

“A STUDY ON CASHLESS ECONOMY AND ITS CHALLENGES FACED BY THE RETAILERS”

FELIX ABRAHAM

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P G Department of Commerce,
Mar Ivanios College, Trivandrum.

ABSTRACT: Nowadays, many traditional services have been moved or planning to move to the electronic environment. As a result of this movement enterprises need to realize the users' motivations regarding the electronic service applications. A cashless economy is an economy where maximum transactions are done without using the physical cash or the means of hard cash. It is the economy where economic transactions are done with the digital facilities. 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 Digital India program is one of the lead ship programs of the Government of India with a vision to transform India into a digitally empowered society and knowledge economy. The demonetization policy has also increased the use of online banking services, cheque, and e-wallets.

The convenience of paperless payments benefits both the retailer and the buyer. The present paper aims to study the impact of Cashless Economy. It also studies the challenges faced by the Retail sector. To achieve the objectives of this exploratory type of study personal interviews will be conducted.

Keywords: *Cashless economy, Digital payments, Retail sector, Electronic Payment System*

INTRODUCTION

In every economy, money is considered as the life blood. Paper currency has been emerged when the unlimited wants of humans were not met through the barter system. Over the course of history, there have been many different forms of payment systems; including barter, gold, and paper currency. In the mid-twentieth century, charge cards debuted. Ever since then, pundits have been predicting the demise of cash and the emergence of a cashless society. Today, in the presence of cash, certain payment cards are also growing at a much faster rate than paper instruments. That is, instead of using Paper Currency, people use Digital Currency to undertake transactions. This leads to the introduction of new term called “Cashless Economy”. Cashless Economy means an economy where all the monetary transactions take place without cash and through the use of electronic mode of payments. In Cashless Economies, digital mode of payments such as Debit Cards/ATM, Credit Cards, Net Banking, Card-Swipe or Point of Sales (POS) machines and Digital Wallets including various Payment Apps like Paytm, BHIM App, etc. are using instead of cash for payment of various expenses or transactions done by the individual or an organization. Certain cashless transactions have become common in our daily lives. Convenience is a much appreciated added benefit of cashless transactions. The advent of technology backs the advent of cashless economies. Governments eye these technologies as a way of dealing with corruption

and widespread black market. With every transaction being accounted for on an interface directly or indirectly connected with banks, the possibility of hoarding cash has become odd. Ending the use of tangible cash would greatly boost the quality of life by reducing crime. The most direct and noticeable effect of ending tangible cash would be the disappearance of bank robberies, cash register robberies, and muggings. Other illicit activities reliant on cash, such as receiving stolen property and bribery, would nosedive as well, because with anonymous cash gone, any alternative payment medium would leave a trail that would serve to detect and prove, and hence deter, those criminal acts. Globally both developed and developing economies are making great strides in minimizing the use of paper money. Sweden is on the way to be first cashless economy, as major banks had stopped working in cash. People in Belgium do not remember the last time when they had paid in cash. Denmark is also in the list where less than 25 per cent of retail transactions are made in cash. No doubt, our modern society is gradually catching the cashless syndrome. E-payments and others are now the order of the day at our workplaces and homes. To encourage the move towards cashless transaction the government has come up with a special discounts and freebies on digital transactions. There is no need for standing and waiting in queues, no need for interacting with bank staff and thus the customers get satisfied. A cashless economy can reduce the instances of tax avoidance, black money, corruption, money laundering, makes the life easier and stimulate economic growth.

In 2012, former Prime Minister Manmohan Singh brought the concept of Cashless to reduce the corruption in India. However the Finance Minister Arun Jaitley, in 2016 budget speech, talked about the idea of making India a cashless society. Later the steps taken by the Prime Minister Narendra Damodardas Modi through “Digital India” initiative and also the demonetisation of all ₹500 and ₹1000 banknotes on 8th November 2016 helped to remove the black money for improving the cashless transaction. The demonetization policy has also increased the use of online banking services, cheque, and E-wallets. According to Government of India, the cashless policy will increase employment, reduce cash related robbery leading to a reduction in risk of carrying cash and cash related corruption, attract more foreigners to the country and an equal growth in the economy. Along with that, Reserve Bank of India (RBI) in its publication “Payments and Settlement Systems in India: Vision 2018”, carved out plans to boost up electronic payments and to enable India to move towards a cashless society.

STATEMENT OF THE PROBLEM

The ambitious drive of the Government of India to transform the Indian economy from a cash based economy to a cashless economy was contingent in a big way on the people’s acceptance of cashless modes of transactions, adaptability to cashless transactions and change in the transaction behaviour of consumers and retailers. As the retailers form the bulk of the Indian trading sector; their ability to go cashless, their psychological preparedness and their willingness to adopt cashless transactions become an issue of prime importance in the movement towards a cashless economy. For a developing country like India, demonetization is not an ordinary challenge because of the low penetration of the cashless instruments. To facilitate the transformation from cash based economy to the cashless economy; certain bottlenecks need to be cleared first. The availability of public

infrastructure in terms of bandwidth, connectivity and performance of smart phones need to be drastically improved. Post – Demonetization period has witnessed the adoption of cashless transaction methods by a large number of retailers. An increased use of credit and debit cards instead of cash enable a more detailed record of all the transactions which take place in the society, allowing more transparency in business operations and money transfers. The convenience of paperless payments has both merits and demerits to the retailer. The attitudinal and psychological reorientation of the retailers towards the modes of the transaction would be a major factor that would contribute to and determine the success of the idea of the cashless economy.

