



Cash to Cashless Economy: Shifting Paradigms

Arshiya Goyal
Research Scholar,
Dept of Commerce, IIS University,
Rajasthan (India)

Dr. Ruchi Jain
Senior Assistant Professor,
The IIS University,
Rajasthan (India)

Abstract: *The Central Government of India has already expressed its intention of transforming the country into a less-cash economy. Having such an intention the government has started promoting digital payment in the country. Besides, the government and its departments have taken initiatives to make the country's journey successful. The cash control by the Reserve Bank of India in the post-demonetization (2016) period was, perhaps, the most controversial drive towards the cashless economy. This initiative of the government was bitterly criticized on the ground that the country's digital payment infrastructure remained under-developed. This paper attempts to analyze the status of cashless economy and its payment methods in India and highlights the reasons, benefits and worries of being cashless.*

I. INTRODUCTION

Prime Minister Narendra Modi's Digital India programme is an attempt to create a digitally empowered society, with financial inclusion contributing to a formal economy. The main idea behind this vision is not just connectivity. The data produced with this digitization can be leveraged for a host of applications. Demonetization will give a much required push for consumption to be digitally driven and payments to go cashless. Banks can open new accounts using Aadhaar-linked e-KYC mechanisms.

Businessmen will get advantage of receiving payments digitally at the minimum cost possible. They can raise invoices with GST-enabled software and get appropriate tax credits in their bank accounts. Tax collections will increase and evasion will come down as electronic transactions grow. Small business owners and micro-entrepreneurs will also be benefitted as they will have a new form of transaction in the market. The demonetization of old currency is a bold move not only for economic and security reasons but for offering an inflection point to leapfrog a few generations into the future and take ownership of the digital industrial revolution.

- ✓ **Credit and Debit Cards** – These cards can be used for online bill payments. These payment cards are issued by the banks with the objective of facilitating their customers in making payments digitally.
- ✓ **USSD (Unstructured Supplementary Service Data)** - Based mobile banking system is a digital banking system that adds a provision of consumer payment to the normal banking services.
- ✓ **AEPS(Aadhaar Enabled Payment System)**- AEPS is a bank led model which allows online interoperable financial transaction at PoS (Point of Sale / Micro ATM) through the Business Correspondent (BC)/Bank Mitra of any bank using the Aadhaar authentication.
- ✓ **Mobile Wallet**- is an app based mobile payment system that can be used for paying and receiving money. It is a peer to peer transaction system that requires a smart phone with internet connection.
- ✓ **Internet Banking** - Online banking, also known as internet banking, it is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website.
- ✓ **Mobile Banking** - Mobile banking is a service provided by a bank or other financial institution that allows its customers to conduct financial transactions remotely using a mobile device such as a smart phone or tablet. Unlike the related internet banking it uses software, usually called an app, provided by the financial institution for the purpose. Mobile banking is usually available on a 24-hour basis.
- ✓ **Micro ATMs** - Micro ATMs are card swipe machines through which banks can remotely connect to their core banking system. This machine comes with a fingerprint scanner attached to it. In other words, micro ATMs are handheld point of sale terminals used to disburse cash in remote locations where bank branches cannot reach.

II. REVIEW OF LITERATURE

- **Mukhopadhyay B. (2016)** revealed a study of a theoretical model that evaluates decisions by consumers and sellers to adopt cashless payments and their perceptions on it. The data from surveys conducted in 2011 and 2014



(from World Bank’s Global Findex) to estimate the amount of cashless transactions prevalent in India and identify the avenues that are successful and those that are not.

- **Gupta R, (2016)** discussed in his study that the demonetization was implemented with the aim of eliminating societal corruption and counterfeit currency. But the move was sudden, happening overnight. Government figures show a 268% increase in year-on-year tax collection from 47 Indian cities for November 2016.
- **Washington, S. (2016)** has mentioned that Consumers are drawing out less cash and using other methods to pay for things such as contactless payments, but this doesn’t necessarily signal the end of bank tellers or their automated counterparts. There is conflicting evidence on whether or not banks are moving away from providing customers with a human face or an ATM.
- **Handelsman and Munson (1989)** focused on switching behaviors from credit card to cash payment among ethnically diverse retail customers” shows that the credit card sales constitute an important revenue source for many retailers. Particularly needed is a better understating of the propensity to switch over from credit card to cash payment and the incentive required to initiate switching.
- **Simon and victor (1994)** discussed that “Customers’ Risk Perceptions of Electronic Payment Systems” finds that one reason for the slow adoption rate of electronic fund transfer at point-of-sale (EFTPoS) is that consumers perceive that EFTPoS has a higher level of risk than other traditional payment methods.

Objectives:

- a) To examine the effects of cash to cashless economy on the consumers.
- b) To find out awareness among consumers about cashless economy.
- c) To analyze the consumers perception on cashless economy.

