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Merchant's perception towards cashless economy: A case study with reference to Belthangady Taluk in Karnataka

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Abstract
This study is taken up to examine the perception of merchants in rural India towards a cashless economy in India with reference to Belthangady Taluk, Dakshina Kannada District [Karnataka] lacking good infrastructure facilities. This study examines the cashless economic system, so as to assess its feasibility in India with regards to timeless, preparedness and adequacy against the backdrop of our level of development both technologically and educationally. This study reports the findings of survey. A null hypothesis has been constructed and for this purpose questionnaire was administered to 50 merchants in the study area. ANOVA is used for analysis. Variance (ANOVA) shows that there is a significant difference ($p<0.001$, HS) merchant perception towards cashless society. The findings of the study are based on analysis of merchants' perception. Thus, Null hypothesis has to be rejected. It is inferred that there is a significant relation among various components to create cashless society.

Keywords: merchants, cashless economy

Introduction
Achieving cashless economy is one of the novel and ambitious programme of Government of India and is a part of Government drive to reduce the menace of black money, instances of fake currency, curb corruption, to bring more tax compliance. The success of this drive very much depends on the public, business community, banking system, bureaucrats support. The finance minister in 2016 budget speech talked about the idea of making India cash less economy with the aim of curbing the flow of black money. A cashless society means all the transaction are done using cards all digital means circulation of money or currency or coins is minimal. In study area people too much using cash for transaction comparing to other cities like Puttur, Mangalore etc. in this study area people are using small percentage of cards or digital means because of non-availability of internet connection and lack of financial literacy, Belthangady Taluk Dakshina Kannada District [Karnataka] is dominated by small retailers, they don't have enough resources to invest in electronic payment infrastructure. At the same time customers have negative perception towards the use of debit cards, credit cards, usage of mobile banking, Pay tm other payment wallets, use of POS in their daily transactions, the fear that they will be charged more if they used card.

Objectives of study
a) To understand merchants' awareness about the cashless society
b) To know the expectations of the Merchant towards Cashless economy
c) To understand perception towards Cashless economy

Literature Review
In the post demonetized economy in India cash less economy has received attention of public and created interest among merchants. Few prominent studies in this line are as follows some of these developments are characterized as mobile ways of transferring money digitally, Short Message Service (SMS), Quick Response (QR)-codes and Near Field Communication (NFC).

SMS
SMS has existed since 1992 and a message can only contain 160 characters, which limits the contents relatively. SMS's are used in areas such as in Television shows for buying tickets for transportation, or between friends. The technology always works as remote communication via Global Systems of Communication (GSM) and EDGE/UNITS networks among others.

QR-code
A QR-code is a 2D barcode that can be scanned by a mobile phone using a network on the mobile phone's browser. In the same manner the user enters his credit card information on the webpage to be charged this way. A QR-code can also be used as verification for a purchase such as in boarding pass. The code can be scanned directly on the mobile phone by a flight line agent. However, a QR-code payment is still a strange thing to Nigerian financial landscape.

NFC
NFC is a new and more sophisticated technology within the Radio Frequency Identification (RFID) technology, which is a subset of RF technology. It is based on a wireless, but close proximity transmission from a mobile phone to another or to a reader at a maximum range of 10cm.A research carried out by Au, Y.A & R.J, Kauffman (2007) [2], and [EIU & IBM (2010) [3], suggested that the increased use of cashless payment

systems could lead to a cashless society; a topic eagerly debated among information technology (IT) students, politicians, companies and banks. In a cashless society, payments can be made at unmanned vending machines, at manned point of sale (POS), over the Internet, using mobile phones, personal digital assistants (PDA's), smart cards and other electronic payment systems such as credit and debit cards. The creation of such a society creates a complex challenge. If it were to succeed, it could have a positive effect on the economy, crime, health and the environment. In a time when the welfare state's future is up for discussion, sound financial savings and efficiency improvements are important conditions for the future welfare level.