Therefore, this project is as an attempt to assess the attitude of the retailers towards cashless economy and to identify the various modes used by them in the course of cashless transactions. In spite of the above, the multiple challenges faced by the retailers and the opportune measures to overcome the said challenges are throw lighted through this project.

SIGNIFICANCE OF THE STUDY

Nowadays, cashless transactions are gaining more and more priority among the retailers and their prospective customers. Cashless economy helped small businesses and basic trades to occur in developing areas where banking infrastructures and regulations were lacking. In a cashless economy; other than cash, the growing payment methods like E – Banking (Mobile banking or banking through computers), debit and credit cards, card-swipe or point of sales (POS) machines and digital wallets are adopted by merchants in the retail sector. Cashless transactions have gained enough motivation in the retail space to pose a serious threat to the future of cash-based payments. There is a growing demand for faster payment services which, in turn, facilitate ease in doing financial transactions. Reducing cash dependency for low-value, high-frequency transactions ensures a more concrete approach towards broader financial inclusion and improved digital literacy. Thus, the study on **“CASHLESS ECONOMY AND ITS CHALLENGES FACED BY THE RETAILERS”** is relevant to assess the attitude of retailers towards cashless transactions and to identify the multiple challenges faced by the them while exercising cashless transactions.

SCOPE OF THE STUDY

The Indian payment system is rapidly transiting to more and more IT based systems. This change resulted to the emergence of cashless means for settlement of transactions. Cashless payments have pros and cons in respect of both the retailer and the buyer. This study is concentrated only to the Retailers who are using cashless transactions and identify their attitude towards the cashless economy in terms of period of commencement of cashless transactions, benefits enjoyed by using cashless transactions, factors influenced to adopt cashless transactions, the various modes used by the retailers and the multiple challenges faced by them while conducting cashless transactions. The area of the study is confined to Trivandrum city.

OBJECTIVES OF THE STUDY

The following are the objectives stated:

- 1) To study the attitude of retailers towards cashless transactions.

- 2) To identify the various modes used by retailers under cashless transactions.
- 3) To assess the challenges faced by retailers during cashless transactions.

RESEARCH METHODOLOGY

Research Design

The present study is descriptive and analytical one.

Sample Design

The population of the study consists of all the retailers conducting cashless transaction in Trivandrum city. A sample size of 80 retailers is selected for the purpose of conducting the study.

- a) **Sampling Technique:** The technique used for selecting retailers is purposive sampling.
- b) **Period of Study:** The study was conducted for a period of 3 – 4 months.

Sources of Data

Both secondary data and primary data have been collected for the purpose of the study.

SECONDARY DATA: Secondary data are collected through books, magazines, newspapers, journals, periodicals and internet publications.

PRIMARY DATA: The primary data was collected from 80 retailers who having cashless transactions in Trivandrum city by administering a structured interview schedule.

Tools for Analysis

Data was processed and analysed with the help of computer software IBM SPSS version 19. The tools used to analyse the data are simple percentage method, ranking method and weighted mean score method. The data has been presented with the help of tables, pie charts and bar diagrams.

REVIEW OF LITERATURE

Abirami. T (2018) has observed that a cashless economy is a situation in which all the financial transactions are made by digital means rather than physical currencies. After demonetisation the country was moving towards the cashless economy. To encourage the move towards cashless transaction the government came up with special discounts and freebies on digital transactions. From the study, it was observed that much has already been aware

of cashless economy and that a sizeable proportion of the people were actually awaiting the introduction of the cashless economy. The study concludes that the cashless economy has a positive impact on prevention of money laundering and stimulation of economic growth.

Akinola S Olalekan (2018) examined the security and reliability part of cashless society. It is a fact that cashless society has many advantages and it may lead to reduce corruption, crimes on the one hand and on the other hand it will be able to increase the government revenue to a great extent. Government may force to implement the cashless system by applying certain rules and regulations but it may fail if the customers are not in a position to understand the potential benefits. Most of the time customers perceive that there may be some amount of security threats which lead to loss of money. It can thus be concluded that to some extent, it is true that this kind of unwanted event does happen but it is obvious that the cashless system is required but at the same time it should be able to win the confidence of the customers.

Midha Sharma (2018) discussed the issue of digitalization process and the effectiveness of digital India campaign. The programme was a good initiative but it had certain barriers which needed to be overcome. Digital India campaign aimed to create a cashless society which had its own advantages. It is concluded that implementation phase was surely problematic as the concept was new but over the time period this had to be seen from the perspective of customers. It is high time to discuss the relevant issues with the customers so that the existing barriers may be removed.

Subho Chattopadhyay, Payal Gulati and Indranil Bose (2018) concluded that despite a good degree of awareness about cashless transactions, the majority of the small retailers are neither sufficiently prepared nor overtly eager to participate in cashless transactions. It was an indication that mere awareness amongst the merchants and retailers was not sufficient to trigger their shift towards cashless. As the retailers wanted to engage in more of cash based transactions and find cash based transactions easier, for they were more habitual with it, the marketing campaign and efforts had to be focused towards changing habits and attitude towards cashless than to barely create awareness.

