easier way of paying for goods and services. At present, India is far behind to other economies with regard to cashless transactions. "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. The country had been snowed under with the problem of parallel economy and black money for decades now. Honest Taxpayers were unhappy that their hard earned income was taxed, the corrupt were getting away with their ill-gotten wealth. Plastic money is a term that is used predominantly in reference to the hard plastic cards we use every day in place of actual bank notes. 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. The research will be conducted in the campus of Chaudhary Charan Singh, Haryana Agricultural University, Hisar to assess the awareness and application of cashless transactions among the customer and shopkeepers, the behavior towards Cashless Transaction System and how far they are adapted to this new world of cashless society and assess the individual trust and confidence in Cashless Transaction System.

Keyword: Cashless, transactions, economy, mobile banking, shopkeepers.

1. INTRODUCTION

“Cash –less designating or of financial transactions handled as by means of credit cards , bank transfers, and cheques, with no bills or coins handed from person to persons: some say we are headed toward a cashless society.” 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. At present, India is far behind to other economies with regard to cashless transactions. "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. This era became the cash-based economy, which most countries are gradually phasing out, modified or integrating into a new cash-less-based system. 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 the traditional cash based transactions and also it will promote all the economic activities are to be transparent nature.

Akin to the proverbial fish that has no idea of what water is, we swim in an economy built on money in the form of currency notes and coins, a monetary system that only a few of us are fully able to comprehend. There goes a cliché about change being the only thing that is constant. We see change in almost every sphere of life

surrounding us. Trade and exchange of goods and services has also come a long way from the times of the barter system to the modern currency system. Despite the fact that a transition to a cashless society is already happening, there is reluctance among the high echelons of power to switch over to the completely cashless economic system as it decentralises the power from their hands. However, big banks and credit card companies are likely to be ardent supporters of this revolutionary idea. While at first impression, a complete doing away with money in the form we know it might seem to be a very farfetched idea but it feels so only because we are accustomed to transactions being done through cash. In reality, in countries like the United States and Sweden, transactions involving cash only account for 7 and 3 per cent of the total transactions respectively. Some economies have already tried out a small-scale cashless model using RFID microchips and digital coins. In a nutshell, a cashless economic system is much closer than most people would imagine.

Most economies in the world have a central bank or an authority that reserves the right to manufacture paper and metal currency and is responsible to assure the bearer of its assigned value. While this might come across as a fairly easily understandable system, there is a lot more that goes into 'money creation'. The amount of cash in an economy at any instant is guided by the market forces of demand and supply and the central authority in charge regulates the flow of cash into (or out of) the market. Cash, however, is only the physical instantiation of money. The reason why cash has been a popular form of exchange for such a long time is because of the tangibility that it provides to the entire idea of money.

Cashless Transaction System is a new and easier way of paying for goods and services. Cashless Transaction System was introduced in the 1950s and is now an essential form of ready money which reduces the risk of handling a huge amount of cash. It includes debit cards, ATMs, smart cards, etc Plastic money is a term that is used predominantly in reference to the hard plastic cards we use every day in place of actual bank notes. They can come in many different forms such as cash cards, credit cards, debit cards, pre-paid cash cards and store cards. The first and the foremost pre-requisite for building an economy having no cash is to have every single entity, whether an individual or a small-scale or a large-scale firm, to be registered under unique IDs. This can be achieved biometrically, as has already been done in India with the advent of the Government's UID scheme named 'Aadhar'. And already, nearly 40 million bank accounts in India have been linked with Aadhar. Such feasible and low cost biometric systems could easily support electronic payment systems which could replace the current hand-to-hand currency system.

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 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.

Financial literacy and awareness about digital transactions is paramount in rural India to make the cashless economy a reality, executives of mobile wallet-provider services said here at a panel discussion. A cashless economy is one in which all the transactions are done using cards or digital means. The circulation of physical currency is minimal. India uses too much cash for transactions. The ratio of cash to gross domestic product is one of the highest in the world—12.42% in 2014, compared with 9.47% in China or 4% in Brazil. Less than 5% of all payments happen electronically.

