



EVALUATION OF EFFECTIVENESS OF CASHLESS TRANSACTION IN THE PERSPECTIVE OF CUSTOMERS IN ERNAKULAM DISTRICT

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ABSTRACT

Cashless India is a mission propelled by the Government of India driven by Prime Minister Narendra Modi to diminish the reliance of the Indian economy on money and to bring crowds of reserved dark cash lying unused into the managing an account framework. The emergence of new technology and its need for a global business made cashless transactions more popular. The research will evaluate the effectiveness of cashless transactions from the perspective of customers. The study finds out the major factors responsible for cashless transactions, and their role plays in the various portals and schemes that are recently started in India. The research is based on customer perspective and the target group is 100 respondents from Ernakulam district. The study includes employees from private sectors, government sectors, students and self-employees. The findings reveal that people are getting comfortable with cashless payments, some kinds of negative perceptions are holding back many from adopting the new system. The negative perceptions are like security problems, poor network coverage, technological problem, lack of users' knowledge on technology, poor or those without a bank account cannot access cashless transaction. Chi-square computation supported this finding as there was signification difference is perceived by the respondents on the basis of age, education, occupation and monthly incomes. Finally, the study concludes that the Ernakulam district may not become a cashless economy unless the perception of the people will be rightly addressed by the government and the banking institutions. They should pave the way for the safe and secure means to cashless transactions.

Keywords: Cashless transaction, Digital Payment, technology, global business

1.INTRODUCTION

Cashless transaction is a method of making a purchase against money in which actual cash is not used. The physical currency is replaced by

several methods that are powered by digital information technology and are capable to transfer money from one person's bank account to another persons. All these money transfer

methods have their own, features, qualities, and mechanisms that work together with other devices or equipment's; therefore, they are termed as "systems". The issue of secure & trustworthy money exchange between participants to a transaction is crucial in any commercial activity. In a cashless environment, payments take the form of money exchange in an electronic form which makes it safe and reliable. While in the offline world payments are done with cash or with checks that can be forgeries, merchants offer things to customers pay the price using cashless means in a secure & reliable manner. There are many reasons behind the people's choice to do cashless transactions like convenience, improved and trusted digital technology, the need to acquire things faster and cheaper along with maintaining a track record for taxation purposes. The most popular ways of cashless transactions in both india & other nations were credit & debit cards, but a change in demand following the historic demonetization decision made by the Hon. Prime Minister of India, "Mr. Narendra Modi," gave a boost to other methods. Cashless transactions in the nation reached new heights thanks to the paradigm shift, which also affected customers attitude towards these transactional methods.

Cashless India is a mission propelled by the Government of India driven by Prime Minister Narendra Modi to diminish the reliance of the Indian economy on money and to bring crowds of reserved dark cash lying unused into the managing an account framework. The nation left upon this move to a cashless economy when

the administration made the progressive stride of demonetization of old money notes of Rs 500 and Rs 1000 on November 08, 2016. Nonetheless, the advantages of this move have now begun streaming in with an ever-increasing number of individuals changing to computerized methods of accepting and making instalments. India is slowly transitioning from money driven to a cashless economy. Advanced exchanges are traceable, accordingly effectively assessable, ruling out the course of dark cash. The entire nation is experiencing the procedure of modernisation in cash exchanges, with e-instalment administrations increasing extraordinary energy. Since a large number of businesses, including roadside vendors, now accept electronic payments, the general public is learning how to implement the cashless path more quickly than at any other time in recent memory.

2.OBJECTIVES

- 1)To identify the factors responsible for cashless transactions.
- 2) To analyse the effects of demographic characteristics on customer performance in a cashless transaction.
- 3) To examine the challenges in cashless transaction methods.
- 4) To evaluate the role of government in reinforcing cashless transaction system

3.HYPOTHESIS OF STUDY

H0 = Age and customer performance in cashless transaction are independent.

H1 = Age and customer performance in cashless transaction are not independent.