Committee on Digital Payments and Ministry of Finance (2017) evaluated the current digital payments landscape in India. It had set up a roadmap for digital payments to grow substantially over the next 3 years from the current level of about 5 per cent of personal consumption and 20 per cent of all transactions. It had also the vision to reduce India's cash to GDP ratio from about 12 per cent to 6 per cent. The committee had made recommendations to fast track the attainment of its vision of significantly reducing cash usage and facilitating the provision of digital payment services and infrastructure in the country.

Geeta Rani (2017) showed that initially the demonetization effects on market were painful but this also instigated the shopkeepers and consumers to adopt cashless means such as Paytm, debit card use, internet banking to buy goods. According to her, by adopting the cashless means, economy will be sound in coming time and Indian Economy will get benefits of early and hassle free transactions. Demonetization effect will be positive in coming time for Indian Economy. It is concluded that Indian consumers will strive to learn new ways of cashless transactions. By adopting the cashless means, certainly there will be a check on black money.

Mohammed Atif Aman, Aslam Hasan and Faizi Weqar (2017) aimed to find the challenges that were faced by Indian citizens in a move towards cashless economy and for that, they interviewed students, academicians and businessmen from both urban and rural areas. Government of India had laid much stress on becoming cashless to curb-out black money and corruption from the nation, for that various schemes and campaigns had also been launched to promote awareness and motivate peoples. Various digital payment methods were also introduced to make cashless transactions easy and eco-friendly. Despite such efforts from the government, only 17 per cent of the population was making cashless transactions often. Major part of the population was concerned about security and privacy issues. Lack of infrastructure was also a matter of challenge for two-third of the population. They said that one of the challenges faced by Indians was lack of education and knowledge regarding cashless economy.

Rama Seth (2017) showed that the world had come a long way from the age of commodity barter to cryptocurrencies. Cash has been the conventional medium of exchange since decades but like every trend it is gradually fading. Convenience is a much appreciated added benefit of cashless transactions. The advent of technology backs the advent of cashless economies. Governments eye these technologies as a way of dealing with corruption and widespread black market. With every transaction being accounted for on an interface directly or indirectly connected with banks, the possibility of hoarding cash has become odd. Literature on digital payments has dealt with its importance, the comparisons between its costs and benefits as well as the current status across geographies. There are strong differences between the applications of cashless interfaces in developed and developing words. The socio – economic atmosphere and the technological advancement of countries determine the penetration of the digital thought.

Naga Santhi. S and Thilagavathy. C (2016) stated that the benefits of digital India move had started trickling in with more and more people switching to digital modes of receiving and making payment. India was gradually transitioning from a cash-centric to cashless economy. Digital transactions are traceable, therefore easily taxable, leaving no room for the circulation of black money. The whole country was undergoing the process of modernization in money transactions, with e-payment services gaining unprecedented momentum. It is concluded that large number of businesses, even street vendors, are now accepting electronic payments, prompting the people to learn to transact the cashless way at a faster pace than ever before.

National Institute of Public Finance and Policy New Delhi (2016) evaluated the short run and medium term impacts that demonetization was expected to have on the economy. The impact varies depending on the extent to which government decides to demonetize. This paper also elucidates the impact of such a move on availability of credit, spending level of activity and government finance. The study concluded that demonetization is a large shock to the economy.

RESEARCH GAP

Most of the studies stated above mentioned about the effects of cashless transaction on economy as a whole. But the studies made from retailer's view point towards cashless transactions was limited and this forms the gap for this study. More over the various challenges faced by the retailers as well as the measures to overcome these challenges were studied and hence it make this study unique.

LIMITATIONS OF THE STUDY

1. The area is confined to Trivandrum city, therefore it suffers geographical limitation.
2. Chances of biased behaviour from the respondents due to their busy schedule.
3. The survey is furnished by the respondents and subject to personal bias.

DATA ANALYSIS AND INTERPRETATIONS

INTRODUCTION

This chapter dealt with the analysis and interpretation of data that has been collected with the help of the structured interview schedule provided at the end of this project report. The Primary Data was selected from a sample size of 80 respondents. The data has been presented in the form of tables and respective interpretations of each are given below. The methods used to analyse the data are simple percentage, mean score and ranking method. This chapter is presented under two categories:

1. Personal Profile of the Respondents.
2. Analysis of Survey Variables.

PERSONAL PROFILE OF THE RESPONDENTS

1 NATURE OF THE BUSINESS

Different retailers conduct different types of business. The policies and practices followed by different entities also differ from business-to-business. For the purpose of the study, retailers are categorised under seven heads as shown below:

TABLE 1
NATURE OF BUSINESS

TYPE	NUMBER OF RESPONDENTS	PERCENTAGE
Supermarket	5	6.3
Restaurant / Bakery	20	25
Textiles	17	21.3
Stationery	12	15
Home Appliances	10	12.5
Pharmaceuticals	10	12.5
Automobiles	6	7.5
TOTAL	80	100

Source: Primary Data

Table 1 indicated the nature of the business. As per the data analysed, majority of the respondents belonged to the category of Restaurant / Bakery with 25 per cent (20) of the total respondents. It was followed by the category of Textiles with 21.3 per cent (17) of the respondents. Further 15 per cent (12) of the respondents belonged to the category of Stationery. Both the categories of Home Appliances and Pharmaceuticals followed next with 12.5 per cent (10) of the respondents, Automobiles with 7.5 per cent (6) of the respondents. While the category of Supermarket belonged to the minority with 6.3 per cent (5) of the total respondents. Hence, the analysis shows that, majority of retailers were undertaking **Restaurant / Bakery** business.

