

# A Study on Challenges Faced by Households with Reference to Cashless Transaction

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## Abstract:

The influence of digitization leading people towards online transaction. E-banking is better in answerability, liquidity and expandability. Each and every sector of the economy has been influenced by cashless economy. The circulation of paper money is less in cashless economy. The present study tried to find out answers to various questions so as the customers or people can share their opinion and experience and the troubles which they are facing on usage of digital technology and takes the suggestion from the peoples about their requirements which will be convenient for them. This helps us to know various situations where people adopt themselves to digital payment. The study encourages the households to adopt cashless method of payment as it is easy and convenient for their payment.

**Keywords:** Digital payment, online transaction, customer satisfaction.

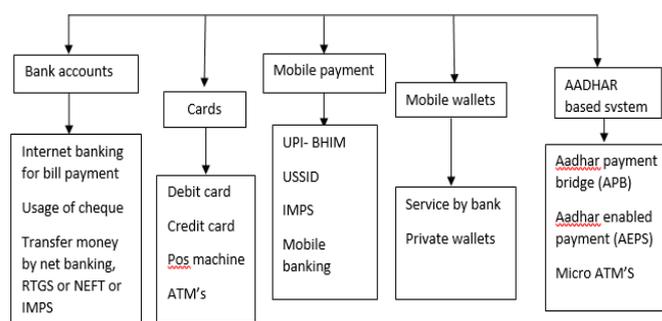
## I. INTRODUCTION

Money can be said as a life-blood of all the transactions taking place in the economy. Money is the base for all monetary transactions where goods and services are exchanged for money. Bank plays a major role in transaction of money and development of Indian economy. It came into existence in 18th century. Later banks got nationalised in the year 1969 and 1980. There was modernisation of banks during 20th century. Due to shortage of time, security and 24 hours of service offered by modern banking People's tried to adopt themselves to modern banking than traditional banking.

With limited cash in hand most people are running towards cashless transactions which has made the transaction easier and there is a massive growth of cashless discharge in India of 11.4% in the year 2016 compared to 2015 and it gradually increased by 22.2% in the year 2017. There was a drastic increase of 51% in 2018 from 2017. With the rise of cashless transaction there are many challenges faced by the households in adoption of the online banking. With this there is need for the advancements for the faster and reliable methods which makes the households easier for the adoption of cashless transaction. With this regard the present study aims at analysing the challenges faced by

households on cashless transactions and strategies to be adopted by the bank to overcome the challenges.

## II. MODES OF CASHLESS TRANSACTION



## III. LITERATURE REVIEW

Several researches have been conducted on cash less transactions. The present study highlights few of them. They are as follows:

Renita D'Souza (2018): has presented a paper on "cashless India: getting incentives right". It explains about the Process carried on to convert of cash into cashless economy. This study is about the evaluation from

bringing cash based to cashless economy in India by taking other countries into consideration and it speaks about the digitalisation of Indian economy and implementation of cashless economy in India. It is helpful in knowing Indian journey towards electronic payment and it shows the percentage increase in various modes of digital payment from 2015 to 2017.

Dr. R. Rupa (July 2017): has presented a paper on “demonetization: a way to cashless economy” with the objective to study the aim of demonetization towards the improvement in cashless economy in India. This study helps us to know about the various methods of payment such as paper-based payment and electronic payment methods. It made us know there is increase in use of credit cards and electronic or digital amount it leads to reduction of amount of cash carried by people

Ramya N (Jan 2017): conducted study on “cashless transaction: modes, advantages and disadvantages”. This explored on adoption of various modes of cashless transition offered to the people for easy transition and various advantages of cashless economy. Through this study we came to know about various discounts provided on digital payment such as 15% on service tax up to 2000, 0.75% on fuel payment made through credit or debit cards, 5% on railway tickets, 10% discount on government general insurance on premium and 8% on LIC policies made through online payment. It gives information about the various measures taken by government and RBI to promote cashless transaction in India.