H0 = Gender and customer performance in cashless transaction are independent.

H1 = Gender and customer performance in cashless transaction are not independent.

H0 = Education and customer performance in cashless transaction are independent.

H1 = Education and customer performance in cashless transaction are not independent.

H0 = Occupation and customer performance in cashless transaction are independent.

H1 = Occupation and customer performance in cashless transaction are not independent.

4.ANALYTICAL FRAMEWORKS AND METHODOLOGY

The study was restricted to Ernakulam district. The study mainly focused on the effectiveness of cashless transactions. The research is based on customer perspective, it avoids corporates. The target group of respondents are people in Ernakulam with mostly all age groups. The study includes private employees, government employees, students, self-employees. All findings and conclusions are arrived from the responses gathered from 100 samples who are residing in Ernakulam.

5.STATISTICAL ANALYSIS

Data analysis has been done by appropriate mathematical and statistical tools such as

percentage, mean, standard deviation and chi-square test.

6.REVIEW OF LITERATURE

Babita Singla, Manish Bansal (2015) found evidence that consumers are content with using plastic, and non-platinum card holders are eager to use the card for purchases & want to do so in the near future. Although there is a significant level of awareness surrounding such as instalment plan, neither marketing nor bank professionals are playing close attention to how to encourage such charge card use. The investigation also sheds insights on the difficulties users of card for payment encounter. Convenience & value of card were viewed as the most important factors influencing their cheque card instalment behaviour

K. C. Balaji and K. Balaji (2016) Study focuses on Demonetization and Its Impact on Cashless Transactions,” the advancement of the framework for cashless exchange has reached new heights. People are increasingly using cashless exchanges. Declaring that the cashless system is a requirement for both the general public & a prerequisite is the proper course of action. However, then again, the danger of digital wrongdoing is especially higher as all the cashless exchanges are done over web. So appropriate and finish mindfulness must be made to the general population to keep their charge and Mastercard’s safe and to utilize the web saving money and the advanced wallet in a most secure manner. The legally establishes digital police are required to use the best

criminological labs available in order to combat online criminals.

SushmaPatil (2014) “Effect of Plastic Money on Banking Trends in India” is inspected that Indian clients think that its less demanding to make physical instalment (Visa or charge card instalments) as opposed to conveying excessively money adding to the development of plastic cash in the nation. The customers benefit from better product option at reduced prices, as well as from attractive deals charmed with reward such, steadfastness additional focuses, time-limited conflicts and other things. The landing of shopping centres multiplexes, web-based shopping stores and shopping buildings urge the clients to make utilization of plastic cards.

7.RESULTS AND DISCUSSIONS

7.1 Analysis on Effect of Age on Customer Performance in Cashless Transactions

To test the hypothesis, chi-square is applied and the result is given in Table 7.1 below.

Hypothesis

H0 = Age and customer performance in cashless transaction are independent.

HYPOTHESIS

H0 = Gender and customer performance in cashless transaction are independent.

H1 = Gender and customer performance in cashless transaction are not independent

H1 = Age and customer performance in cashless transaction are not independent.

Chi-Square Test

Particulars	Values
Table value	21.026
Calculated value	64.86
Level of significance	0.05
Degree of freedom	12

Source: primary data

Here chi-square value is greater than the critical value i.e., $64.86 > 21.026$. Therefore, H0 is rejected and H1 is accepted. So, age and customer performance in a cashless transaction are not independent. That means age of respondent has an effect on performing cashless transaction by customers. According to the various age groups, there is a change in performing cashless transactions.

7.2 Analysis on Effect of Gender on Customer Performance in Cashless Transactions

To test the hypothesis chi-square is applied (Appendix- II) and the result is given in the table 7.2 below.

Chi-Square Test

Particulars	Values
Table value	9.488
Calculated value	6.023
Level of significance	0.05
Degree of freedom	4

Source: Primary data

Here chi square value is lesser than the critical value i.e., $6.023 < 9.488$. Therefore, H_0 is accepted and H_1 is rejected. So, gender and customer performance in cashless transaction are independent. It means that the gender of the respondents does not have any effect or impact on the usage of cashless transactions. Whether the respondent is male or female, it does not matter in being digitalised.

