

## Impact of Cashless Transactions on the Society

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### Abstract

The research paper focuses on the impact of cashless transaction in the society. It studies the views of various categories of people on the cashless economy. Cashless economy is an economic system in which there is little or very low cash flow in a society and goods and services are bought and paid through electronic media. Cashless economy is the economy in which transactions are made by debit cards, credit cards, cheques or direct transfer from one account to another. A study was conducted in Coimbatore city with the respondents of 150 and the data was collected with the help of structured Questionnaire and was further analyzed using (SPSS) for the tools percentage analysis, correlation and ANOVA. The study shows that the introduction to cashless economy in the city can be seen as a step in right direction.

**Keywords:** Cashless Transactions and Society

### INTRODUCTION

A Cashless society describes an economic state whereby financial transactions are not conducted with money in the form of physical bank notes or coins, but rather through the transfer of digital information (usually an electronic representation of money) between the transacting parties. Cashless societies have existed, based on barter and other methods of exchange, and cashless transactions have also become possible using digital currencies such as bit coin. However this article discusses and focuses on the term "cashless society" in the sense of a move towards, and implications of, a society where cash is replaced by its digital equivalent - in other words, legal tender (money) exists, is recorded, and is exchanged only in electronic digital form.

Such a concept has been discussed widely, particularly because the world is experiencing a rapid and increasing use of digital methods of recording, managing, and exchanging money in commerce, investment and daily life in many parts of the world, and transactions which would historically have been undertaken with cash are often now undertaken electronically. Some countries now set limits on transactions and transaction values for which non-electronic payment may be legally used.

### OBJECTIVES OF THE STUDY

- To analyse people's opinion towards cashless transaction.
- To find out the most preferred application for cashless transaction.
- To study the demographic profile and its impact on the preference towards cashless transactions.

## NEED FOR THE STUDY

Saving money and time for companies and governments will get efficient and they can reduce costs as they no longer need the manual accounting work to be done. The costs associated with accounting and handling cash is very high. Less cash decreased crimes. Business and individuals can also avoid other costs as well. More spending helps to improve economic growth when a nation is taking a step towards a cashless economy, a boost in the economic growth can be expected. In this prospective the study is undertaken.

## SCOPE OF THE STUDY

In recent years there has been considerable interest in the development of electronic money schemes. The study has been conducted in Coimbatore city. The coverage area are important places of Coimbatore city. This research study is conducted for period of 6-8 months. This paper argues that cashless transaction, People's awareness, mind set on cashless transaction. Opinion from people and the problems faced by them can be rectified by government. Cashless transaction could become an important form of currency in the future.

## LIMITATIONS OF THE STUDY

1. The data has been collected in Coimbatore city alone and the findings will not be applicable to the other parts of India due to the Socio-cultural and Economic differences.
2. Sample size is very small.
3. The respondents are reluctant in responding to the questionnaire
4. **Barker (1992) in his study, Globalization of credit card usage: The case of a developing economy**” investigate the attitude of Turkish consumers towards credit cards, and the approach of card issuers. The better educated, middle aged members of the upper middle class were the prime focus; the most important reasons for using a credit card were “ease of payment”, along with the “risk of carrying cash”, Non holders do not carry credit cards because they do not know much about it. The usage and the administration of credit cards are influenced by the infrastructure of the country and therefore, credit card companies have to modify their marketing procedures rather than following a standardized approach. **Murali D. and Jaishankar P (2007) “Biometrics ATMs in India from NCR”** Financial Inclusion through Biometric ATMs analyzed that banks in India are looking at deploying biometric ATMs targeted to reach the unbanked population in rural India. Using thumbprint and voice guidance in ATMs reduces literacy requirements to a considerable extent. Thus, establishing the identity of a rural depositor through biometrics makes it possible for illiterate or barely literate people to become part of the banking user community. **Anupama Sharma (2012) in her research paper “Plastic card frauds and the countermeasures: towards a safer payment mechanism”** have thrown light on the number of frauds increased considerably in the usage of plastic cards as in case of plastic card frauds the most affected parties are the merchants of goods and services as they have to bear the full liability for losses due to frauds, the banks also bears some cost especially the indirect cost whereas the cardholders are least affected because of limited consumer liability and concluded that all these losses can be dealt with by making the prudent use of the new technology and taking the respective counter measures. **Aritra Brahma and Rajasi Dutta (2018) “ Cashless Transactions and Its Impact - A Wise Move Towards Digital India”** The findings

reveal that while people are getting comfortable with cashless payments, some kind of negative perceptions are holding back many from adopting the new system. The negative perceptions are like security problems, poor network coverage, and lack of merchant willingness, high transactional costs, lack of users' knowledge on technology, defunct POS machines, delayed reimbursement in case of failed transactions, procedures and financial limits