Asim Husain (2018): this study is about “cashless transaction systems: a study of paradigm shift in Indian consumer behaviour”. This study attempted to identify the percent increase in various methods of online payment from 2011-2016. It also discusses about various methods of cashless transaction and their mechanism towards paper-based methods and electronic based method. This paper helps in identifying the factors that are responsible for transaction without payment of cash and to know about the challenges that were faced by cashless transition.

Dr. Venkateshwara rao podile, P. Rajesh, (Jan 2017): have explained in their research paper titled “public perception on cashless transaction in India” about the various drawbacks on online payment such as poor connectivity, various security related problems, low rate of merchant willingness, high transactional cost, lack of knowledge or information regarding payment and the

transactional limits which the customers are facing when the payment is made through digital way. Where it shows the impact of technical factors which influence the cashless transaction such as poor internet connectivity and defunct PDS machines on cashless transaction.

Dr. Budheswar Prasad Singhraul, Yogita Satish Garwal (March 2018): conducted a study on “cashless economy: challenges and opportunities in India”. It is a study where it compares other economy in terms of cashless economy and it helped us to know about the challenges and opportunities in implementation of cashless policies in India and it gives solutions on the challenges faced in implementation of cashless transition. It gives us knowledge about various economies with regards to digital economy.

S. Balamurugan (July 2018): this is study on “e-commerce – customer experience and relationship” presented the reader with the study of companies and the people who to examine the challenges in cashless transition in India. This study helped us in knowing one of the main barriers that is language used in mobile banking that rural people are facing. While comparing to other countries India has less number of credit card population and by the survey of 100 people majority of people believe that online transactions are useful for both customers as well as enterprise and they believe that e-commerce is better than traditional business and most of them use this mode of transaction to online shopping and for recharge purpose

Dr. S. Yuvaraj (July 2018): this was a study conducted on “consumer’s perception towards cashless transaction and information security in digital economy “to examine the consumer’s perception, awareness, and knowledge of the customers. This study was conducted by a sample size of 160 respondents and this study was useful to know about the mode of payment which is more preferred by the people and majority of the people choose cashless transaction through credit and debit cards and some through mobile wallet due to privacy and security and some use this method of payment due to shortage of cash and rest due to various discounts provided on online payment.

Dr. Roopadrashini s, prof. Lakshminarayana k (Jan 2018): in their article “A study on impact of cashless transaction on the Indian economy “they have explained about various benefits and various types of online transaction. They have provided information about growth and challenges faced by Indian people in adoption

online transaction and show us the percentage usage of various ways of online transaction by taking a sample of 100 people. By this article we came to know various steps taken by the government in implementation of online payment and give various suggestions regarding the implementation of cashless transaction.

Shamsheer singh (dec 2017): from this article “Study of consumer perception of digital payment mode” we came to know various digital modes provided in India and gives us information about various features of top 5 mobile wallets. It also explains about various benefit of online payment and by taking a sample of 150 respondents from various parts of Delhi it made us understand that majority of people believes that digital payment is associated with brand and it is convenient to use and due to secured transaction, they adopt online payment.

#### IV. STATEMENT OF THE PROBLEM

A classless economy where in transaction are carried out without physical currency. This is a situation where in circulation of paper money is minimal with the change in recent scenario. This study tries to bring out the awareness among the house holds about online payment and the usefulness of digital method and difficulties faced by them in adopting them.

#### V. SCOPE OF THE STUDY

This study discusses about the current situation of cashless economy after demonetization. It also strives to describe the use and the difficulties faced by households on usage of digital payment.

#### VI. RESEARCH METHODOLOGY

Due to the usage of several variables across 5 years, a panel data/longitudinal dataset was constructed. Categorical variables were introduced among 10 sectors classified by The Bloomberg Industry Classification Systems (BICS) first level of detail. An OLS panel data regression will be run introducing the Company Intangibility control variable. BICS1, the sector allocation used here, contains 10 unique macro sectors, which are then disaggregated in further BICS classifications, up to aThe present study includes both primary and secondary data. Primary data is collected through questionnaire, observation and discussions with the respondents. On the other hand, secondary data is collected through bank annual reports/ documents, website article journals

pertaining to the topic and search engines on internet. The present study considers a sample size of 32 respondents. Simple random technique method to be used for data collection. One sample test Method to be used for data analysis.