Hypothesis:

(H0A): There is no significant difference in level of awareness of people in cash economy and cashless economy.

(H1): There is significant difference in level of awareness of people in cash economy and cashless economy.

(H0B): There is no impact of challenges to be faced on the people while being cashless.

(H1): There is an impact of challenges to be faced on the people while being cashless.

Research Methodology:

This study is based on primary data

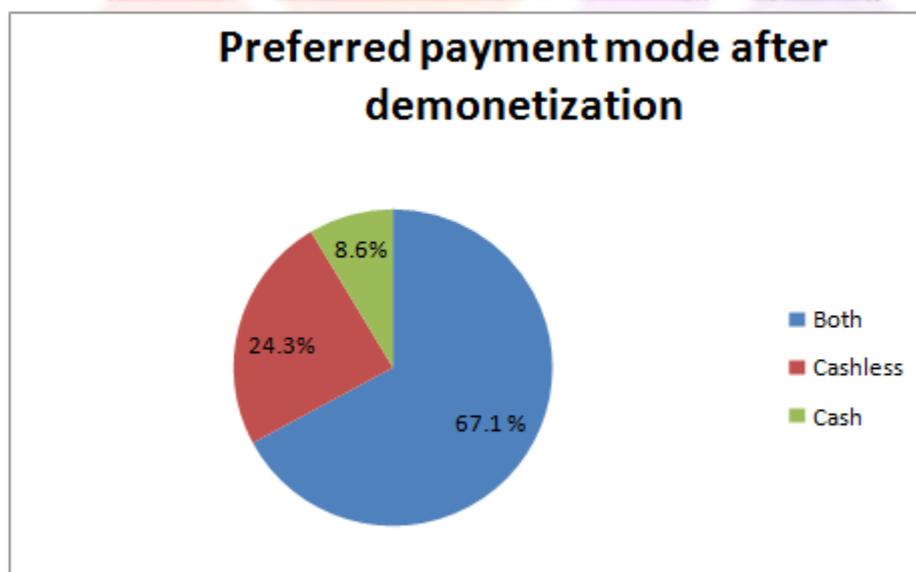
Sample Area- Jaipur City

Sample Size-70 persons

Sample Technique- Random Sampling.

