

Customers' perception towards cashless transaction in post demonetization period: A case study of Sambalpur district

Satyanjan Garu¹, Shyama Charan Acharya²

¹ M Phil Scholar, School of Commerce, GM University, Odisha, India

² Associate Professor, School of Commerce, GM University, Amruta Vihar, Sambalpur, Odisha, India

Abstract

Cashless transaction is a part of cashless economy. The main motto of cashless transaction in India is to minimize the usage of physical currency notes circulation in the economy and promotes towards formal economy with the help of increasing the usage of cards payments and digital means. In India largest proportion of transactions are done in cash so that many problems create not only in our economy but also in the society such as increase black money, corruptions, terrorist funding, fake currency notes circulation in the economy and illegal activities etc. The major benefits of digital transactions are to save environment, save time, save life, reduce corruption, black money & terrorist funding etc. To achieve global benchmark and compete with others develop nation, digital economy is one of the vital factors. Demonetization is one of the medium to increase cashless transactions in India because to create a suitable environment in a country towards digital economy. This study will help to analyze those people who accepting cashless transactions during demonetization period, they have been continuing the usage of cashless transactions or not till now and after post demonetization how much percentage new users use cashless transaction and analyze what is the present status of digital economy in India. The data will be collect for this study from primary source such as use of questionnaire. The methodology adopted for the study such as descriptive as well as analytical in nature e.g. paired t test & chi-square test.

Keywords: cashless transaction, digital economy, demonetization, digital means, card payment

Introduction

The word 'Demonetization' is basically the combination of two words wherein 'de' refers to banning of currency notes while 'monetization' connotes increase of cash flow in the economy. In a broader sense, demonetization means termination of legal tender of currency notes in the economy of a country.

India has witnessed such a major reform in 1946 and 1978 prior to the recent one declared on 8th November, 2016 by the Government of India. The reasons for the note-ban were primarily to prevent black money, corruption and terrorism funding. Besides, other dimensions like encouragement of digitization, enhancement in the number of cashless transactions in the country, prevention of fake note circulation and introduction of Direct Benefit Transfer (DBT) schemes were some other motives that highlighted the declaration of demonetization.

In the contemporary era, the public is marching towards a cashless economy with an intention to minimize the usage of physical currency and promote digitization by using card payments/internet transfer instead of liquid cash.

Over the years, excessive cash circulation in the country has lead to rise in black money or money laundering, corruption, duplicacy of currency-notes, funding to terrorist organizations and many other such illegal activities. Now the new scheme of demonetization is believed to reap better benefits.

It is less time- consuming, instant, swift, error-free, cost-effective and eco-friendly.

On a whole, demonetization will pave a way for digitization that would help us in achieving a global benchmark amongst other countries of the world.

Significance of the Study

Western Odisha consists of 10 districts. Sambalpur is one of the developed districts in Odisha. Sambalpur is the hub of education & healthcare facilities, industry, tourisms, income etc. people of western Odisha. It is situated on the bank of the river Mahanadi. Hirakud Dam has been built across the river Mahanadi Sambalpur, Odisha. This dam is one of the longest man made earth dam in world. The Hirakud multipurpose project Dam plays a very important role in the life & well-being of the people of Odisha in the term of irrigation facilities, electricity generation, pisciculture, promotion of tourism & above all flood control. Odisha's economy is primarily agrarian in character. More than 60 percent of the working population depends on agriculture for their livelihood. To prevent the people from being looted or exploited by the middlemen & also for the transfer of the benefit in terms of subsidies & other welfare schemes directly to the beneficiaries, the role of cashless transaction is very important. In order to enable the benefits of several government- sponsored welfare schemes reach to the deserving and eligible beneficiaries and to prevent the diversion & pilferation of such funds, the role of cashless transaction is very important. Against these backdrops, the proposed study aims at making an in depth study on the Customers' perception towards Cashless transactions in post demonetization period. For the development of the state economy, the contribution of Sambalpur district is more important.

Review of Literature

Gupta (2016) studied the growth of payment banks during the termination of legal tender of money. The emphasis of

this paper was to mutiny of banking in India and role of payment banks post cancellation of legal tender of currency such as airtel bank , postal payment bank etc. The result of this study was India become digitalized economy in near future.

Kumar & Kumar (2016) ^[8] analyzed the linkage between “Demonetization and Financial Inclusion” in India. It evaluated the result of financial inclusion is not courage but demonetization helpful for reducing fake currency, illegal activities and terrorist funding. This study of analysis was the mode of demonetization in terms of withdrawal of a substantial portion of the legal tender of money from the circulation and its impact after onwards on the economy.