2 DURATION OF THE BUSINESS

Age of a business refers to the number of years in which the business outlets are running its operations. Each and every retailer commences their business outlets in different years. For the convenience the study, years are classified as four periods as shown below:

TABLE 2
DURATION OF BUSINESS

YEAR	NUMBER OF RESPONDENTS	PERCENTAGE
Less than a Year	9	11.3
1 - 3 Years	40	50
3 - 10 Years	22	27.5
More than 10 Years	9	11.3
TOTAL	80	100

Source: Primary Data

Table 2 revealed the number of years in which the business outlets ran its operations. As per the data analysed, half of the respondents carried their business for a period between 1 – 3 years with 50 per cent (40) of the total respondents. It was followed by the period between 3 – 10 years with 27.5 per cent (22) of the total respondents. While the period of less than a year and more than 10 years belonged to the minority with 11.3 per cent (9) of the total respondents. Hence, the analysis shows that, majority of retailers were carrying their business for the period of **1 - 3 Years**.

3 ANNUAL TURNOVER OF THE BUSINESS

Annual Turnover is the yearly sales generated by a business outlet. For the sake of the study, the amount of annual turnover are classified into four slabs as shown below:

TABLE 3
ANNUAL TURNOVER

TURNOVER	NUMBER OF RESPONDENTS	PERCENTAGE
Less than 3 Lakhs	9	11.3
3 - 5 Lakhs	14	17.5
5 - 10 Lakhs	37	46.3
More than 10 Lakhs	20	25
TOTAL	80	100

Source: Primary Data

Table 3 depicted the yearly sales generated by a retailer. As per the data analysed, majority of the respondents had annual turnover between 5 - 10 lakhs with 46.3 per cent (37) of the total respondents. It was followed by the annual turnover of more than 10 lakhs with 25 per cent (20) of the total respondents. Further 17.5 per cent (14) of the total respondents had the annual turnover between 3 – 5 lakhs. While the annual turnover of less than 3 lakhs belonged to the minority with 11.3 per cent (9) of the total respondents. Hence, the analysis showed that, majority of retailers had the annual turnover between **5 - 10 Lakhs**.

ANALYSIS OF SURVEY VARIABLES

4 PERIOD OF COMMENCEMENT OF CASHLESS TRANSACTIONS

Cashless transactions became widely popular in India after the Demonetization policy on 8th November 2016. Large number of retailers accepted the cashless means of payment after this period. For the account of the study, introduction period of the cashless transactions by the retail outlets are categorised into two heads as shown below:

TABLE 4
PERIOD OF COMMENCEMENT OF CASHLESS TRANSACTIONS

PERIOD	NUMBER OF RESPONDENTS	PERCENTAGE
Pre - Demonetisation Period	12	15
Post - Demonetisation Period	68	85
TOTAL	80	100

Source: Primary Data

Table 4 showed the introduction period of the cashless transactions by a retailer. As per the data analysed, majority of the respondents started using the cashless transactions in their business outlet after the period of demonetisation with 85 per cent (68) of the total respondents while the remaining 15 per cent (12) of the total respondents used the cashless transactions in their business outlet prior to the period of demonetisation. Hence, the analysis shows that, majority of retailers started cashless transactions **after the period of Demonetisation**.

5 NUMBER OF CASHLESS TRANSACTIONS

There are many numbers of cashless transactions undertaken by the retailer on a daily basis. For the convenience of the study, the numbers of cashless transactions exercised by the retailers on day-to-day basis are grouped under four categories as shown below:

TABLE 5
NUMBER OF CASHLESS TRANSACTIONS

NUMBER	NUMBER OF RESPONDENTS	PERCENTAGE
Below 10	22	27.5
10 to 20	35	43.8
20 to 30	17	21.3
Above 30	6	7.5
TOTAL	80	100

Source: Primary Data

Table 5 showed the number of cashless transactions undertaken by the retailers on a daily basis. As per the data analysed, majority of the respondents undertook between 10 to 20 number of cashless transactions with 43.8 per cent (35) of the total respondents, followed by below 10 number of cashless transactions with 27.5 per cent (22) of the total respondents. Further 21.3 per cent (17) of the total respondents undertook between 20 and 30 number of cashless transactions. While above 30 number of cashless transactions belonged to the minority with 7.5 per cent (6) of the total respondents. Hence, the analysis shows that, majority of retailers undertook **10 to 20** number of cashless transactions on a daily basis.

