A Study on Transformation in Behaviour of Individuals towards Cashless Economy

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Abstract
A Cashless economy is the one which curtails cash in form of physical bank notes or coins and uses digital money. This paper examines the approach of individuals towards the cashless economy. The study was conducted among fifty respondents comprising businessmen, government employees, students, and housewives etc. The study shows that majority prefer cash transactions because of the degree of high risk associated with the digital transaction and high rate of digital illiteracy. So it is recommended that more promotional measures of digital literacy should be introduced in Indian economy to achieve the dream of the cashless economy in full.

Key Words: Cashless economy, digital literacy, digital transaction.
1. Introduction
Cash is a basic necessity for humans without which survival is not possible. Majority of the payments are made in cash as note and coins are more flexible. But nowadays Central bank and the central authorities are encouraging the use of digital via transactions in all areas. The digital era is something to embrace, and new methods of payments will continue to be introduced. The depletion of cash due to demonetization has further pushed digital and e-transactions to the forefront; e-wallets, e-banking, and other transaction apps becoming universal.

2. Objectives
Primary Objectives
- To study the behavior of individuals towards the cashless transaction system and their approach to the new scenario of cashless society.

Secondary Objectives
- To identify different modes of the cashless transactions and to assess the individual trust and confidence towards the cashless system.
- To identify the factors promoting the cashless transactions.
- To identify the latest measures taken by the government to promote the cashless economy.

3. Literature Review
In 600 B.C., Lydia's King Alyattes minted the first official currency in this world. The coins were prepared from electrum which is a combination of silver and gold and was printed with pictures that act as denominations and the first paper currency was issued by the European government. Over the decades, money has evolved as a means to reduce the friction of transaction costs that are involved in mediating exchange. The 21st century witnessed the growth of mobile banking and plastic money. A cashless economy describes an economic state whereby financial transactions are not conducted with money, physical banknotes or coins, but rather through the transfer of digital information between the transacting parties. The cashless economy is not just an attempt by the government, but a revolt which has to be brought about to make people understand the benefits of cashless transactions and finally empower them to go digital in their everyday life.

Contributors
- Jain, P.M (2006) in his article “E-payments and e-banking” mentioned that e-payments will be able to keep a tab on unaccounted money. He also pointed out the importance of e-payments and various modes of e-payments.
- Annamalai, S. and Muthu R. Liakkuvan (2008) specified in their work “Retail transaction: Future bright for plastic money” that the increased growth of debit and credit cards in the retail transactions sector and its implications.
Alvares, Cliford (2009) in their report “The problem regarding fake currency in India” mentioned that the country’s encounter with counterfeit currency is not at ease and numerous counterfeits go undetected.

Ashish Das and Rakhi Agarwal, (2010) stated in “Cashless Payment System in India- A Roadmap” that increased use of cash will increase the expenses of the country. So a swing from cash to cash less system is necessary to have fair transactions.

According to a 2015 report by Price Water House Coopers, Indians without any bank account is almost 233 million. The usage of plastic money is limited even with account holders.

4. Methodology

This study is based on primary and secondary data. Questionnaire was used to gather primary information, using a survey method with a sample of fifty respondents comprising businessmen, government employees, university students, and housewives drawn from Kochi in the state of Kerala. The secondary data sources include journals, e-books, reports etc. Statistical package for social science was used for analysing and interpreting the data.

5. Analysis and Interpretation

Among the respondents government employees accounts for 10 %, public sector accounts for 2%, private sector accounts for 46%, self-employed accounts for 10%, students accounts for 28% and housewife accounts for 4% of the total respondents.

Table 1: Showing the Preference of Respondents to Use Cash or Cashless as a Medium of Exchange

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>29</td>
<td>58.0</td>
<td>58.0</td>
<td>58.0</td>
</tr>
<tr>
<td>Cashless</td>
<td>21</td>
<td>42.0</td>
<td>42.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: primary data

Table 1 above indicates that 58% of respondents use cash as a medium of exchange whereas 42% use cashless as a medium of exchange in the Indian economy. So we can conclude that even now most of the respondents prefer cash as a medium of exchange.