With limited cash in hand and an indefinite crunch, most people are rushing to cashless transaction."Digital transactions bring it better transparency, scalability and accountability. But coffee planters have certain problem in cashless transaction. Some of the people are literate and some are illiterate, so they are getting so many problems such as dealer's problems, workers problems, networks problems, and bank branch also very far. But coffee planters have certain advantages that whatever amount they earn which is exempted from tax.

2. REVIEW OF LITERATURE

The payments background in India is undergoing a transformation traditionally a cash-based economy; it has seen an increase in card-based and mobile transactions. In spite of advances made in the recent years by the Government and regulators to popularize cashless transactions. India continued to be a high-cash-usage economy. But on November 9th, 2016 Prime Minister Narendra Modi took entire India by surprise when he announced the demonetization of INR 500 and INR 1000 notes. There was a mad dash to withdraw smaller bills, or deposit bigger ones, at automatic teller machines around the nation before they shut down temporarily. In this article mentions some of the benefits of cashless transactions to nations like increased GDP by using cards and reduced social cost, increased in financial inclusion due to acceptance of e-payments, reduces the shadow economy, reduced in cash payment enables e-commerce growth and facilitated trusted transactions online. Every changing digital world had a huge impact on Human resource. It had created an impact on their jobs and their workplaces.

Jain, P.M (2006) in the article “E-payments and e-banking” opined that e- payments will be able to check black money. Taking fullest advantage of technology, quick payments and remittances will ensure 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.

Reddy, Ramakrishna (2006) in his article “Card products in India”, commented about the reasons for not attaining full growth potential among card products and suggest remedies for growth in this field for the benefit of all players.

Saha, Tapash Ranjan (2006) in the article “Debit cards overtaking creditcards in India”, provided comparative features of both credit cards and debit cards and its volume of transactions from 1995 to 2005, shows that debit cards growth is out placing the credit cards.

Srinivas, N. (2006) in his study “An analysis of the defaults in credit card payments”, has tried to analyse the socio-economic profile of the defaulters of credit cards, to identify the set of factors which contributed to such defaults and suggest relevant measures to minimize the default cases. Analysis of reasons indicated that economic hardship is the major reason identified by majority of the sample units follows by rigid payment structure and loss of job/business. The main suggestion is that the banks concerned should redesign the payment structure of credit card defaulters in a flexible and affordable installment.

Nayak, Tapan Kumar and Manish Agarwal (2008) in their paper “Consumer’s behaviour in selecting credit cards” discussed about the factors influencing the selection of credit cards among consumers. The major factors points out by them are service offers, promotional offers, interest benefits, cash benefits, ease of payments, payment charges, card benefits and time benefit.

Kaur and Kaur (2008) concluded that Indian Banking Sector was accepting the challenge of information technology as all the groups of bankers had now recognized it as essential requirement for their survival and growth in future. Despite the strong advances of e-payments, an estimated 90% of personal expenditure in India is still made with cash which indicate the tremendous growth potential of this business. So this can be considered as bright future prospects of plastic card market in India.

Annamalai, S. and Muthu R. Iakkuvan (2008) in their article “Retail transaction: Future bright for plastic money” projected the growth of debit and credit cards in the retail transactions. They also mentioned the growth factors, which leads to its popularity, important constraints faced by banks and summarized with bright future and scope of plastic money.

Alvares, Clifford (2009) in their reports “The problem regarding fake currency in India.” It is said that the country's battle against fake currency is not getting easier and many fakes go undetected. It is also stated that counterfeiters hitherto had restricted printing facilities which made it easier to discover fakes.

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 (electronic) payment system. This will help reduce currency management cost, track transactions, check tax avoidance / fraud etc., enhance financial inclusion and integrate the parallel economy with main stream.