6 PAYMENT MODES

At present the retailers accept different payment modes for the receipt of amount from the customers. The respondents were free to choose multiple modes of payment that were used by them in their retail outlet. For this purpose, popular cashless payment modes are included in the study as shown below:

TABLE 6
PAYMENT MODES

MODE	NUMBER OF RESPONDENTS	PERCENTAGE
Point Of Sale (POS) Machine	65	43.04
Cheques	12	7.94
Micro ATM	11	7.28
Unified Payment Interface (UPI)	9	5.96
Mobile/Internet Banking	13	8.60
E-Wallets	41	27.15
TOTAL	151	100

Source: Primary Data

Multiple Responses

Table 6 indicated the retailer's acceptance of popular payment modes for the receipt of amount from the customers. As per the data analysed, majority of the respondents accepted Point of Sale (POS) machines as the payment mode with 43.04 per cent (65) of the total respondents. It is followed by the E – Wallet mode with 27.15 per cent (41) of the total respondents. Further with 8.60 per cent (13) of the total respondents used the Mobile/Internet Banking. Both Cheques and Micro ATM followed with 7.94 per cent (12) and 7.28 per cent (11) of the total respondents respectively. While Unified Payment Interface (UPI) belonged to the minority with 5.96 per cent (9) of the total respondents. Hence, the analysis showed that, majority of retailers used **Point of Sale (POS) Machine** as the payment mode for the receipt of amount from the customers.

7 BANKS OPTED

For the purpose of exercising various modes of the cashless transactions retailers select different banks. Banks provide basic infrastructural facilities and assistance to the retailers in respect of cashless transactions. The respondents were free to choose multiple banks that are used by them in the course of cashless transactions. For this purpose, popular banks were included in the study as shown below:

TABLE 7
BANKS OPTED

BANK	NUMBER OF RESPONDENTS	PERCENTAGE
ICICI Bank	14	9.39
HDFC Bank	30	20.13
Axis Bank	38	25.5
State Bank of India	23	15.43
Paytm Payment Bank	35	23.48
Canara Bank	9	6.04
TOTAL	149	100

Source: Primary Data

Multiple Responses

Table 7 depicted the retailer's selection of popular banks for exercising cashless transactions. As per the data analysed, majority of the respondents selected the Axis Bank for exercising cashless transactions with 25.5 per cent (38) of the total respondents, followed by the Paytm Payment Bank with 23.48 per cent (35) of the total respondents. Further with 20.13 per cent (30) of the total respondents selected the HDFC Bank. Both State Bank of India and ICICI Bank with 15.43 per cent (23) and 9.39 per cent (14) of the total respondents respectively while Canara Bank belonged to the minority with 6.04 per cent (9) of the total respondents. Hence, the analysis shows that, majority of retailers selected **Axis Bank** as the bank for exercising cashless transactions.

8 BENEFITS ENJOYED

Benefits enjoyed by the retailers can be analysed by classifying the variables. For this purpose, scaling method is used. Analysis is done on the basis of Mean Score:

0 – 1: STRONGLY DISAGREE

1 – 2: DISAGREE

2 – 3: INDIFFERENT

3 – 4: AGREE

4 – 5: STRONGLY AGREE

TABLE 8
BENEFITS ENJOYED

BENEFITS	NUMBER OF RESPONDENTS					MEAN SCORE
	STRONGLY AGREE	AGREE	INDIFFERENT	DISAGREE	STRONGLY DISAGREE	
Increase in the volume of sales	56	20	4	0	0	4.65
Safety in receiving payments from Customers	23	56	1	0	0	4.28
Convenience in handling the records of Day-to-Day Transactions	57	19	4	0	0	4.66
Easy receipt of payments from customers	26	44	6	4	0	4.13
Reduce the risk involved in holding Liquid Cash	42	34	1	3	0	4.40
Less Time involved in receiving payments	18	37	13	10	2	3.74
Reduction in the Cost of Operations	27	26	18	5	4	3.84
High Speed of Transaction	55	25	0	0	0	4.69
Avoids the problem of Credit Transactions	41	21	14	4	0	4.24

Source: Primary Data

Table 8 indicated the benefits enjoyed by the retailers by exercising cashless transactions. As per the data analysed, most of the retailers **Strongly Agreed** to the following benefits with mean score above 4 as:

- High Speed of Transaction (Mean Score 4.69)
- Convenience in handling the records of Day-to-Day Transactions (Mean Score 4.66)

- Increase in the Volume of Sales (Mean Score 4.65)
- Reduce the risk involved in holding Liquid Cash (Mean Score 4.40)
- Safety in receiving payments from Customers (Mean Score 4.28)
- Avoids the problem of Credit Transactions (Mean Score 4.24)
- Easy receipt of payments from customers (Mean Score 4.13)

While some of them **Agreed** towards benefits such as Reduction in the Cost of Operations (Mean Score 3.84) and Less Time involved in receiving payments (Mean Score 3.74). Hence, the analysis showed that, **High Speed of Transaction** and **Convenience in handling the records of Day-to-Day Transactions** were the main benefits enjoyed the retailers by exercising cashless transactions.