#### VII. OBJECTIVES OF THE STUDY

- a) To analyse the challenges faced by households on cashless transactions.
- b) Methods to be used to overcome the challenges of households on cashless transactions.

#### VIII. LIMITATIONS OF THE STUDY

- i. The present study is confined only to KODAGU DISTRICT CO-OPERATIVE CENTRAL BANK LTD and no other banks were considered for a comparative study.
- ii. The study sample size taken for the study is only 32 respondents.

#### IX. RESULTS AND DISCUSSIONS

Customer’s preferences towards payment method

Table No.1 presents various payment methods available to customers. It is evident from this table that most of the people choose mobile payment as the percentage is 53.12 percent and some people choose card payment as 25 percent and 18.75 percent of them choose cash payment and 3.12 percent people prefer choose cheque payment .so it is clear that most of the people choose digital payment

#### Customers preferences towards Payment method

Table NO.1

Particulars	Frequency	Percentage
Cash	6	18.75
Cheque	1	3.125
Card	8	25
Mobile Payment	17	53.125
<b>Total</b>	<b>32</b>	<b>100</b>

Awareness of online transaction among households

The data represents about the awareness among the people on online payment. The data indicates that 56.25 percent of households agree about the usage of digital payment, 25 percent of them most agree, 15.65 percent of them almost

agree that they are aware and 3.12 percent disagree that about their awareness of online payment. It can be concluded that majority of people are aware about online transaction

### Preference of digital payment

Table No 2 constitutes the preferences of the customers towards online payment. Majority of the people agree that they prefer digital payment as the percentage stood at 71.87 percent, where as 18.75 percent of them often prefer online transactions and 9.375 percent of people say that don't prefer online payment. As most of them prefer using digital transaction there is a growth in digital payment

**Preference of digital payment  
Table NO.2**

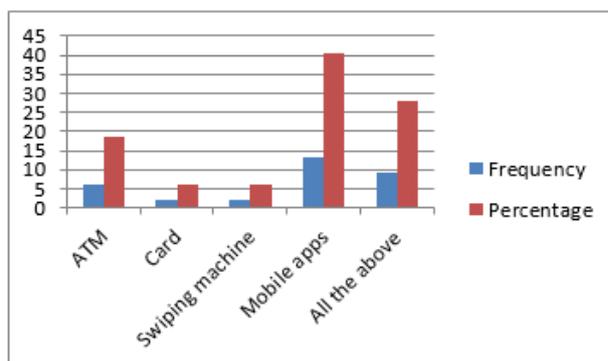
Particulars	Frequency	Percentage
Yes	23	71.875
No	3	9.375
Not as much	6	18.75
Total	32	100

### Customer's preference towards mode of payment

Table No 3 tells about the various modes of online transaction which the customers frequently use. Where most of them choose payment made through mobile apps ,28.12 percent of them choose all the modes such as ATM, cards, swiping machine and Mobile apps, 18.75 percent of them choose ATM for their payment, 6.25 percent of them choose card for their payment and rest 6.25 percent choose swiping machine for making any payment.

**Customers preference towards mode of payment  
Table NO.3**

Particulars	Frequency	Percentage
ATM	6	18.75
Card	2	6.25
Swiping machine	2	6.25
Mobile apps	13	40.625
All the above	9	28.125
Total	32	100



### Safer way of mobile payment

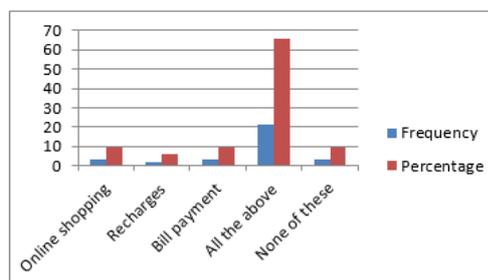
The data specifies the safer way of mobile payment which is frequently used by the customers. Most of them prefer using Google pay as the percent stood at 34.37 percent, 31.25 percent choose all the payment such as paytm , Google pay, phone pay, 25 percent of them prefer phone pay and 6.25 percent of them choose other way of payment.

