

Professional Behavior regarding Cashless Economy – A Case Study

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ABSTRACT

India is planning to apply the concept of cashless as a strategic weapon to transform the way they operate, deliver, and compete against each other. As a result Cashless economy was introduced as a method where bank customers could perform their financial transactions electronically via their banks' Web sites. So the techniques of cashless economy are becoming popular because of convenience and flexibility. The present paper explores the major factors responsible for cashless economy based on respondents' perception on various internet applications. It also provides a framework of the factors i.e reliability, privacy, responsiveness, relative advantage and complexity etc. are taken to assess the perception of cashless economy.

Key words: *Cashless Economy, Banks, Behavior, Professionals*

I INTRODUCTION

Cashless Economy can be defined as a situation in which the flow of cash within an economy must be through electronic channels such as direct debit, credit cards, debit cards, electronic clearing, and payment systems such as Immediate Payment Service (IMPS), National Electronic Funds Transfer (NEFT) and Real Time Gross Settlement (RTGS) in India. This concept is being discussed worldwide for the fact that 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 the transactions which would have been undertaken with cash are often now undertaken electronically. There is evidence to believe that cash is slowly going away. The year of 2016 marked yet another decrease in the amount of banknotes and coins in circulation in India. However, the popularity of Electronic Money Transfer Systems (EMTS) is not the same for every individual in the country. There are people who find it hard to embrace the new ways of payment and continue to resort to cash for the most part of their day-to-day transactions. Cashless economy is what makes any economy more powerful for the fact that all the transactions which were being undertaken by hard cash at one point of time will be undertaken electronically in the future and because each and every transaction is recorded, it becomes easy to identify any issue related to money.

Cashless economy is a sign of development. Going cashless makes the lives of the people simpler for the fact that it

is much easier to transfer money from one place to other. Cashless is not only easier but it is faster and helps people keep budget of their spending. When people have hard cash in their hand, they may spend it on multiple things. But when it comes to digital transactions, it becomes easy for a person to analyse how much he can spend in order to keep his savings safe enough if any emergencies arise out of nowhere. When people are told about digital transactions, the first doubt they have is of the security of such transactions. It is pretty natural as people fear that their money may go into wrong hands and it could be used against them as well. But it is still a convenient way of making transactions as the security measures are being taken by Government and the security of digital transactions is being improved step by step for the benefit of the country and its citizens.

II LITERATURE REVIEW

Many empirical studies have been conducted on the subject of ‘cashless economy’ in India and abroad. The major emphasis of research has been on various issues like frauds, security, usage pattern, new method of e-payment, etc. *John (1997)* explained the feasibility of introducing cashless means of business transactions into our society and the security threats associated with it. He also explained the potentials of applying data mining techniques to effectively control the security threats and finally presents a model for knowledge extraction in a cashless environment. *Piyush (2015)* concluded that charisma of cashless transaction system, its usability and affordability, prediction of future income. It is also stated that cashless system is not only a requirement but also a need of today society. So, it is stated that future transaction system is undoubtedly cashless transaction system.

P Manivannan (2013) pointed out that use of plastic money is the measure of a Luxury credit card, and the need. He also find out that the plastic money and the electronic payments and used by people of higher income category. The extension of this facility is not only meant for customers in urban areas or cities, but also is for customers who live in rural areas. However, today, with the development of banking industry, fixed income group also begins the use of plastic and electronic money payment systems and especially credit cards. *Subhani (2011)* found that the preference to use of plastic money/ credit card has its pros and cons with its usability and affordability. He said, plastic money is a form of conditioning and acts as a stimulus which qualifies a consumer to spend. He also shows that the preference to go for plastic money has a positive attitude that it is easy to use. The perception of credit card usability is associated with a psychological phenomena that people are likely to spend less with credit card and spend more with the same amount of cash on hand in the same budget and this precept also linked with the consumer self convenience. *Almeida (1995)* concluded that credit card business is booming as more than 1.1 million Indians have credit cards with them. Their numbers are expected to grow at an even faster pace as issuing banks get aggressive.