9 INFLUENCING FACTORS

There are various factors which have influenced the retailers to adopt the cashless transactions in their business outlets. Ranking techniques was used for analysis. For the purpose of the study, certain factors were listed in statements as shown below:

TABLE 9
INFLUENCING FACTORS

FACTORS	COMBINED SCORE	RANK
Avoid the troubles of Carrying Cash	560	III
Ease of recording Transactions	467	IV
Reduction in Cash Corruption/Malpractices	370	VI
Influence from the Customers to shift from Cash to Cashless Payments	706	I
Time Saving in Transaction Process	409	V
Reputation of the Business	578	II
Safety of Transactions	342	VII
Evade the inconvenience in paying back the balance	333	VIII
Abolishing the risk of getting Counterfeit Currency	328	IX
Eliminate the difficulty of Bad Debts	296	X

Source: Primary Data

As per the data analysed, the highest rank rated by the respondents was the Influence from the Customers to shift from Cash to Cashless Payments (RANK I), followed by Reputation of the Business (RANK II), Avoid the troubles of Carrying Cash (RANK III), Ease of recording Transactions (RANK IV), Time Saving in Transaction Process (RANK V), Reduction in Cash Corruption/Malpractices (RANK VI), Safety of Transactions (RANK VII), Evade the inconvenience in paying back the balance (RANK VIII), Abolishing the risk of getting Counterfeit Currency (RANK IX) and the least rank rated by the respondents were the Eliminate the difficulty of Bad Debts (RANK X). Hence, the analysis showed that, **Influence from the Customers to shift from Cash to Cashless Payments** and **Reputation of the Business** were the main factors which influenced the retailers to adopt the cashless transactions in their business outlets.

10 BENEFITS OFFERED TO CUSTOMERS

Some retailers provide certain offers or benefits to its customers who have been using cashless means for their payments. For the convenience of the study, the particular benefits provided to the customers by the retailers are classified into five groups as shown below:

TABLE 10
BENEFITS OFFERED TO CUSTOMERS

OFFERS	NUMBER OF RESPONDENTS	PERCENTAGE OF TOTAL RESPONDENTS
Discount on Selling Price	22	18.03
Cash Back Offers	16	13.11
Reward Points	36	29.52
Gift Vouchers	25	20.49
Lucky Draw Coupons	23	18.85
TOTAL	122	100

*Source: Primary Data
Multiple Responses*

Table 10 indicated the benefits provided by the retailer to its customers who had been using cashless means for their payments. As per the data analysed, majority of the respondents provided Reward Points as the benefit to its customers with 29.52 per cent (36) of the total respondents, followed by the Gift Vouchers with 20.49 per cent (25) of the total respondents. Further with 18.85 per cent (23) of the total respondents provided the Lucky Draw Coupons, Discount on Selling Price with 18.03 per cent (22) of the total respondents. While Cash Back Offers belonged to the minority with 13.11 per cent (16) of the total respondents. Hence, the analysis showed that, majority of respondents provided **Reward Points** as the benefits to its customers who had been using cashless means for their payments.

11 OCCURENCE OF ANY BAD EXPERIENCE

While conducting the cashless transactions the retailers may have to face many problems or bad experiences. The degree of those bad experiences determines the attitude of the retailers. For assessing these bad experiences the retailers were asked to provide their responses as shown below:

TABLE 11
OCCURANCE OF ANY BAD EXPERIENCE

STATEMENT	NUMBER OF RESPONDENTS	PERCENTAGE
Had Bad Experience	14	17.5
Did not had Bad Experience	66	82.5
Total	80	100

Source: Primary Data

As per the data analysed, majority of the respondents did not had any Bad Experience while conducting cashless transactions with 82.5 per cent (66) of the total respondents. While the remaining 17.5 per cent (14) of the total respondents had Bad Experience while conducting cashless transactions. Hence, the analysis showed that, majority of retailers **never had any bad experiences.**

12 CHALLENGES FACED

Retailers have to face numerous challenges while conducting cashless transactions in their business outlet like network problems, security issues, unwilling mind of customers for making cashless payment and so on.

TABLE 12
CHALLENGES FACED

CHALLENGES	NUMBER OF RESPONDENTS					MEAN SCORE
	STRONGLY AGREE	AGREE	INDIFFERENT	DISAGREE	STRONGLY DISAGREE	
Internet and Connectivity Problems	67	12	1	0	0	4.83
Security Issues relating to Network	17	54	8	1	0	4.09
Lack of awareness among Customers regarding Cashless Payments	26	22	24	7	1	3.81

Complex Banking Procedures involved in setting the Cashless Platform	6	26	29	13	6	3.16
High Service Charges from Banks and Network Providers	12	26	15	14	13	3.13
Frequent Updation of Digital Technologies	19	47	7	7	0	3.98
Inadequate Technical Knowledge about the Payment Devices	30	27	19	4	0	4.04
Delay in cheques clearance	16	23	39	2	0	3.66
Hardware and Software issues of payment devices	51	26	3	0	0	4.60
Unwillingness of customers for making Cashless Payment	23	27	6	11	13	3.45

Source: Primary Data

Table 12 depicted the challenges faced by the retailers in exercising cashless transactions. As per the data analysed, most of the retailers **Strongly Agreed** to the following challenges with mean score above 4 as:

- Internet and Connectivity Problems (Mean Score 4.83)
- Hardware and Software issues of payment devices (Mean Score 4.60)
- Security Issues relating to Network (Mean Score 4.09)
- Inadequate Technical Knowledge about the Payment Devices (Mean Score 4.04)

While some of them **Agreed** towards challenges with mean score above 3 as:

- Frequent Updation of Digital Technologies (Mean Score 3.98)
- Lack of awareness among Customers regarding Cashless Payments (Mean Score 3.81)
- Delay in cheques clearance (Mean Score 3.66)
- Unwillingness of customers for making Cashless Payment (Mean Score 3.45)
- Complex Banking Procedures involved in setting the Cashless Platform (Mean Score 3.16)
- High Service Charges from Banks and Network Providers (Mean Score 3.13)

Hence, the analysis showed that, **Internet and Connectivity Problems** and **Hardware and Software issues of payment devices** were the main challenges faced the retailers by exercising cashless transactions.