7.3 Analysis on Effect of Education on Customer Performance in Cashless Transactions

Chi-Square Test

Particulars	Values
Table value	21.026
Calculated value	75.85
Level of significance	0.05
Degree of freedom	12

Source: Primary data

Interpretation: Here chi-square value is greater than the critical value i.e. $75.85 > 21.026$. Therefore, H_0 is rejected and H_1 is accepted. So, education and customer performance in cashless transaction are not independent. Education of respondents have an effect on performing cashless transactions by customers.

To test the hypothesis, chi-square is applied and the result is given in the table 7.3 below.

HYPOTHESIS

H_0 = Education and customer performance in cashless transaction are independent.

H_1 = Education and customer performance in cashless transaction are not independent.

Digital literacy has an important role in digital transactions. Thus, there is a need for education for better performing cashless transactions.

7.4 Analysis on Effect of Occupation on Customer Performance in Cashless Transactions

To test the hypothesis, chi-square is applied and the result is given in the table 7.4 below.

HYPOTHESIS

H0 = Occupation and customer performance in cashless transaction are independent.

H1 = Occupation and customer performance in cashless transaction are not independent.

Chi-Square Test

Particulars	Values
Table value	26.296
Calculated value	29.4
Level of significance	0.05
Degree of freedom	16

Source: Primary data

Interpretation: Here chi-square value is greater than the critical value i.e., $29.4 > 26.296$. Therefore, H0 is rejected and H1 is accepted. So, occupation and customer performance in cashless transaction are not independent. Thus, the occupation of respondents has an effect on the performance of customers in cashless transactions. According to the occupation, their level of income also changes. The one with some balance in account only can have cashless transactions. Thus, customer performance varies with the occupation of respondents.

7.5 Analysis on Effect of Monthly Income on Customer Performance in Cashless Transactions

To test the hypothesis, chi-square is applied and the result is given in the table 7.5 below.

HYPOTHESIS

H0 = Monthly income and customer performance in cashless transaction are independent.

H1 = Monthly income and customer performance in cashless transaction are not independent.

Chi-Square Test

Particulars	Values
Table value	21.026
Calculated value	34.19
Level of significance	0.05
Degree of freedom	12

Source: Primary data

Interpretation: Here chi-square value is greater than the critical value i.e., $34.19 > 21.026$. Therefore, H_0 is rejected and H_1 is accepted. So monthly income and customer performance in cashless transaction are not independent. According to the income of the respondents, there is a change in the usage of cashless transactions.

8. MAJOR FINDINGS OF THE STUDY

1. Among the respondent 54% are female and rest of them belong to male category.

2. 48% of respondent belongs to the age group of 20-25 and majority of the respondent are degree qualified and qualified master degree. And they are the one who prefer payment and receipt through cashless transaction more.

3. Around 38% of respondent are students followed by private employees and self-employed with 21% and 19% respectively. 43% of respondent are belonging to income level of 25000-35000.

4. Among the 100 respondents, 46% of the respondent are performing the cashless transaction very often. Even 31% are performing often frequently.

5. Majority of the respondent are of opinion that convenience is the factor that boost them to perform cashless transaction. Privacy and security and discount and offer are the next level boosting factor.

6. Majority opinioned that there involves lower crime in cashless transaction as it involves plastic money.

7. Majority of the opinion that financial inclusion is possible through cashless transaction and through cashless transactions there involves interaction with the banking system.

8. There is expose of personal information to data breach through paying or transacting cashless and technological problems while using the internet or accessories may affect the performance in a cashless transaction.

9. There is a chance of overspending as cashless transaction are mainly done through debit cards and credit cards.

10. Majority are of opinion that there is chance of cyber-attack. And there involve online fraud and risk of hacking while using cashless transaction.