Patel. B. and Amin. U. (2012) reported that now adays in any transaction plastic money becomes inevitable part of the transaction and with it life becomes more easy and development would take better place and along with tge plastic money it becomes possible that control the money laundry and effective utilization of financial system would become possible which would also be helpful for tax legislation.

R. Shenbagavalli, A. R. Shanmugapriya, and Y. Lokeshwara Chowdary (2012) in their studies “Risk Analysis of Credit Card Holders” time has come were the customers need to know the degree of risk involved in the usage of plastic money, and the study had helped to identify the factors and the degree of risk exposed and the protective measures available to minimize the financial and operational risk. It's clear from the study that the awareness of the customer is comparatively less and the credit card issuing banks are processing a strategy to educate the users of credit card.

Piyush Kumar (2015) in his study concluded that the cashless transaction system is reaching its growth day by day , as soon as the market become globalised and the growth of banking sector more and more the people moves from cash to cashless system. The cashless system is not only requirement but also a need of today society. All the online market basically depends on cashless transaction system. The cashless transition is not only safer than the cash transaction but is less time consuming and not a trouble of carrying and trouble of wear and tear like paper money. It also helps in record of the all the transaction done.

3. OBJECTIVE

- i. To assess the awareness and application of cashless transactions among the customer and shopkeepers.
- ii. To assess the behavior towards Cashless Transaction System and how far they are adapted to this new world of cashless society.
- iii. To assess the individual trust and confidence in Cashless Transaction System.
- iv. To assess the uses pattern and nature of transaction done by the individual for its different uses.

4. METHODOLOGY

4.1. **Locale of Study:** The research will be conducted in the campus of Chaudhary Charan Singh, Haryana Agricultural University, Hisar.

4.2. **Sampling technique:** Random sampling technique was adopted for the present study.

4.3. **Selection of sample:** Total sample selected was 30, where 15 sample will be consumers and another 15 sample will be shopkeepers.

5. TOOLS AND TECHNIQUES OF DATA COLLECTION

For collection of primary data a questionnaire was prepared and pretested before finalizing it to collect the data.

6. DATA ANALYSIS

After coding, the quantitative data was converted into qualitative form by using frequency and percentage.

7. RESULTS AND DISCUSSION

A questionnaire with a number of 20 questions were asked to the target sample. The frequency of the two target sample of answers for 20 number of questions is discussed below:

Total number of sample population selected: 30

Out of which, 15 n0.s = Customers

And 15 n0.s= Shopkeepers

7.1. Frequency and percentage of answers given by customers are shown in table.A and table.B:

Table.A

Questions	Yes f*(%)	No f*(%)
1. Do you know what cashless transaction is?	11(73.3)	4(26.7)
2. Do you know that cashless transactions can be done through your smart phones?	12(80)	3(20)
3. Do you know any money transaction app?	7(46.6)	8(53.4)
4. Do you know about using ATM or other money transactions card?	15(100)	0
5. Do you possess an ATM card on your name?	13(86.6)	2(13.4)
6. Do you have your credit card?	13(86.6)	2(13.4)
7. Do you know what is net banking?	11(73.3)	4(26.7)
8. Do you use paytm, bhim, netbanking, online banking or any other digital payments?	6(40)	9(60)
9. Do you think India is completely ready for a cashless economy?	4(26.7)	11(73.3)
10. Do you pay tax through online apps?	7(46.6)	8(53.4)

11. Do you pay bills online?	10(66.6)	5(33.4)
12. Do you prefer cashless transaction over refectory form?	8(53.4)	7(46.6)
13. Do you do online shopping?	14(93.3)	1(6.7)
14. Do you think that digital transaction is risky?	13(86.6)	2(13.4)
15. Do you support cashless India?	12(80)	3(20)