Studies show that more than 4000 business establishments in the country accept credit cards. The country now provides all the ingredients for a healthy credit cards industry: a rapidly expanding, increasingly acquisitive middle

class, a growing yen for travel and entertainment sophisticated merchant establishment and greater transparency in financial system. Acquiring banks for business from merchant establishment has brought the commission down and if the issuing bank happens to be also the acquiring bank, it gets the entire merchant discount. Finally, no payment system can ever replace cash in India on a wide spread basis.

Ashish Das and Rakhi Agarwal (2010) concluded that cashless payment system will help to reduce currency management cost, track transactions, check tax avoidance / fraud etc., enhance financial inclusion and integrate the parallel economy with main stream. **Jain, P.M (2006)** concluded that e- payments will be able to check black income. He also pointed out the need for e-payments and modes of e-payments and communication networks are a need for the business today.

Annamalai, S. and Muthu R. Iakkuvan (2008) concluded that plastic money projected very good growth of debit and credit cards in the retail transactions. They also mentioned the growth factors, which leads to its popularity, important constraints faced by banks and summarized with bright future and scope of plastic money. *Anirudh Burman (2016)*, investigated the government's move to demonetize RS 500 and RS.1000 notes, and place restrictions on withdrawals, exchanges and deposits has attracted both appreciation and criticism. This piece analyses the framework of this discourse and its implications for the economy and society. Terms like "demonetization", "corruption", "inconvenience and hardship", "implementation" form the basis of this discourse. Interestingly, most of these terms have originated from the government itself. The piece argues that by confining ourselves to these terms, they fail to group the true nature and impact of this measure.

Sandeep Kaur (2016) had written that demonetization refers to withdrawal of a particular form of currency from circulation. Demonetization is necessary whenever there is a change of national currency. The old unit of currency must be removed and substituted with a new currency unit. The currency was demonetized first time in 1946 and second time in 1978. On Nov, 2016 the currency is demonetized third time by the present Modi government. This is the bold step taken by the government for the betterment of the economy and country. This paper discusses the impact of recent demonetization on Indian system

III RESEARCH METHODOLOGY

To examine the views of professional regarding cashless economy, primary data has been collected using questionnaire. The questionnaire was designed to ascertain the views of the respondents on the area of concern under the study. The questionnaire includes 13 statements developed on the basis of the research regarding professional perception towards Cashless Economy. The respondents are asked to rate the extent to which their characteristics matched with the statements on a five point likert scale (where

1- Strongly Disagree to 5- Strongly Agree). The data has been collected through the professional across NCR. The sample size of the study under consideration has been taken of 115 respondents. The sample has been taken on the basis of judgmental sampling. The analysis of primary data would be done using Descriptive Statistics and cross tab.

Research Objectives:

- To do an in-depth study and to study about Cashless economy in India.
- To study the Professional views towards cashless economy.
- To Study the Professional behavior towards cashless economy.

Data Analysis

Table No. 1 Professional Responses Regarding Cashless Economy

	Statements	Response	Frequency	Percent
1	Do you think cashless system is preferable?	Yes	95	82.6
		No	20	17.4
2	Do you think security is the biggest concern about cashless payments?	Yes	98	85.2
		No	17	14.8
3	Do you think going cashless will be a good idea for India?	Yes	81	70.4
		No	34	29.6
4	Do you use debit/credit card?	Yes	96	83.5
		No	18	15.7
Total			114	100

From table-1 we observe that when we talk about cashless economy; 82.6% people agreed that cashless system is Preferable. It can be interpreted that they choose to prefer cashless economy as compared to hard cash. The data also shows that a large group of people prefer cashless economy in the country. When views are considered in the favor of people who agreed upon security is the biggest concern about cashless payment; results revealed that 85% people are favoring the same whereas rest 14% are not worried about security issues.