11. Since cashless transactions are dealing with plastic money, it provides less liquidity.

12. Among the various effect of cashless transaction, majority of the respondent are of opinion that, easier currency exchange while travelling internationally and less time and effort in using are considered as reliable effect.

13. 53% of respondent are of the opinion that lack of digital literacy effects the usage of cashless transaction. Difficulty in accessing to internet connectivity is considered as a challenge in cashless transaction.

14. Nowadays customers prefer cashless transaction frequently but even there is limited cost-effective way are available.

15. Among the various challenges of cashless transaction, poor and those without a bank account cannot access to cashless transaction and lack of internet connectivity are considered as reliable.

16. Majority of respondent are of the opinion that government had performed an effective role in reinforcing/achieving cashless economy.

17. Age and customer performance have an effect on performing cashless transaction.

18. Gender of respondent do not affect online transaction. Whether respondent is male or female, it does not matter in being digitalised.

19. Education of respondent have an effect on performing cashless transaction. Thus, there is a need for education for better performance.

20. Occupation of respondent have an effect on being digitalised. Therefore, customer performance varies with the occupation.

21. Monthly income of respondent and customer performance in cashless transaction are related. Based on the income level, there is a change in usage also.

9.CONCLUSION

The usage of digital payment apps day by day getting more familiarity in our country with 440 percentages increased after demonetization in 2016. As per Reserve Bank of India (RBI) and National Payments Corporation of India (NPCI), the cashless transactions had been more intensive in familiar channels such as NEFT, Mobile Wallets, Mobile Banking, BHIM, Banking Cards and Internet Banking etc. Internet, Mobile, Android and IOS are most required for the digital payment apps to do any transactions. In recent days the number of users has been increasing day by day with a greater number of young and adults, particularly the usage of digital payment apps by student and employees who is working under government and private sector. In overall, all the digital payment apps are beneficial to the users in terms of quick payment, avoiding to carry physical cash, save time, high secured payment, getting discounts and offers, easy recharge and green payment system etc. Hence the posture of Indian citizens is a shift which is a preference for an excellent begin-up for cashless or less coin-based economy. This will induce India towards a more digital and developed economy in India.,

Current study aims to comprehend consumer perception of digital payments. It was found

that demographic factors except gender have much impact on the adoption of digital payment. Chi-square computation supported this finding, as there was signification difference which is perceived by the respondents on the basis of age, education, occupation and monthly income. It was only the gender of the respondents where no signification difference is perceived by the respondents. It suggests that consumer education has the biggest impact on whether or not people choose to use digital payments. If a person has studied beyond matriculation and internet knowledge, he or she will be inclined to use the digital payment mode. The growth of users of Smartphones and internet penetration in such areas also facilitated the adoption of digital payment.

The findings reveal that while people are getting comfortable with cashless payments, some kinds of negative perceptions is holding back many from adopting the new system. The negative perceptions are like security problems, poor network coverage, technological problem, lack of user's knowledge on technology, poor or those without bank account cannot access to cashless transaction. Convenience in the use of cashless transactions and incentive system are the positive signs for the progress of cashless Payments. Finally, the study concludes that the Ernakulam district may not become a cashless economy unless the perception of the people will be rightly addressed by the government and the banking institutions. They should pave the way for the safe and secure means to cashless transactions.

10. RECOMMENDATIONS

- Creating and improving the financial literacy of the people by organising campaigns, street shows, classroom teaching and individual financial counselling.
- The government should make available the necessary infrastructure like appropriate internet connectivity.
- Government should make emphasis on reducing the cost of internet connectivity and the cost of other necessary equipment.
- There should be adequate legislation on all aspects of the operation of the cashless system so that both operators of the system and the public can be adequately protected.
- Government should make concerned efforts to design an internet security framework to check online fraud so that the public can be assured and protected against cyber-attack and fraud.
- Motivate shopkeepers in rural areas to accept cashless payment instead of cash so that even people in rural areas also prefer cashless transactions.

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