Table: B

16. Why would you adopt a cashless payment system?			
Convenience = 6(40)	Discount/ Cashback rewards = 6(40)	Easy tracking of spends = 2(13.4)	Shortage of currency notes = 1(6.7)

17. What are your biggest concerns around cashless payments?			
Security =8(53.4)	Poor internet = 2(13.4)	Lack of technical knowhow = 4(26.7)	Costs = 1(6.7)
18. What has been your preferred mode of payment since demonetization?			
Cash=4(26.7)	E-wallet/ mobile app= 3(20)	Credit/debit = 6(40)	Cheque = 2(13.4)
19. For high value of price what is your preferred mode of payment?			
Cash= 2(13.4)	E-wallet/ mobile app= 4(26.7)	Credit/debit = 4(26.7)	Cheque = 5(33.4)
20. How many times in a month you do online shopping?			
Once in a week = 7(46.6)	Thrice in a week= 3(20)	Once a month = 5(33.4)	Not at all = 0

*frequency is equal to the percentage as the sample size

7.2. Frequency of answers given by shopkeepers are shown in table.A and table.B:**Table.A**

Questions	Yes f*(%)	No f*(%)
21. Do you know what is cashless transaction?	15(100)	0
22. Do you know that cashless transactions can be done through your smart phones?	15(100)	0
23. Do you know any money transaction app?	13(86.6)	2(13.4)
24. Do you know about using ATM or other money transactions card?	15(100)	0.0
25. Do you possess an ATM card on your name?	12(80)	3(20)
26. Do you have your credit card?	14(93.3)	1(6.7)
27. Do you know what is net banking?	9(60)	6(40)
28. Do you use paytm, bhim, netbanking, online banking or any other digital payments?	13(86.6)	2(13.4)
29. Do you think India is completely ready for a cashless economy?	6(40)	9(60)
30. Do you pay tax through online apps?	11(73.3)	4(26.7)
31. Do you pay bills online?	11(73.3)	4(26.7)
32. Do you prefer cashless transaction over refectory form?	10(66.6)	5(33.4)
33. Do you do online shopping?	11(73.3)	4(26.7)
34. Do you think that digital transaction is risky?	9(60)	6(40)
35. Do you support cashless India?	13(86.6)	2(13.4)

Table.B

36. Why would you adopt a cashless payment system?			
Convenience = 6(40)	Discount/ Cashback rewards = 7(46.6)	Easy tracking of spends = 1(6.7)	Shortage of currency notes = 0

37. What are your biggest concerns around cashless payments?			
Security =5(33.4)	Poor internet = 5(33.4)	Lack of technical knowhow = 4(26.7)	Costs = 1(6.7)

38. What has been your preferred mode of payment since demonetization?			
Cash=3(20)	E-wallet/ mobile app= 4(26.7)	Credit/debit = 6(40)	Cheque = 2(13.4)
39. For high value of payment what is your preferred mode of payment?			
Cash=3(20)	E-wallet/ mobile app= 3(20)	Credit/debit = 7(46.6)	Cheque = 2(13.4)
40. How many times in a month you do online shopping?			
Once in a week = 3(20)	Thrice in a week= 12(80)	Once a month = 0	Not at all = 0

*frequency is equal too the percentage as the sample size

Table. 7.1 shows that out of total sample, 73.3% are aware of cashless transaction and 100% of the customers know about using an ATM or other transaction cards. Table. 7.2 also shows that 100% percent of the shopkeepers are aware of cashless transaction and know about using an ATM or other transaction cards. Above tables 7.1 and 7.2 further indicates that 86.6% of the customers and 60% of the shopkeepers think that cashless transaction is risky.

According to the tables above, 80% of the customers and 86.6% of the shopkeepers support cashless transaction in India.