Ancient Methods of Payment

In the early 2000's mobile contents and services such as ring tones and logos were successful and made mobile payment services a hot topic that even survived the burst of Internet activities -N. Mallat (2006) [5]. Mobile payments were suggested as an alternative for micro-payments at POS where the use of cash had been declining for many years. Lots of mobile and electronic payment solutions have been introduced ever since but most of them have failed or have had a low penetration rate [V.G. Kopytoff. (2010)] and [T. Dahlberg, N. Mallat, J. Ondrus & A. Zmijewska. (2008) [4]. It needs to be noted the concept of 'payment' is a basic act which cannot be changed just like that considering that payment is transacted in almost the same way worldwide, and would therefore be a serious challenge if each country had its own electronic payment system. Further complications arise when business additionally develop their own electronic payment systems, such as those for busses, subways and petrol. [V.G. Kopytoff. (2010)] supports this argument and states that payment solutions have to be standardized in order to be adopted by the consumers. One of the more successful electronic payment systems is 'PayPal', which was launched as far back as 1999. Initially, PayPal enabled people to perform transactions of small payments by means of e-mails and PDA's (personal digital assistance). Since then, PayPal's system has been re-designed and extended several times, and was acquired by eBay in July, 2002 [N. Mallat (2006) [5].

Methodology

This study was descriptive and analytical in nature. The study mainly depends upon the primary data. However, some secondary sources of data were consulted for the purpose of gathering background information supporting the study. Relevant primary data were collected using the combination quantitative (sample survey). Primary data were collected through questionnaire method. A Questionnaire was administered to 50 merchants in the study area. Appropriate and relevant statistical tools and techniques will be used such as Descriptive statistics (Mean and S.D), Analysis of Variance (ANOVA). Tools used for the study is shown in the table:

Table: Criteria used for the Research Study

Class	0-25	25-50	50-75	75-100
Perception of student	Strongly disagree	Disagree	Agree	Strongly agree

Analysis and Findings

Table 1: Responses on acceptability of cashless economy

Reponses on acceptability of cashless economy		Frequency	%	Valid Percent	% Mean	Mean and Standard Deviation
Validity	Strongly				81.5	*3.26±0.5996*
	Disagree	1	2.0	2.0		
	Disagree	5	10.0	10.0		
	Agree	30	60.0	60.0		
	Strongly Agree	14	28.0	28.0		
Total		50	100	100		

It is found that only 2 % of the respondents strongly disagree 2 % of them disagree with the acceptability of cashless transactions, more than 96 % accept the cash cashless transactions i.e. 64% of them agree, 32% of them strongly agree thatRespondent opines that they agree cashless economy

Table 2: Respondents responses on usefulness of cashless transaction for the business

Reponses on usefulness of cashless transaction		Frequency	%	Valid Percent	% Mean	Mean and Standard Deviation
Validity	Strongly Disagree	1	2.0	2.0	81.5	*3.26±0.5996*
	Disagree	5	10.0	10.0		
	Agree	30	60.0	60.0		
	Strongly Agree	14	28.0	28.0		
Total		50	100	100		

This table reveals the respondent's opinion on its usefulness to business and it is inferred that 2 %of the respondents strongly disagree, 10 % of them disagree, 60% of them agree, 28% of them strongly agree thatRespondent opines that cashless transaction is good for the business.

Table 3: Respondents responses on safeness of cashless transaction

Reponses on safeness of cashless transaction		Frequency	%	Valid Percent	% Mean	Mean and Standard Deviation
Validity	Disagree	6	12.0	12.0	80	3.2±0.6388
	Agree	28	56.0	56.0		
	Strongly Agree	16	32.0	32.0		
Total		50	100	100		

On safeness of cashless transactions only 12% of the respondents either strongly disagree or disagree, 56% of them agree, 32% of them strongly agree thatRespondent opines that cashless transaction safe