Kalyani (2016) ^[4] studied the post demonetization what are the impacts in recent trends of shopping in alternative facilities available in the market. It highlighted the Indian economy become restructured through proper channel because death currency comes under the purview of bank. The authors found that the people are using different modes of payment such as phone pay, BHIM app, Google pay, online shopping , ATM, e-banking etc. and it is the indications of cash to cashless transactions in Indian economy.

Rajak (2017) ^[12] examined the progress of cashless transactions in India from Indian point of view. It highlighted the purpose of present situations of “cashless economic system” and problems of digitalization. Though cashless transaction is a welcome step but was considered the availability of adequate infrastructure facilities such as internet is a major obstacle. Further the rural populations have very little or no access to such facilities.

Kumar (2017) ^[7] studied the “cashless banking negotiation in India during the termination of legal tender of currency”. It evaluated the purpose of demonetization; analyze the present situations of online payment system in our country and to observe the leading cashless countries in the universe. The authors found that the cashless transaction is increasing rapidly in India and customers are interested to use cashless system because of online shopping are based on electronic payment system than in cash mode.

Tiwari (2017) analyzed the effects of demonetization in health and tourism sector in India. It highlighted the purpose of demonetization has really impact on foreign incomes and tourist come from outside India and also evaluated the tourist has suffering many challenges for them such as lodge, medical facilities etc. Finally, the author concluded that small and medium enterprises have suffering loss during demonetization but in long run, this problem will not continue.

Singh & Mittal (2017) studied the process of digitalization in India. This paper was the centre of attention, consumer reaction after the cancellation of legal tender of money and evaluated the focus of digital education for users to do cashless transactions. The author observed that from this analysis, India become a cashless economy after demonetization and it encourages for organized economy in the country.

Miyan (2017) ^[10] explored the “statistical review of termination of legal tender of currency in India”. This paper focused on the impact of demonetization of different economics areas of different periods and their side effects. The result of this study was our country implemented demonetization in a systematic way and its benefits will serve economy for a long period.

Tripathi & Nanda (2017) studied the effects of termination of legal tender of currency on consumers of Delhi union territories. The main focused of this study was to know the buying habits and e-monetization of company. The authors used the variables such as age, education and online shopping goods. The data has collected from both primary and secondary sources. From the above analysis, the authors concluded that online shopping payment done by consumers through mobile payment apps and it was indication that India go towards cashless economy rapidly. Government of India promotes for using online payment mode like Bhim App, phone pay, UPI and net banking etc.

Meher (2017) ^[9] studied the obstacles to become cash to digital economy in India and analyzed the state of Madhya Pradesh. The main focused of this study was to make how “Indian economy” becomes transparent and converting into a paperless economy. This study also emphasized that what are the “hurdles face” by customers during termination of legal tender of money. The data were collected from “primary sources through questionnaires” and variables used such as age, qualification etc. In spite of the difficulties faced by the public at large and the banks due to demonetization, majority of the people in the country accepted it on the hope that it would ensure transparency do away with corruptions. Based on the analysis made in the study, it has proved that the demonetization has resulted in mixed outcome for the country as a whole.

Thakur (2017) studied the effects of growth of “employment and job market” in India. The objective of this paper was to know how demonetization really affects Indian employment market. The author found that the lack of physical currency circulation in the market both formal and informal sectors affected for job creation and maintenance.

Arora & Arora (2017) ^[1] analyzed the performance, adoptability and effects of demonetization. The main focused of this paper was to access the reaction of public to demonetization. The variables used for the study was “age, gender, income and occupation”. From the above study, it is concluded that the demonetization was done without sufficient pre-preparation, which caused immense inconvenience to common person. Further people in the traditional MSME sectors, small and self-employed businesspersons lost their job during this period and resulting large-scale unemployment in the economy.

Shendge & Shelar (2017) studied the effects & significance of paperless economy in our country. The main motto of this analysis was to reduce corruptions, money laundering, terrorist funding, promotes paperless transaction and transparency. The study shows how the process of digitalization of the economy and electronic modes of payment are gaining acceptability in the country as a whole as a means of order wised banking system.

Ravi (2017) studied the “cashless payment system and rural India”. The main focused of this study was cashless payment effects our economy to become the growth of rural sectors because the major proportion of people living in rural areas. The author found that lack of sufficient infrastructure rural people could not access internet services properly. Therefore, government has taken initiatives for spreading of information and promotes mobile app for online payment.