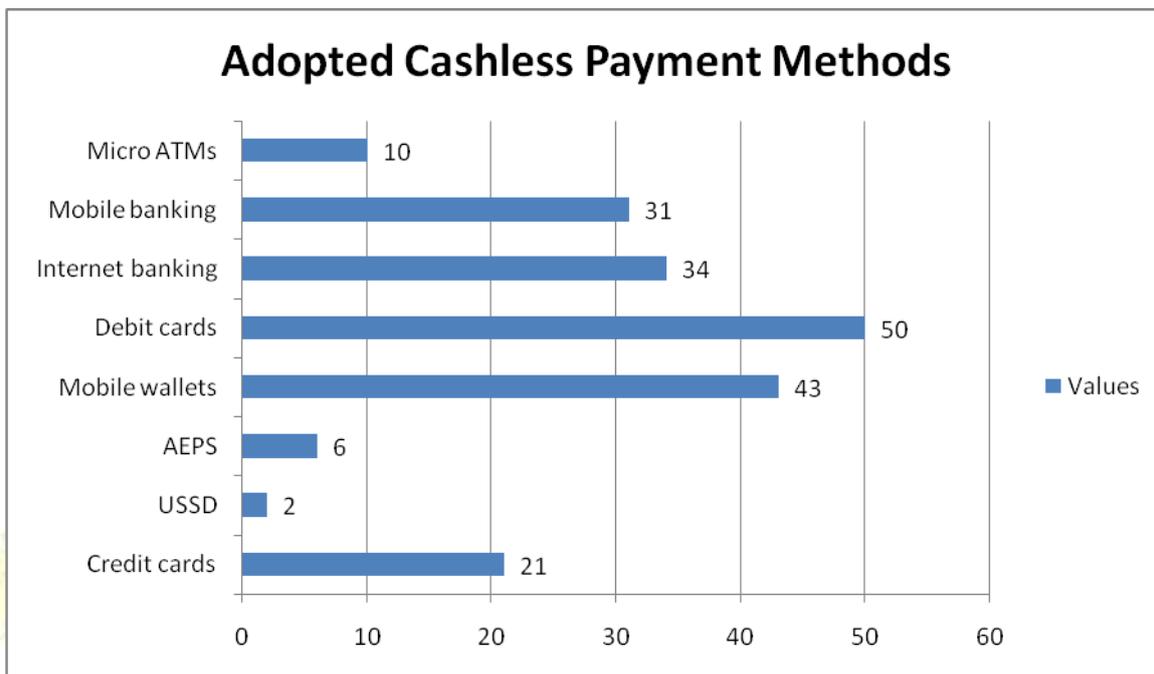
III. DATA ANALYSIS AND INTERPRETATION

Chart 1



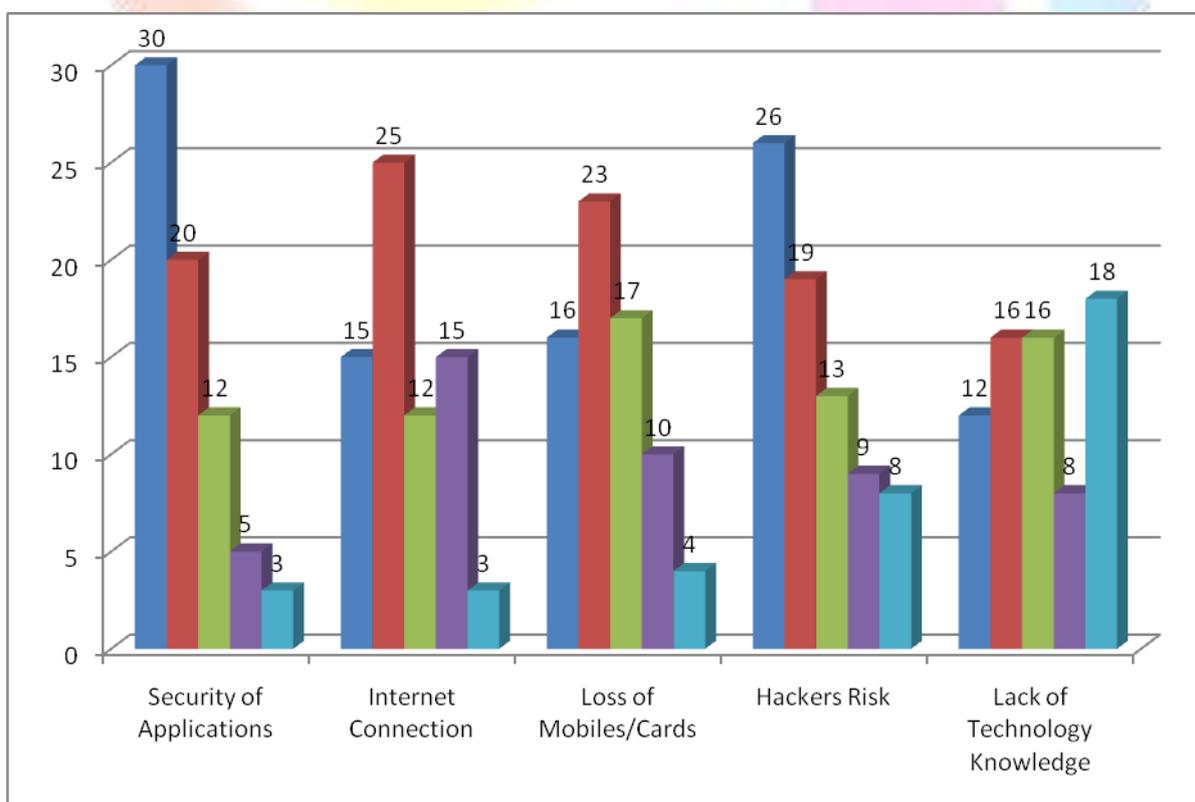
Interpretation: Out of 70 people, who were analysed for the study, 67.1% of the persons adopted both cash and cashless payment modes after demonetization, 24.3% of the persons adopted cashless payment mode and 8.6% of the persons adopted mode of cash for payment.

Chart 2



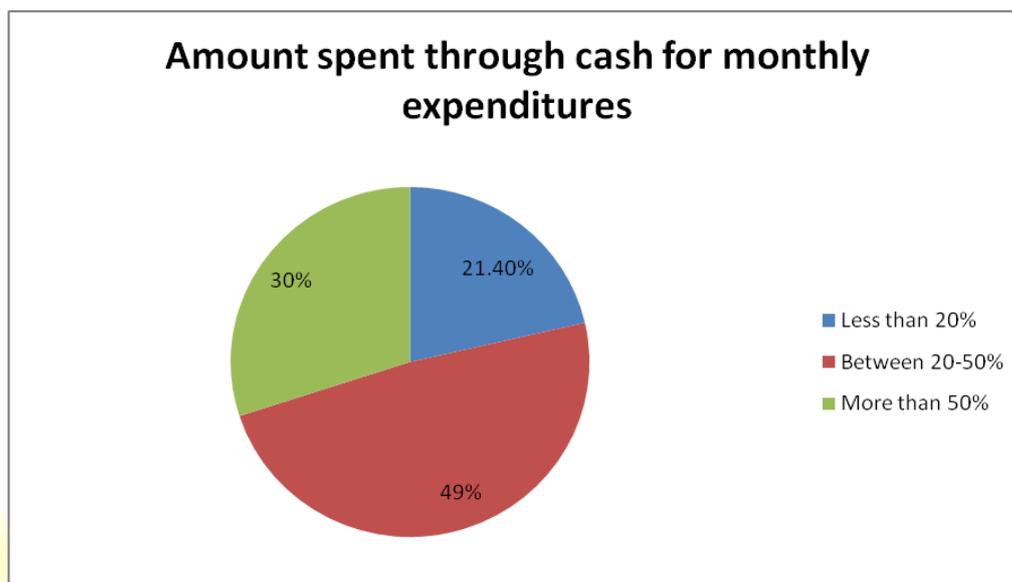
Interpretation: Out of 70 people, 10% of the people use Micro ATMs, 31% of the people use Mobile banking, 34% of the people use Internet banking, 50% of the people use Debit cards, 43% of people use Mobile wallets, 6% of people use Aadhaar enabled payment system, 2% of people use Unstructured supplementary system, 21% of the persons use Credit cards. This shows that there is more usage of debit cards and mobile wallets than any other payment mode.