Table 4: Respondents opinion on cash transactions v/s cashless transactions

cash transaction is better than cashless transaction		Frequency	%	Valid Percent	% Mean	Mean and Standard Deviation
Validity	Strongly Disagree	4	8.0	8.0	80	*2.62±0.77959*
	Disagree	16	32.0	32.0		
	Agree	25	50.0	50.0		
	Strongly Agree	5	10.0	10.0		
Total		50	100	100		

This table shows opinion of Respondents cash transaction is better than cashless transaction only 8 %of the respondents strongly disagree, 32 % of them disagree, 50% of them agree, 10% of them strongly agree that Respondent opines cash transaction is better than cashless transaction.

Table 5: Respondents opinion on safeness of Core banking services [Mobile banking, internet banking and online banking]

Opinion on safeness Core banking services banking		Frequency	%	Valid Percent	% Mean	Mean and Standard Deviation
Validity	Strongly Disagree	1	2.0	2.0	76.5	3.06±0.68243
	Disagree	7	14.0	14.0		
	Agree	30	60.0	60.0		
	Strongly Agree	12	24.0	24.0		
Total		50	100	100		

Only 2 % and 14 % of the respondents either strongly disagree or disagree with usefulness of e-banking services but more than 80 % of them either strongly agree or agree i.e. 60% of them agree and 24% of them strongly agree that Mobiles banking, internet banking, online banking is safe

Table 6: Respondents opinion on capability of Indian banking technology to cope with the needs of cashless transactions

Opinion on capability of Indian banking technology to cope with the needs of cashless transactions		Frequency	%	Valid Percent	% Mean	Mean and Standard Deviation
Validity	Strongly Disagree	7	14.0	14.0	62	2.48±0.88617
	Disagree	18	36.0	36.0		
	Agree	19	38.0	38.0		
	Strongly Agree	6	12.0	12.0		
Total		50	100	100		

This table shows the adequacy of Indian banking technology to cater to the requirements of cashless transactions in India. Nearly 50 percent of respondent's view that Indian banking technology is not strong enough to meet the needs of cashless transaction and only 50% have positive view on this. "14 %of the respondents strongly disagree, 36 % of them disagree, 38% of them agree, 12% of them strongly agree that Respondent opines that Indian banking technology enough for cashless transaction

Table 7: Respondents opinion on safety of cashless transaction after demonetization

Opinion on safety of cashless transaction after demonetization		Frequency	%	Valid Percent	% Mean	Mean and Standard Deviation
Validity	Strongly Disagree	9	18.0		74.5	2.98±0.58867
	Disagree	33	66.0			
	Agee	8	16.0			
Total		50	100	100		

The respondents view that cashless transaction is not safe after demonetisation. More than 84 percent respondents disagree with this i.e. 18 %of the respondents strongly disagree, 66% of them disagree, 16% of them agree, 0% of them strongly agree that Respondent opines that cashless transaction is safe after demonetization.

Table 8: Respondents opinion on Prime Ministers Vision towards cashless economy is good

Opinion on Prime Ministers Vision towards cashless economy		Frequency	%	Valid Percent	% Mean	Mean and Standard Deviation
Validity	Strongly Disagree	3	6.0		*88*	*3.52±0.78870*
	Disagree	15	30.0			
	Agee	32	64.0			
Total		50	100	100		

It is revealed that only 6 %of the respondents strongly disagree, 0% of them disagree with goodness of Prime Ministers Vision towards cashless economy. 30% of them agree, 64% of them strongly agree that present prime ministers dream towards cashless economy is good.