Table No.2 - Professional Behavior Regarding Cashless Economy

S.No	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
1	Discounts on digital transactions will encourage people to use online payments methods.	36	55	21	3	0	115
		31.3	47.8	18.3	2.6	0	100
2	Electronic payments are more convenient than cash payments.	22	55	32	5	1	115
		19.1	47.8	27.8	4.3	0.9	100
3	Cashless economy will be most challenging for small vendors and villagers	26	51	21	13	4	115
		22.6	44.3	18.3	11.3	3.5	100
4	It is impossible for India to go cashless.	10	26	38	36	5	115
		8.7	22.6	33	31.3	4.3	100
5	Cashless economy will help in reduction of terrorism in India.	15	55	30	11	4	115
		13	47.8	26.1	9.6	3.5	100
6	Lack of education is the biggest hurdle in making India a cashless economy.	30	50	23	12	0	115
		26.1	43.5	20	10.4	0	100
7	Cashless transactions will be a challenging job at places with poor connectivity.	36	61	13	3	2	115
		31.3	53	11.3	2.6	1.7	100
8	Going cashless will help the country get over the problem of money laundering.	14	58	38	3	2	115
		12.2	50.4	33	2.6	1.7	100
9	People in India face problems in electronic transactions because of lack of awareness.	30	55	21	8	1	115
		26.1	47.8	18.3	7	0.9	100

IV RESULTS & DISCUSSION

When we consider the concept of discounts on digital transactions and their encouragement on people; it can be found out that an average of 47.85 people agreed on the same and , 31.3% are strongly believing it, 18.3% are not so sure and only 2.6% are there who do not support online payment method discounting whereas when we consider the views of respondents on electronic payments are more convenient than cash payments; it can be found out that 47.8% respondent are agree with this while 19.1% are strongly agree whereas 27.8% of the respondent has no idea about it or they are neutral while 4.3% people disagree to it.

In case of challenges of cash less economy; 48% people agree to the statement, 19%are strongly believing it, 28% are not sure about it and only4% are there who do not support this idea of conversion. 44.3% of the respondent agrees to this that cashless economy is impossible for India whereas , 22.6% strongly agree to it, and 18% are neutral and 11% and 4% are disagree and strongly disagree to it. Majority of the people who agrees cashless economy will be most challenging for small vendors and villagers are 22.6%, while 8.7% strongly agrees to it.36% People are those who are against it and 38% have no idea about the same. Whereas Respondent who strongly agree upon cashless economy will help in reduction of terrorism in India. are 13%, who agree to it are 47.8% and those who disagree to it are 11% while 30% are confused about the same. When we talk about education it can be found out that 44% of the people agree to lack of education is the biggest hurdle in making India a cashless economy whereas 26% strongly agrees whereas 10% does not think that education is important in making country go cashless.

When we consider the views of challenges of cashless economy; results revealed that 50% of the people agree to cashless transactions will be a challenging job at places with poor connectivity. 33% have no idea about it and 12% strongly agrees to it, whereas 3% disagrees to this statement. Furthermore interesting resulting are coming as 50% of people are ready to accept that going cashless will help the country get over the problem of money laundering and about 70% of the respondents are in favor of People in India who face problems in electronic transactions because of lack of awareness., 18.3% are reacting neutral to it whereas only 8% are strongly disagreeing it.

V CONCLUSION

From the above analysis it can be concluded that many people actually agree with implementation of cashless economy since it helps to fight against terrorism, corruption, money laundering however one biggest problem is found with illegal access to primary data. So it is very important to strengthen internet security system against online frauds. Large number of people is still below literacy rate living in rural areas .For smooth implementation of cash less system in India; transparency and efficiency in e-payment system, strategies used by government and RBI to encourage cashless transactions by licensing payment banks, promoting mobile wallets and withdrawing service

charge on cards and digital payments is required. Online literacy campaign should be conducted by government time to time to make population aware of benefits of electronic payments.

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