### Purpose of using online payment

Table No 4 reflects the use of online bill payments. The segment which includes online shopping, recharges and bill payment shows the highest frequency of 65.62 percent, 9.375 percent of them use online transaction for making online purchase and for bill payment, 9.37 percent of them use for other purpose and 6.25 of them use digital payment for bill payment.

**Purpose of using online payment  
Table NO.4**

Particulars	Frequency	Percentage
Online shopping	3	9.375
Recharges	2	6.25
Bill payment	3	9.375
All the above	21	65.625
None of these	3	9.375
Total	32	100



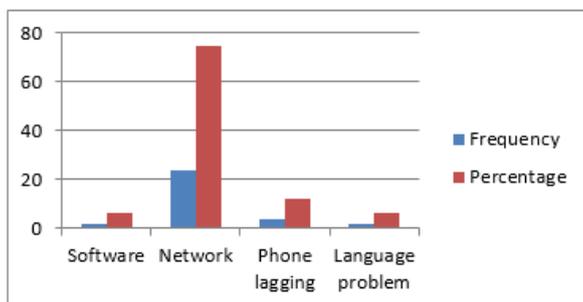
Importance of cashless payment compared with cash  
The data obtained compares the importance of cashless economy with the paper money. 53.12 percent of them strongly agree that online payment is better than cash, 25 percent of them most agree, 15.62 percent of them almost agree, and 6.25 percent disagree by opting that cash is better than cashless.

### Reasons for digital payment

Table No 5 signifies the reasons for using digital payment. 21.87 percent of them prefer digital payment because the payment can be done at any place and at any time. 15.62 percent of them seek digital payment for the safety provided, 12.5 percent of the use for easy payment, 6.25 percent of them seek using this method for cash back and 43.75 percent of them choose this method for all the facilities available such as safety, cash back, less time consuming, privacy, payment can be done at any place and any time and for easy payment.

**Reasons for digital payment**  
**Table NO.5**

Particulars	Frequency	Percentage
Safety	5	15.625
Cash back	2	6.25
Less time consuming	0	0
Privacy	0	0
Easy to use	4	12.5
Payment at anyplace and at any time	7	21.875
All the above	14	43.75
Total	32	100



### Safety shared on making digital payment

Table No 6 gives the information about the safety shared by the people as a proof for their payment. Where 65.62 percent of them agrees that phone number is the best way of safety for making any digital payment as all the information can be immediately obtained, 18.75 percent of them choose sharing bank account number as a safety for their transaction, 9.37 percent of them prefer Aadhar and

rest 6.25 percent of them share their PAN number as safety for their payment.

**Safety shared on making digital payment**  
**Table NO.6**

Particulars	Frequency	Percentage
Aadhar	3	9.375
PAN number	2	6.25
Bank account number	6	18.75
Phone number	21	65.625
Total	32	100

### Nasserites of OTP in mobile payment

The information obtained states the requirement of one-time password while making any transaction through mobile wallets. Almost 40.62 percent of customers agree that OTP is necessary for making any payment through digital way, 34.37 percent of them most agree about the importance of OTP, 15.62 percent of them almost agree about the requirement of one-time password and rest 9.37 percent of people disagree to obtain OTP while transaction is made.

### Convenient use of online transaction in some places

Table No 7 shows the convenient use of digital payment only in some places. As per the data 50 percent of them agrees that the cashless transactions are useful in only some places based on the network, 18.75 percent of them most agree that the payments are convenient only in some places, almost 15.62 percent of them almost agree to the convenience and rest 15.62 percent of them disagree and they believe that online transactions are sustainable in all the places.