Chart 3



Interpretation: It is seen that out of 70 people who were examined for the paper, most of the persons have marked security of applications as the greatest worry in shifting economies, the second highest worry involved is the hackers risk and the least importance is given to technology knowledge.

Chart 4



Interpretation: Out of 70 people, 21.4% people spend less than 20% through cash for monthly expenditures, 49% people spend between 20-50% through cash for monthly expenditures and 30% people spend more than 50% through cash for monthly expenditure

IV. FINDINGS

Here it is found From Chart no.1 that there are very less percentage of people who use cash as mode of payment they can be easily converted into cashless economy This shows that there is less use of cash for making payments. In chart no.2 it is seen that people use debit cards and mobile wallets at their greatest for making payments and least of Aadhaar enabled payment system and unstructured supplementary data system. From chart no.3 it is found out that most number of people says security of applications is greatest worry they are facing while making cashless payments and lack of technology knowledge is at the lowest. From chart no.4 it is found out that most people spend between 20-50% in cash for their monthly expenditures.

V. SUGGESTIONS

It is suggested that an awareness drive should be conducted among the people of different areas so that they get more information and knowledge about the cashless economy and various payments methods available in it. Though the persons in cash economy are less as compared to cashless economy but the people using cash can also be shifted to cashless economy by providing them adequate and proper information and guidelines for being cashless which in turn will help our economy to develop and grow.

VI. CONCLUSION

From this paper it would be concluded that there are significant number of people using cashless payment modes while making payments but still there are some people who are using cash for making payments. It is so because they are not aware about the cashless payment options available to them which can make their lives much easier and their payments much faster and convenient.

By studying the views of people of both urban and rural localities it can be concluded that people of urban locality are much more aware than the rural ones so there is a need to create awareness among people in rural areas so that they also shift themselves from cash economy to cashless economy.

REFERENCES

1. Cashlessindia.gov.in. (n.d.). Digishala. Retrieved March 03, 2017 from <http://cashlessindia.gov.in/digishala-educational-tv-channel-for-digital-payments-on-dd-free-dish.html>
2. Cashlessindia.gov.in. (n.d.). BHIM. Retrieved from <http://cashlessindia.gov.in/bhim.html>.
3. Digitalindia.gov.in. (n.d.). Retrieved March 12,2017 from <http://www.digitalindia.gov.in/content/about-programme>



4. MHRD. (n.d.). VitiyaSakashartaAbhiyan. Retrieved March 03,2017 from <http://mhrd.gov.in/vishaka/>
5. Cashless India. Gov.in. (2016). Package for promotion of digital and cashless economy. Retrieved from <http://cashlessindia.gov.in/package-for-promotion-of-digital-and-cashless-economy.html>
6. King, M. (2006). Trusting in Money: From Kirkcaldy to the MPC. The Adam Smith Lecture. London: Bank of England.
7. Kocherlakota, C. A. (2014). Internal debt crises and sovereign defaults. *Journal of Monetary Economics*, Elsevier, vol. 68(S), S68-S80.
8. CH. B. V. L. Sudheer, & Ashrefunnisa, M. (2017, February). Electronic Payment in Cashless Economy of India: Problems and Prospect. *International Journal of Scientific Engineering and Technology Research*, 6(7), 1398-1402.
9. Pakojwar, S., & Uke, D. N. (2014, October). Security in Online Banking Services –A Comparative Study. *International Journal of Innovative Research in Science,Engineering and Technology*, 3(10), 16850-16857. 6.
10. Rachna, & Singh, P. (2013, December). Issues and Challenges of Electronic Payment Systems. *International Journal for Research in Management and Pharmacy*, 2(9), 25-30.