Pachpande & Kamble (2018) ^[11] analyzed “apply and consciousness of e-wallets” in metro city of Mumbai. Consumers are silent about transactions regarding safety

75% but they are facing problem of transaction failure and consumers were overall satisfied for e-wallet like time saving, offer etc.

The data are collected through questionnaire and variables were used such as gender, age and employment etc. From the above literatures, it is clear that the studies have explained on pre demonetization period to evaluate the impact of demonetization. However very few studies have focused on post demonetization period and also when it covers to the state of Odisha few studies have been conducted in this context and to the best of knowledge of researchers, no studies have conducted in Sambalpur.

Objectives of the Study

1. To investigate the difference between cashless/digital methods used by customers during demonetization period and after post demonetization period.
2. To find out the various problem faced by customers during demonetization period.

Hypothesis of the Study

1. There is no significance difference between the means of types of digital payment methods used by customers during demonetization period and after post demonetization period.
2. There is no difference between the means of frequencies of using types of digital payment methods by customers during demonetization period and after post demonetization period.
3. There is no significance difference between the problems faced by customers during demonetization period irrespective of their professions.

Research Methodology

The methodology adopted for this study is descriptive as well as analytical in nature. For this purpose both primary and secondary data have been used. Probability sampling method uses for data collection of this study. The sample has collected from Sambalpur district only including both urban areas as well as rural areas with the help of questionnaire through Google docs and interview basis. The sample for the study consists of perception of 206 respondent selected using stratified random sampling. The variables for the study has been derived the perception of respondents. This includes different demographic factor such as gender, education, occupations / professions, age as well as other factors such as digital wallet, online banking, cheque, debit card & credit card. This study has used different statistical tools such as paired t test & chi-square test.

Analysis and Interpretation

Table 1: Reliability Analysis (Cronbach’s Alpha)

Reliability Statistics	
Cronbach's Alpha	N of Items
.722	28

Source: (SPSS Output)

The standard cronbach’s Alpha value greater than equal to.70 if number of item is more than 10. If the number of item is less than10 than cronbach’s alpha value greater than equal to 0.5. Here the value of Cronbach’s Alpha is. 722, it means internal consistency is strengthening of responses of data collection.

Table 2: Demographic profile of Respondents

Category	No. of Respondents	Percentages	Category	No. of Respondents	Percentages
Gender			Education		
Male	149	72%	Up to 10 th	11	5%
Female	57	28%	Intermediate to Graduation	58	28%
Total	206	100%	Post Graduate & Above	121	59%
Professions			Any Others	16	8%
Student	129	63%	Total	206	100%
Entrepreneur	8	4%	Age		
Govt. employee	9	4%	Up to 20 years	28	13%
Private employee	36	18%	20-40 years	168	72%
Any others	23	11%	40-60 years	10	5%
Total	206	100%	Total	206	100%

The table-2 shows that the total number of participants of this survey was 206 out of them 72% male and 28% female respondents.

It indicates that out of 206 participants up to 10th is 5% response, intermediate to graduation 28%, P.G and professional courses 59% and any others 8% response involved in this survey. It shows that out of 206 participants, students are 63%, entrepreneurs 4%, govt. employees 4%,

private employees 18% and any others 11%. Age group up to 20 years is 28 respondents, 20 to 40 years is 167 respondents, 40 to 60 years is 10 respondents and above 60 years no respondent.

H01: There is no significance difference between the means of types of digital payment methods used by customers during demonetization period and after post demonetization period.

Table 3: Results of Paired T Test

		Paired Samples Test						t	df	Sig. (2-tailed)
		Paired Differences				95% Confidence Interval of the Difference				
		Mean	Std. Deviation	Std. Error Mean	Lower		Upper			
Pair 1	During demonetization types of digital payment methods used by customer - Post demonetization types of digital payment methods used by customer	.172	1.104	.205	-.248	.592	.841	28	.408	

Source: (SPSS Output)

From the above paired t test analysis, it is assumed that mean (M1) =3.28 and mean (M2) =3.10 are equal and r is.640. Here calculated t test value is. 841 and table / critical value of 5% level of significance at 28 degree of freedom is 2.048.

When calculated value (.841) < table value (2.048) or p value is.408, when p value (.408)>.05*, then the null hypothesis (H0) has been accepted and alternative

hypothesis (H1) has been rejected. It means there is no significance difference between the means of types of digital payment methods used by customers during demonetization period and after post demonetization period.