13 MEASURES TO OVERCOME THE CHALLENGES

There are certain measures to overcome the above mentioned challenges like safe guard of payment devices, establishing of high speed network technologies, providing promotional measures among customers regarding Cashless Payments and so on.

TABLE 13
MEASURES TO OVERCOME THE CHALLENGES

MEASURES	NUMBER OF RESPONDENTS					MEAN SCORE
	STRONGLY AGREE	AGREE	INDIFFERENT	DISAGREE	STRONGLY DISAGREE	
Safe Guarding of Payment Devices	65	13	2	0	0	4.79
Increasing the awareness level of Customers	20	53	7	0	0	4.16
Minimizing of Service Charges of Banks and Network Providers	19	22	28	8	3	3.58
Simplify the Banking Procedures	10	26	22	16	6	3.23
Establishment of High – Speed Internet/Network Technologies	60	19	1	0	0	4.71
Providing adequate Technical Knowledge about the Payment Devices	20	43	15	2	0	4.01
Introduction of promotional measures among customers regarding Cashless Payments	63	12	12	1	0	4.71

Source: Primary Data

Table 13 indicated the measures to overcome challenges faced by the retailers in exercising cashless transactions. As per the data analysed, most of the retailers **Strongly Agreed** to the following measures with mean score above 4 as:

- Safe Guarding of Payment Devices (Mean Score 4.79)
- Introduction of promotional measures among customers regarding Cashless Payments (Mean Score 4.71)

- Establishment of High – Speed Internet/Network Technologies (Mean Score 4.71)
- Increasing the awareness level of Customers (Mean Score 4.16)
- Providing adequate Technical Knowledge about the Payment Devices (Mean Score 4.01)

While some of them **Agreed** towards measures such as Minimizing of Service Charges of Banks and Network Providers (Mean Score 3.58) and simplify the Banking Procedures (Mean Score 3.23). Hence, the analysis showed that, **Safe Guarding of Payment Devices, Introduction of promotional measures among customers regarding Cashless Payments and Establishment of High – Speed Internet/Network Technologies** were the main measures to overcome the challenge faced the retailers in exercising cashless transactions.

14 CONTINUITY OF CASHLESS TRANSACTIONS

The opinion of the retailers regarding continuity of the cashless transactions in their business outlet is measured in this table. For assessing the opinion the retailers are asked to provide their responses as shown below:

TABLE 14
CONTINUITY OF CASHLESS TRANSACTIONS

STATEMENT	NUMBER OF RESPONDENTS	PERCENTAGE
Wish to Continue	74	92.5
Do not wish to Continue	6	7.5
TOTAL	80	100

Source: Primary Data

As per the data analysed, majority of the respondents wished to continue the cashless transactions in their business outlet with 92.5 per cent (74) of the total respondents. While the remaining 7.5 per cent (6) of the total respondents do not wished to continue the cashless transactions in their business outlet. Hence the analysis showed that, majority of retailers **Wished to Continue** the cashless transactions in their business outlet.

15 SUGGEST TO OTHER RETAILERS

The attitudes of the retailers regarding suggestion to other retailers for exercise cashless transactions in their business outlet are measured in this table. For assessing the attitude the retailers are asked to provide their responses as shown below:

TABLE 15

SUGGESTING CASHLESS TRANSACTIONS TO OTHER RETAILERS

STATEMENT	NUMBER OF RESPONDENTS	PERCENTAGE
Suggest to Others	72	90
Will not Suggest to Others	8	10
TOTAL	80	100

Source: Primary Data

As per the data analysed, majority of the respondents are willing to suggest cashless transactions to others retailers with 90 per cent (72) of the total respondents. While the remaining 10 per cent (8) of the total respondents are not willing to suggest cashless transactions to others retailers. Hence the analysis showed that, majority of them **Suggest Other** retailers to establish cashless transactions in their business outlet.

FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS

A.PERSONAL PROFILE

The study **Cashless Economy and its Challenges faced by the Retailers** was based mainly on Retailers around the Trivandrum city. Looking at the study; out of 80 respondents, majority of retailers (25%) were undertaking restaurant/bakery business. A large number of retailers had started their business outlet within 1 – 3 years ago. An annual turnover between 5 – 10 lakhs was the common among the retailers.

B. SURVEY VARIABLES

- **Period of Commencement of Cashless Transactions**

The study revealed that majority of the retailers (68%) started using the cashless means for transactions after demonetization.

- **Number of Cashless Transactions**

Majority of retailers (35%) had 10 to 20 numbers of cashless transactions on a daily basis.

- **Accepted Payment Modes**

Point of Sale (POS) Machines was the widely accepted payment mode by the retailers which was followed by E – Wallet mode. Unified Payment Interface (UPI) was rarely used by the retailers.

- **Banks Opted**

Axis Bank was opted by a significant number of retailers for performing cashless transactions in their business outlet and was followed by Paytm Payment Bank. Comparatively lesser number of retailers opted Canara Bank

for their cashless means of transactions because of their delay in the repairs and maintenance of the payment devices.