**Convenient use of online transaction in some places**  
**Table NO.7**

Particulars	Frequency	Percentage
Agree	16	50
Most agree	6	18.75
Almost agree	5	15.625
Disagree	5	15.625
Total	32	100

### Percentage of usefulness of online transaction

The data specifies the usefulness of online transaction in percentage. 34.37 percent of people believes that cashless transaction is 75 percent useful for their transactions, 31.25 percent of them prefer its usefulness is 50 percent, 21.87

percent of people says that online transaction is useful up to 100percent and rest 12.5 percent of them derives 25 percent of usefulness of digital payment.

**Percentage of risk-free transaction**

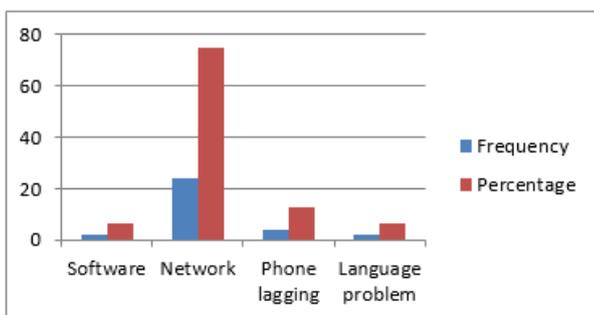
The data represents the percentage of risk involved while the payment is made through digital way as per the opinion of customers. 37.5 percent of the people agree that payment made through digital way is risk free, 34.37 percent of them most agree that the payments are risk free, 15.62 percent of people almost agree that less risk is involved while making payment and 12.5 percent of them disagree that digital payment involves less risk.

**Problems faced while making online payment**

Table No 8 illustrate about various problems faced by the customers while making online payment. From the table it is clear that most of the people choose network as the main barrier for making any payment through digital way as the percentage is 75 percent, around 12.5 percent of people says that phone lagging is one of the drawback for making any payment, and rest other people agrees that software and language is one of the problem which they face while making any payment.

**Problems faced while making online payment**  
**Table NO.8**

Particulars	Frequency	Percentage
Software	2	6.25
Network	24	75
Phone lagging	4	12.5
Language problem	2	6.25
Total	32	100



**X. HYPOTHESIS**

One sample test is mainly used to compare the mean value obtained is equal to known value. This technique is used

when the size of the sample is small. Where the problems faced by the households are taken into consideration

**One-Sample Statistics**

	N	Mean	Std. Deviation	Std. Error Mean
problem faced while making payment	32	2.19	.644	.114

**One-Sample Test**

	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
problem faced while making payment	19.201	31	.000	2.188	1.96	2.42

From this 95percent confidence interval of the difference 1.96 is lower and 2.42 is upper confidence interval

**XI. FINDINGS OF THE STUDY**

- i. 53percent of respondents has chosen mobile payment has it is easiest way of making any payment and most convenient method to make any transactions.
- ii. Most of them are aware and they prefer using digital payment as it is easy for making any payment when compared with cash.
- iii. Among the respondents 65.62percent of them agreed that they prefer online transactions for online shopping, recharges and bill payment.
- iv. Among the respondents, 65.62percent of them share their phone number as a safety for their transaction as OTP is provided before making any transaction.
- v. Majority of the respondents agreed that the network is the main barrier faced while making the payment and some agree the phone lagging, software and the language used is one of the problems they come across while making any payment.

**XI. SUGGESTIONS FOR THE STUDY**

- i. Measures should be taken with regard to the improvement of safety by choosing a perfect path for gate way.
- ii. Network problems should be improved which cause delay while making any payment.
- iii. The services provided while making any digital payment can be improved by providing discount and cash back.

**XII. CONCLUSION**

Digitalization is a step towards the change in mode of payment with the use of internet. Proper adoption and

implementation leads to development in cashless economy. The findings reveal that most of the people are stepping towards the cashless transactions as it is the easiest way of payment and people are using this as it is easy and less time consuming. But there are some issues like Network problem, software issues, delayed payment and lack of knowledge about the technology in remote areas acts as a negative impact on digital payment. Thus, there is an improvement required in cashless settlement leading to cashless India in future.

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