Table 9: Respondents opinion on need for up gradation of banking technology – a pre requisite to create cashless society

Opinion on up gradation of banking technology–a pre requisite to create cashless society		Frequency	%	Valid Percent	% Mean	Mean and Standard Deviation
Validity	Strongly Disagree	11	22.0	22.0	*75*	3.0±0.67006
	Disagree	28	56.0	56.0		
	Agee	11	22.0	22.0		
Total		50	100	100		

Only "0%of the respondents strongly disagree and 22% of them disagree with idea of up grading of banking technology – a pre requisite to create cashless society and majority support the idea of up grading of banking technology – a pre requisite to create cashless society i.e. 56% of them agree, 22% of them strongly agree that Respondent opines that to create cash less society requires up gradation of banking technology"

Table 10: Respondents opinion as to demonetization is the stepping stone to create cashless society

Opinion that demonetization is the stepping stone to create cashless society		Frequency	%	Valid Percent	% Mean	Mean and Standard Deviation
Validity	Strongly Disagree	1	2.0	2.0	79	3.16±0.65027
	Disagree	4	8.0	8.0		
	Agree	31	62.0	62.0		
	Strongly Agree	14	28.0	28.0		
Total		50	100	100		

2%of the respondents strongly disagree and 8% of them disagree with the notion of demonetization is the stepping stone to create cashless society. Where more than 90 percent respondents agree with the notion of demonetization is the stepping stone to create cashless society. i.e. 62% of them agree and 28% of them strongly agree that demonetization is the stepping stone to create cashless society

ANOVA

Table 11: ANOVA Table

		Sum of Squares	df	Mean Square	F	Sig.
Respondent opines that cashless transaction is good for the business	Between Groups	2.395	3	.798	1.871	.148
	Within Groups	19.625	46	.427		
	Total	22.020	49			
Respondent opines that cashless transaction safe	Between Groups	3.094	3	1.031	2.806	.050
	Within Groups	16.906	46	.368		
	Total	20.000	49			
Respondent opines cash transaction is better than cashless transaction	Between Groups	2.374	3	.791	1.328	.277
	Within Groups	27.406	46	.596		
	Total	29.780	49			
Respondent opines that Mobiles banking, internet banking, online banking is safe	Between Groups	1.195	3	.398	.847	.475
	Within Groups	21.625	46	.470		
	Total	22.820	49			
Respondent opines that Indian banking technology enough for cashless transaction	Between Groups	2.543	3	.848	1.085	.365
	Within Groups	35.938	46	.781		
	Total	38.480	49			
Respondent opines that cashless transaction is safe after demonetization	Between Groups	1.355	3	.452	1.330	.276
	Within Groups	15.625	46	.340		
	Total	16.980	49			

Respondent opines at present prime minister dream towards cashless economy is good	Between Groups	1.761	3	.587	.940	.429
	Within Groups	28.719	46	.624		
	Total	30.480	49			
Respondent opines that to create cash less society requires up gradation of banking technology	Between Groups	2.281	3	.760	1.774	.165
	Within Groups	19.719	46	.429		
	Total	22.000	49			
Respondent opines that demonetization is the stepping stone to create cashless society	Between Groups	3.095	3	1.032	2.693	.057
	Within Groups	17.625	46	.383		
	Total	20.720	49			

Variance Analysis (ANOVA) shows that there is a significant difference ($p<0.001$, HS) in perception among merchants in the various components of cashless society in the study area. The overall percentage denotes positive perception towards cashless society.

Conclusion and Recommendations

From the field survey, observation and the findings of the study it appears that much has already been done on the issue of awareness on cashless economy and that a sizeable portion of the people are mentally ready for adoption of modern online technology driven facilities for their day today transactions leading to use of less cash in the economy. It also appears that many people actually agree with the government on the usefulness of the cashless economy. It is agreed that the cashless system will be helpful in the fight against corruption and money laundering. One most significant contribution of the cashless economy is that it is expected to reduce the risk associated with carrying cash. Since most transactions will now be settled electronically, people will have less need to move around with cash and therefore, loss of cash, theft and armed robbery will drastically reduce. The most important issue of financial illiteracy should be addressed through financial literacy and creating awareness among the people

Suggestions

- Government should provide Better infrastructure like high speed broad band connectivity
- Better banking facility
- To provide awareness to small retailers.
- Government should offer digital incentives

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