- **Benefits Enjoyed**

Most common benefit enjoyed by the retailers in conducting cashless transaction was the High speed of transaction (Mean Score 4.69) and was followed by Convenience in handling the records of day-to-day transactions (Mean Score 4.65). The least common benefit enjoyed the retailers was the Reduction in the cost of operations and Less time involved in receiving payments.

- **Influencing Factors**

Influence from the customers to shift from cash to cashless payments and the Reputation of the business were the most dominant factors which influenced the retailers to adopt the cashless transaction in their business outlets. Abolishing the risk of getting counterfeit currency and eliminating the difficulty of bad debts were the least ranked factors which influenced the retailers to adopt the cashless transaction in their business outlets. To the retailers, cashless transactions are only in a developing phase and so there still exists the strong presence of cash – based transactions. Therefore, the total wiping out of counterfeit currency and bad debts is less possible.

- **Benefits offered to Customers**

Providing Reward Points was the most common benefit offered by the retailers to their potential customers while providing Cash Back Offers was the least common benefit offered by the retailers. Reward Points were more profitable to the retailers because the expenses associated with them in providing it to the customers is spread to a longer period of time as compared to Cash Back Offers. They also served as a motivating factor for future purchases from the customer's part.

- **Occurrence of any Bad Experience**

Majority of retailers had responded that they did not have any Bad Experiences while conducting cashless transactions in their business outlet. But some of the retailers responded that they had bad experiences while conducting cashless transactions in their business outlet. They also state that most of the bad experiences occurred due to Technical issues and delay in repairing and maintenance of payment devices.

- **Challenges Faced**

Most common challenges faced by the retailers in doing cashless transaction were the Internet and Connectivity Problem (Mean Score 4.83), followed by Hardware and Software issues of payment devices (Mean Score 4.60). The least challenges faced by the retailers were the Complex Banking Procedures involved in setting the Cashless Platform and High Service Charges from Banks and Network Providers.

- **Measures to Overcome the Challenges**

Majority of retailers are of the opinion that Safe Guarding of Payment Devices (4.79 mean score) and Introduction of promotional measures among customers regarding Cashless Payments and Establishment of High – Speed

Internet/Network Technologies (4.71 mean score) were the most preferred measures to overcome the challenges of cashless transaction. Minimizing of Service Charges of Banks and Network Providers and Simplify the Banking Procedures were the least preferred measure to overcome the challenges of cashless transaction.

• **Continuity of Cashless Transactions**

Majority of retailers have responded that they wished to continue the cashless transactions in their business outlet in the future. But few of the retailers responded that they do not wish to continue the cashless transactions in their business outlet in the future. They also state that the reason for non – continuity of cashless transaction in their business outlet is due to the bad experiences they have faced such as the long delay in repairs and maintenance of payment devices, unreliable nature of the network and so on.

• **Suggesting Cashless Transactions to other Retailers**

Majority of retailers have responded that they will suggest other retailers to exercise cashless transactions. But few of the retailers responded that they will not suggest other retailers to exercise cashless transactions. They also state that the reason for not suggesting of cashless transaction to other retailers is due to the fear of competition.

4.2 SUGGESTIONS

Based on the findings, these are some suggestions to improve the exercise of cashless transaction among retailers and to overcome the challenges faced by the retailers.

- The retailers should try to provide maximum additional benefits or offers to their customers to increase the number of cashless transactions in order to build a cashless economy.
- Retailers should adopt multiple payment modes in order to make every possibility of transactions as cashless.
- Network providers and Banks should try to minimise their service costs and other related charges.
- Banks should simplify their procedures in connection with the setting of cashless platform.
- Government should enact laws in respect of cashless modes and its uses. This will protect the retailers from any kind of security threats.
- The banks and network operators should safe guard their payment devices in order to perform better transactions as cashless and also provide adequate maintenance and repairs to the devices.
- Network providers should establish high – speed internet and network technologies and also provide adequate technical knowledge to the retailers.
- Government as well as retailers should introduce the promotional measures among public regarding cashless payments and this increase the awareness level of the customers in respect of cashless transactions.
- All the merchants should suggest other retailers to establish cashless transactions in their business outlet.

4.3 CONCLUSION

India is gradually transitioning from a cash-centric to cashless economy. To encourage the move towards cashless transaction, the government has come up with special discounts and freebies on digital transactions. Shifting India to a cashless economy can be beneficial for everyone; government, industries, bankers, merchants, and consumers. Social benefits such as financial inclusion, promoting start-ups, and improved e-commerce services could also be attributed to improvements in the in-store payments space. The severe shortage of currency and the government's urge to refrain from cash based transactions created a crisis situation. This unprecedented situation at the macro level called for an urgent and immediate change of habit amongst every unit and element of the economy from cash based transactions to cashless ones. As full-fledged participation in a cashless transaction requires not only the availability of facility and infrastructure but also willingness and desire amongst the individuals. The whole country is undergoing the process of modernization in money transactions, with e-payment services gaining unprecedented momentum. Nowadays cashless transactions are gaining more and more priority among the retailers as well as customers. A large number of businesses, even street vendors, are now accepting electronic payments. Convenience is a much appreciated added benefit of cashless transactions. The advent of technology backs the advent of cashless economies. Governments eye these technologies as a way of dealing with corruption and widespread black market. Digital transactions are traceable, therefore easily taxable, leaving no room for the circulation of black money. We have a leadership role to play in taking India towards an increasingly "digital economy".

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