The sample size was 150 respondents and data was collected using convenience sampling technique. The collected data were tabulated and analyzed by using Percentage method Anova, Correlation and Chi-square

### Percentage analysis:

#### MOBILE PAYMENT APPS USED OFTEN BY RESPONDENT

S.No	Mobile Payment Apps	No. of respondents	% of respondents
01	Paytm	88	58.7
02	Mobikwik	16	10.7
03	Google pay	34	22.7
04	Others	12	8
	Total	150	100

### INTERPRETATION:

Out of 150 respondents, 58.7% of respondents use Paytm app for paying money through mobile, 10.7% use Mobikwik app, 22.7% use Google pay and 8% use other payment app like PayPal, PayUMoney, etc.,

### CORRELATION

#### 4.3.1.RELATIONSHIP BETWEEN QUALIFICATION AND PREFERENCES OF THE RESPONDENTS OVER CASHLESS TRANSACTION.

##### AIM:

To find out the relationship between respondents qualification and their preferences cashless transaction.

##### Ho: Null hypothesis

There is no significant relationship between qualification and their preferences cashless transaction.

##### H1: Alternative hypothesis

There is a significant relationship between qualification and their preferences cashless transaction.

**TABLE 1 : Between Qualification and Preferences**

		Gender	Prefer Cashless transaction
Gender	Pearson Correlation	1	.361
	Sig. (2-tailed)		.023
	N	150	150
Prefer Cashless transaction	Pearson Correlation	.361	1
	Sig. (2-tailed)	.023	
	N	150	150

**INTREPERTATION:**

From the above table it is inferred that the medium correlation exists between the respondent’s qualification and their preferences on the cashless economy ( $r=0.361, p=0.023$ ). Hence it was found that positive and there is significant relationship between these variables.

**4.3.2.RELATIONSHIP BETWEEN AGE GROUP OF RESPONDENTS AND THEIR PERSONAL OPINION TOWARDS CASHLESS ECONOMY.**

**AIM:**

To find out the relationship between respondent’s age group and their personal opinion about the cashless economy.

**Ho: Null hypothesis**

There is no significant relationship between respondent’s age group and their personal opinion about the cashless economy.

**H1: Alternative hypothesis**

There is a significant relationship between respondent’s age group and their personal opinion about the cashless economy.

**TABLE 2: Between Age group and personal opinion**

		Age	Personal Opinion
Age	Pearson Correlation	1	0.006
	Sig. (2-tailed)		0.938
	N	150	150
Personal Opinion	Pearson Correlation	0.006	1
	Sig. (2-tailed)	0.938	
	N	150	150

**INTREPERTATION:**

From the above table it is inferred that there is no significant correlation between the age group and their personal opinion on the cashless economy. ( $r = 0.006, p = 0.938$ ).

**ANOVA ANALYSIS****4.4.1.RELATIONSHIP BETWEEN THE RESPONDENTS EMPLOYMENT STATUS AND THEIR PERSONAL OPINION TOWARDS CASHLESS ECONOMY.****AIM:**

To find out the relationship between respondent's employment status and their personal opinion towards cashless economy.

**Ho: Null hypothesis**

There is no significant relationship between respondent's employment status and their personal opinion towards cashless economy.

**H1: Alternative hypothesis**

There is a significant relationship between respondent's employment status and their personal opinion towards cashless economy.

**TABLE 1:**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.633	4	0.908	2.872	0.025
Within Groups	45.86	145	0.316		
Total	49.493	149			

**INTERPRETATION:**

From the table it clearly shows the output of ANOVA analysis and whether there is a statistically significance difference between our group means. It shows that the significance value is 0.025 (i.e.,  $p = 0.025$ ), which is below 0.05 (i.e.,  $\alpha = 0.005$ ) and, therefore, we accept alternative hypothesis and reject the null hypothesis. So, there is a statistically significant relationship between the respondent's employment status and their personal opinion towards cashless economy.

