



## **Small trader's perception on cashless transactions: A case study of Mandya city**

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### **Abstract**

Creation of cashless economy is one of the novel and ambitious programme of central Government and is the part of Government drive to reduce the menace of black money, problems of fake currency, to curb corruption, to bring more tax compliance. But moving from cash to cashless transaction programme has some issues and these issues should be addressed to promote cashless transactions in India. Awareness should be created about benefits of cashless transactions to make public to accept and adopt digital modes of transactions. In this study an attempt is made to study awareness on digital transactions among traders and the problems faced by them from digital mode of settling transactions.

**Keywords:** cashless transactions, cashless economy, perception, small traders

### **Introduction**

We are in Transition period where Indian economy is moving from cash to cashless economy. In India Creation of cashless economy is one of the novel and ambitious programme of Government of India and is the part of Government drive to reduce the menace of black money, problems of fake currency, to curb corruption, to bring more tax compliance. The success of this drive very much depends on the acceptability of less cash transactions by public, business community and support from banking system and bureaucrats.

The finance minister, in his 2016 budget speech, spoke about the idea of making India cashless economy with the aim of curbing the flow of black money. A cashless society means all the transactions using cards and digital means of circulation by which use of legal tender currency or coins is minimal. The business in Mandya city is dominated by small traders; they don't have enough resources to invest in electronic payment infrastructure facilities. Similar is the case with the people in the study area who are using cash for transactions and are using small percentage of cards or digital means because of non-availability of internet connection and lack of financial literacy. At the same time customers have negative perception towards the use of debit cards, credit cards, usage of mobile banking, Paytms and other payment wallets, use of POS in their daily transactions because of the fear that they will be charged more if they use electronic mode of payments and receipts. Hence an effort is made to study the problems of small traders in using digital means in settling their transactions and their perception towards cashless transactions in the post demonetised scene in Mandya city.

### **Objectives of the study**

This study is taken up with following objectives-

- a. To understand the Traders awareness about the Cashless transactions

- b. To understand perception of Traders towards Cashless transactions

### **Hypotheses**

The following hypotheses have been formulated based on the above objectives

1. The level of awareness on cashless transactions among the traders is very low
2. The small traders in Mandya city have positive perception towards Cashless Transactions

### **Literature Review**

In the post demonetized economy in India cash less economy vis-a-vis cashless transaction has received attention of public and created interest among merchants and has become subject for debate. Few prominent studies on this topic world over are reviewed to understand the implications of cashless transactions. A research carried out by Au, Y.A & R.J, Kauffman (2008) <sup>[4]</sup>, and [EIU & IBM (2010)], 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 was 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.

In the early 2000 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). 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 since 2000 but most of them have been failed or have a low penetration rate [V.G. Kopytoff. (2010)] and [T. Dahlberg, N. Mallat, J. Ondrus & A. Zmijewska (2007) <sup>[6]</sup>. 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) Venkateshwar Rao and Rajesh (2017) <sup>[1]</sup> in their survey on public perception on cashless transactions viewed that public have both positive and negative perception on cashless transactions. They found that convenience in the use of cashless transactions and incentive schemes are the positive signs for development of cashless transactions and security problems, lack of good network system, trader’s unwillingness to accept card payment, high transaction costs are the negative side of the cash less transactions. They view that the government and the banking institutions have to address these problems to make India a cashless economy.

**Research Methodology**

This study is descriptive and analytical in nature. The study mainly depends on primary data. However some secondary sources of data are used for the purpose of supporting the study. Population for the study consists of small traders doing trading business in the study area. Random sampling technique is used to select the respondents. Relevant primary data is collected by using questionnaire. Likert’s five point scale is used to construct the questionnaire. Questionnaires are administered to 50 traders doing business in the study area. Simple percentage method is used to analyse and interpret the responses of traders in Mandya city.

**Data Analysis and Interpretation**

**Table 1:** Responses on acceptability of cashless transactions

Opinion	Validity	Frequency	Percentage
Cashless transactions are acceptable to cash transactions in the business	Strongly Disagree	9	18
	Disagree	25	50
	Undecided	5	10
	Agree	7	14
	Strongly Agree	04	8
Total		50	100

Nearly 68% of the respondents not ready to accept cash less transactions and less than 1/4<sup>th</sup> of (i.e. only 22 percentage) of respondents accepts cash less business.

**Table 2:** Responses on Convenience of cashless transaction in the business

Opinion	Validity	Frequency	Percentage
Cashless transactions are very Convenient in the business	Strongly Disagree	8	16
	Disagree	30	60
	Undecided	6	12
	Agree	04	8
	Strongly Agree	02	4
Total		50	100

Only 2% of the respondents strongly agree and 4% agrees with Convenience of cashless transactions. Majority traders are not agreeing with the Convenience of cashless transactions in their business. 16 % of them strongly disagree, 60% of them disagree with the Convenience of cashless transactions.