![Figure 1: Showing the Reasons for Preferring Cash as Mode of Payment](imageurl)
The above chart indicates that out of the respondents only 44% use cash as a medium of exchange because of the convenience they have in using cash whereas 26% use cash because of the security they have in using cash, 14% use cash because it is easy to bargain using cash, whereas 16% use cash because they do not have much knowledge towards digital transactions. Here we can conclude that common man prefer cash because of the convenience they have while using cash.

Source: primary data

Figure 2: Showing the Reasons for Preferring Cashless Mode of Payment

The above chart indicates that out of the respondents 52% use cashless as a medium of exchange because they feel that it is more convenient, whereas 20% use cashless because it saves time, 18% feels that use of cashless mode will reduce red-tapism and corruption in economy, 10% use cashless mode because it can be accessed at any time. Here we can conclude that most of the respondents use cashless mode because it is convenient.

Other Findings are

- Out of all the respondents, most of them have a bank account for themselves where as only 8% have no bank account.
- It is identified that around 54% feels hacking as the main problem if cash is replaced by electronic payment. Loss of money, lack of knowledge, fear of transaction failure is also the problems if a cashless mode is preferred. Lack of security is the biggest concern around a cashless system.
- Since individuals do not have sufficient knowledge about a cashless system the comfort level with new technology/digital transactions is less.
- Around 65% of respondents are not well aware of the latest implementations done by the government to promote a cashless system.
and the effectiveness of digital India program by the government of the day is also low.

- 67% of respondents are satisfied with the existing system of cash whereas others feel that it still needs an improvement.
- For transactions with a huge amount, respondents prefer cheque or other online payment modes.
- Around 67% are not satisfied with the existing system of credit whereas remaining is satisfied with it.
- 51% of respondents feel that India is not completely ready for a cashless economy whereas 49% feels that India is ready.

Modes of Cashless Transactions

- E-Wallets–Through E-wallets one can make payment by a mobile. The only requirement is to download a wallet like paytm.
- UPI–Unified Payments Interface helps people to transact using their Smartphone. To pay using this system, you need 2 important things: Smartphone and a Bank Account.
- Plastic Money–Plastic Money means debit cards and credit cards that are used at ATM”s for cash withdrawal and POS machines while shopping.
- Aadhaar Card–If aadhar card is linked with bank account, one can make payment using their fingerprints.
- Online Transfer–they are NEFT or RTGS. To engage in an online money transfer internet banking facility is required. It is comparatively faster than cheque or DD.

Latest Implementations by Government to Promote Cashless Economy

- To extend digital transactions and payment infrastructure to rural and backward areas, the Government of India with NABAR Dagency’s help offer economic up keep to suitable banks for distribution of 2 POS appliances each in 1 Lakh villages with a populace of less than 10,000.
- The Government of India with NABARD agency’s helps the Rural Regional Banks and Cooperative Banks to distribute “Rupay Kisan Cards” to facilitate online banking transactions.
- Free accidental insurance coverage of a maximum of Rs.10 lakh is given to passengers who opt online ticket booking.
- If insurance premium is paid online, insurance companies will give incentive, subject to a maximum of 10% of the premium.
- For the paying tolls at Toll Plazas on National Highways using RFID card/Fast Tags, a discount of 10% on amount is provided to users in the year 2016.
- The Union Ministry of Electronics and IT has launched a TV channel called ‘DigiShala’ to encourage cashless transactions. It is a dedicated 24*7 and 365 days free-to-air TV channel to communicate citizens about cashless transactions.
6. Conclusion
From the above analysis, it appears that there is no doubt that India is moving towards cashless society but many of them are not completely ready to go cashless. Either they are afraid to engage in cashless transactions because of security concerns, fraudulent etc. or they do not have sufficient knowledge do go cashless. The government should take up different strategies to edify the non-literates about the cashless economy because people are not conscious of the various modes of cashless payments and how to use these modes effectively. Training will be a necessity in urban parts of the country too. The government has to bring transparency and efficiency in e-payment system. The conversion of the cash payment system to a cashless one may not be promising in the near future, but nonstop advancement in technology will certainly expand the society’s openness to cashless payment.

References