**TABLE 2:**

(I) Employment	(J) Employment	Mean Difference (I-J)	Sig.
Employee	Business	-0.227	0.243
	Student	-0.199	0.272
	Home maker	-.477*	0.044
	Other	-.977*	0.003

\*. The mean difference is significant at the 0.05 level.

## **INTERPRETATION:**

From the post hoc table it is identified that respondents who has the employment status like Homemaker and others have a significant difference with respondent's employment status such as homemaker and others towards cashless payment.

## **FINDINGS, SUGGESTIONS AND CONCLUSION**

### **5.1.FINDINGS**

#### **5.1.1 PERCENTAGE**

1. The majority 53.3% of respondents have positive opinion towards cashless transaction.
2. The majority 70.7% of respondents use mobile money to pay for goods and services 0 to 5 times in a month.
3. The majority 50.7% of respondents prefer to use digital money as the mode of paying for goods and services.
4. The majority 58.7% of respondents use Paytm as their payment app for paying their goods and service.
5. The majority 40.7% of respondents spend the average amount of 1,000-5,000 through the mode of E-payments.
6. The majority of 30.7% of respondents worries more to switch into cashless society due to the hackers activity.
7. The majority 66.7% of respondents bank provides cashless transaction.
8. The majority 38.7% of respondents agree that cashless transaction reduced tax evasion.
9. The majority 36.7% of respondents agree that there is less crime in black money.
10. The majority 52% of respondents agree on the opinion towards savings on cost of cash.
11. The majority 38.7% of respondents have neutral opinion towards cashless transaction attack on parallel economy.
12. The majority 34% of respondents agree cashless transaction security and convenience for transaction.
13. The majority 30.7% of respondents agree on boost in consumption.
14. The majority 65.3% of respondents prefer cashless transaction than cash transaction.
15. The majority 63.3% of respondents did not face problems while doing cashless transaction.
16. The majority 73.3% of respondents say cashless transaction is easy, useful and time-saving.
17. The majority 34.7% of respondents have neutral opinion that cashless transaction violates privacy.
18. The majority 32% of respondents agree that cashless transaction has increased risk of security breach-cyber-attack.

### **5.2 SUGGESTIONS**

1. Paytm is the most preferred application because of its user friendly interface and other applications should also adapt to the latest technology.

2. Less number of respondents are familiar with cashless transaction hence awareness programs can increase familiarity among public.
3. Number of respondents agree to reduced tax evasion are low and government has to take measures to control black money.
4. Security and convenience in cashless transaction is not agreed by most so that bankers must secure their network from hackers.
5. Many of respondents agree that their privacy is violated due to cashless transaction hence government has to bring policy related to privacy.
6. Most of respondents strongly agree that cashless transaction increased risk of security breach-cyber attack that makes public fearful to use cashless transaction, security policies can reduce crimes.

### 5.3 CONCLUSION

This study gave a good exposure to the researcher in understanding the people's opinion towards cashless transaction in respect to Coimbatore city. From this study, fair numbers of respondents have responded positive opinion towards cashless transaction. People's opinion is gathered which will be useful for government and non-government organizations. Generally having liquid cash in hand we use it up or have to bear the risk of it being stolen, either way it will be a loss. This should be made aware to the public by banks and other financial institutions, etc so that more people will adopt cashless transaction. There are many benefits of cashless economy like faster transactions and accountability, and reduced maintenance costs. Government should take measures to make public believe cashless transaction are safe and so cashless economy can be developed.

The first step the government initiated was demonetization. However, the benefits of this move, have now started trickling with more and more people switching to digital modes of receiving and making payment. Digital transactions are traceable, therefore easily taxable, leaving no room for the circulation of black money. The whole country is undergoing the process of modernization in money transactions, with e-payment services gaining unprecedented momentum. A 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. All the information noted in the report is true and it collected through questionnaire. If the given suggestions are adopted by government, non-government organizations and bankers, there will be huge support from public in future.

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