**Table 3:** Responses on Safety of cash less transaction in the business

Opinion	Validity	Frequency	Percentage
Cashless transactions are safe in the business	Strongly Disagree	6	12
	Disagree	28	56
	Undecided	6	12
	Agree	06	12
	Strongly Agree	04	8
Total		50	100

Majority traders in the study are disagreeing with safeness of cashless transactions. 12% respondents strong disagree and 56% disagrees with safeness cashless transaction in the business. Only small percentage i.e. 20% of traders agreeing with the safety of cashless transactions to cash transactions in the business

**Table 4:** Respondents opinion on cashless transactions v/s cash transaction in the business

Opinion	Validity	Frequency	Percentage
Cashless transactions are better than cash transaction in the business	Strongly Disagree	10	20.0
	Disagree	25	50.0
	Undecided	5	10.0
	Agree	06	12.0
	Strongly Agree	04	8.0
Total		50	100

This table shows the responses of traders on ease of doing business with cashless transactions and cash transaction in the business. Majority traders are in favour of doing business with cash and only small percent of traders view that doing business with less cash is easier to doing business with more cash. Nearly 70% of the respondents disagree with ease of doing business with less cash.

**Table 5:** Respondents opinion on Safeness of Core Banking Services in the business

Opinion	Validity	Frequency	Percentage
Core Banking Services like m-banking, internet banking are Safe in the business	Strongly Disagree	12	24.0
	Disagree	29	58.0
	Undecided	1	02.0
	Agree	06	12.0
	Strongly Agree	02	4.0
Total		50	100

This table states the opinion of traders on safeness of core banking services which are necessary for cashless business. Majority traders disagree with safety of core banking

services in India. Nearly 82% respondents agree with unsafe of core banking services in India.

**Table 6:** Respondents opinion on capability of Indian Banking Technology to cope with the needs of cashless transactions in business

Opinion	Validity	Frequency	Percentage
Indian Banking Technology is strong enough to cope with the needs of cashless transactions in business	Strongly Disagree	7	14.0
	Disagree	26	52.0
	Undecided	3	6.0
	Agree	08	16.0
	Strongly Agree	06	12.0
Total		50	100

Majority traders disagree with capability of Indian Banking Technology to cope with the needs of cashless transactions in business. The table shows that 72% of respondents' views that Indian Banking Technology is unable to cope with the needs of cashless transactions in business. Only small percentage of traders i.e. 30% agree with capability of Indian Banking Technology to cope with the needs of cashless transactions in business

**Table 7:** Respondents opinion on safety of cashless transactions after demonetization

Opinion	Validity	Frequency	Percentage
Cashless transactions are safe after demonetisation	Strongly Disagree	9	18.0
	Disagree	32	64.0
	Undecided	1	2.0
	Agree	05	10.0
	Strongly Agree	03	6.0
Total		50	100

Table 7 states the Respondents opinion on safety of cashless transactions after demonetisation. Majority traders' views that cashless transactions are not so safe after demonetisation and 82% of traders disagree with safeness of cashless transactions after demonetisation.

**Table 8:** Respondents opinion on Prime ministers Vision towards cash less economy is good

Opinion	Validity	Frequency	Percentage
Prime ministers Vision towards cash less economy is good	Strongly Disagree	5	10.0
	Disagree	33	66.0
	Undecided	0	0.0
	Agree	10	20.0
	Strongly Agree	02	4.0
Total		50	100

From the table it is understood that majority traders disagree with Prime ministers Vision towards cash less economy. 76% respondents disagree with Prime ministers Vision towards cash less economy. They view that cash less economy is not good for the society.

**Table 9:** Respondents opinion on need for up gradation of Indian Banking Technology

Opinion	Validity	Frequency	Percentage
Up gradation of Indian Banking Technology is pre-requisite for cashless society	Strongly Disagree	2	4.0
	Disagree	4	8.0
	Undecided	0	0.0
	Agree	32	64.0
	Strongly Agree	12	24.0
Total		50	100

From the above table it is understood that there is need to upgrade Indian Banking Technology. 88% traders agree with the need for up gradation of Indian banking technology as a pre-requisite for cashless society.

**Table 10:** Respondents opinion as to demonetisation is a stepping stone to create cashless economy

Opinion	Validity	Frequency	Percentage
Demonetisation a stepping stone to create cashless economy	Strongly Disagree	14	28.0
	Disagree	31	62.0
	Undecided	0	0.0
	Agree	4	8.0
	Strongly Agree	1	2.0
Total		50	100

It is inferred from the above table that demonetisation is not a stepping stone to create cashless economy in India. Majority respondents disagree with this. Only small percentage of traders view that demonetisation is a stepping stone to create cashless economy in India.

**Conclusion**

The survey result shows that traders have negative perception on cashless transactions in the study area. The small traders feel it very uncomfortable to do cashless transactions and are disagreeing with the government on the usefulness of the cashless economy. However from the field survey and observation it appears that much has already been done on the issue of awareness on cashless transactions 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 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. Government should provide better ICT infrastructure like high speed broad band connectivity also Government should offer digital incentives to traders as well to encourage them to adopt digital transactions in their business.

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