8. SUMMARY

The adoption of the cashless economy policy can enhance the growth of financial stability in the country. It appears that much has already been done in making the people aware of the cashless economy. The highest percent of the people who is aware of cashless transaction are the shopkeepers. The shopkeepers are more aware of the cashless transaction than the customers. Cashless economy initiative will be of significant benefits to Indians; hence the cashless system will be helpful in the fight against corruption and money laundering. One most significant contribution of the cashless economy is that it is expected to reduce the risk associated with carrying cash. Since most transactions will now be settled electronically, people will have less need to move around with cash and therefore, loss of cash, theft and armed robbery will drastically reduce.

It was also discovered that majority of Indians agreed that the adoption of the cashless economy policy will enhance the growth of financial stability in the country, thereby bringing about business, price and economic stabilization. It will also be effective in solving the problems faced in the Indian financial sector.

9. 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. One major problem in the working of the cashless economy is internet related fraud and the other factor is probably illiteracy in the country. The government needs to take the necessary steps and make some policy considerations when they are preparing for a cashless economy. The payment systems have to be protected from the cyber-attacks which are the major threat for cashless transactions. Also, the government should be able to serve the under banked as well. Everyone from the society should have access to an electronic system that they can use for such transactions.

10. SUGGESTIONS

To make for the smooth implementation of the cashless system in the following measures are suggested;

- a) There is the need to intensify the public enlightenment programme about the cashless system so that everybody will be acquainted with the system before its introduction since it will affect everybody.
- b) The government should design special enlightenment programmes for non-literates, using probably signs and symbols to educate this segment on how to operate the cashless system.
- c) There should be adequate legislation on all aspects of the operations of the cashless system so that both the operators of the system and the public can be adequately protected.
- d) There should be a careful study of the system to determine the number of POS (Point Of Sale) terminals that will ensure its smooth running in India so as to prevent unnecessary friction in the system.

REFERENCE

- Annamalai, S. and Iakkuvan R. Muthu. (2008). Retail Transaction: Future Bright for Plastic Money, Facts of You, May, pp. 22-28.
- Alvares, Clifford,(2009) "The problem regarding fake currency in India." Business Today; 3/8/2009, Vol. 18 Issue 5, p24-24.
- Ashish Das, and Rakhi Agarwal,(2010) Cashless Payment System in India- A Roadmap Technical Report 2010
- Bansi Patel, Urvi Amin(2012) Plastic Money : Roadmap Towards Cash Less Society *PARIPEX - INDIAN JOURNAL OF RESEARCH* Volume : 1 | Issue : 11 | November 2012 ISSN - 2250-1991
- Jain, P. M. (2006). E.-payments and E- Banking. Indian Banker, March. pp.108-113.
- Nayak, Tapan Kumar and Manish Agarwal. (2008). Consumer's Behaviour in Selecting Credit Cards. *Journal of Services Marketing*, 4, December, pp. 49-59
- Piyush Kumar (2015). An analysis of growth pattern of cashless transaction system. *IMPACT: International Journal of Research in Business Management (IMPACT: IJRBM)* ISSN(E): 2321-886X; ISSN(P): 2347-4572 Vol. 3, Issue 9, Sep 2015, 37-44 © Impact Journals

P.V.C.Okoye, Raymond Ezejiofor. An Appraisal of Cashless Economy Policy in Development of Nigerian Economy. *Research Journal of Finance and Accounting* www.iiste.org ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online) Vol.4, No.7, 2013

R. Shenbagavalli, A. R. Shanmugapriya, and Y. Lokeshwara Chowdary , Risk Analysis of Credit Card Holders, *International Journal of Trade, Economics and Finance*, Vol. 3, No. 3, June 2012

Reddy, Ramakrishna. (2006). Card Products in India. *Indian Banker*, March. pp. 133-134.

Saha, Tapash Ranjan. (2006). Debit Cards Overtaking Credit Cards in India, *Professional Banker*. January, pp. 43 - 45.

Srinivas, N. (2006). An Analysis of the Defaults in Credit Card Payments, *Southern Economics* . July. pp. 19 - 21.