H02: There is no difference between the means of frequencies of using types of digital payment methods by customers during demonetization period and after post demonetization period.

Table 4: Results of Paired T Test

		Paired Samples Test						t	Df	Sig. (2-tailed)
		Paired Differences				95% Confidence Interval of the Difference				
		Mean	Std. Deviation	Std. Error Mean	Lower		Upper			
Pair 1	Frequencies of using digital payment methods during demonetization period - Frequencies of using digital payment methods by customer in post demonetization	.103	.772	.143	-.190	.397	.722	28	.477	

Source: (SPSS Output)

From the above paired t test analysis, it is assumed that mean (M1) =2.59 and mean (M2) =2.48 are equal and r is.757. Here calculated t test value is. 722 and table / critical value of 5% level of significance at 28 degree of freedom is 2.048. When calculated value (.722) < table value (2.048) or p value is.477, when p value (.477)>. 05*, then the null hypothesis (H0) has been accepted and alternative

hypothesis (H1) has been rejected.

It means there is no significance difference between the means of frequencies of using types of digital payment methods used by customers during demonetization period and after post demonetization period.

H03: There is no significance difference between the problems faced by customers during demonetization period irrespective of their professions.

Table 5: Observed & Expected Frequency Table

Problem faced by customers during demonetization periods Cross tabulation							
		Problem faced by customers during demonetization periods					Total
		Problem of flow of cash in hand	Problem of payment to seller	Waiting at banks for long time			
Professions	Student	Count	30	42	45		117
		Expected Count	33.5	36.3	47.1		117.0
		% of Total	14.6%	20.4%	21.8%		56.8%
	Entrepreneur	Count	6	5	8		19
		Expected Count	5.4	5.9	7.7		19.0
		% of Total	2.9%	2.4%	3.9%		9.2%
	Govt. employee	Count	10	8	16		34
		Expected Count	9.7	10.6	13.7		34.0
		% of Total	4.9%	3.9%	7.8%		16.5%
	Private employee	Count	13	9	14		36
		Expected Count	10.3	11.2	14.5		36.0
		% of Total	6.3%	4.4%	6.8%		17.5%
Total	Count	59	64	83		206	
	Expected Count	59.0	64.0	83.0		206.0	
	% of Total	28.6%	31.1%	40.3%		100.0%	

Source: (SPSS Output)

Table 6: Results of Chi -Square Test

Chi-Square Tests									
	Value	Df	Asymptotic Significance (2-sided)	Monte Carlo Sig. (2-sided)		Monte Carlo Sig. (1-sided)			
				Significance	99% Confidence Interval		Significance	99% Confidence Interval	
					Lower Bound	Upper Bound		Lower Bound	Upper Bound
Pearson Chi-Square	3.715a	6	.715	.725b	.713	.736			
N of Valid Cases	206								

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 5.44.

Source: (SPSS Output)

From the above chi - square analysis, it finds that here calculated chi-square value is 3.715 and p value is .715. When p value (.715) >.01*, then the null hypothesis (H0) has been accepted and alternative hypothesis (H1) has been rejected. It means there is no significance difference between the problems faced by customers during demonetization irrespective of their profession. It means every types customers face all types of problem either more or less during demonetization period. *Alpha =.01 level.

Table 7: Possibility of India converting into cashless/digital economy

Probability	Number of Response	In percentage
No chances (0%)	16	8%
Least chances (less than 20%)	15	7%
Less chances (20%-49%)	37	18%
More chances (50%-99%)	121	59%
Full chances (100%)	17	8%
Total	206	100%

Source: Self-compiled using Ms-Excel

As per this survey around 67% respondents give opinion more chances including 8% full chances of India become digital economy, only 8% respondents agree no chances, 7% respondents agree on least chances & 18% respondents agree with less chances India become digital economy.

Table 8: Causes of less using digital payment methods in post demonetization period

Causes of less use digital method in post demonetization periods	Number of Responses	In percentage
Availability of cash in hand	52	25%
Not aware about digital payment methods	69	33%
High bank charges for digital payment methods	23	11%
Poor connectivity of Internet in rural areas	40	19%
Any others	22	11%
Total	206	100%

Source: Self-compiled using Ms-Excel

As per this survey the highest 33% respondents not aware about digital payment methods, 25% respondents less use digital payment methods because of availability of cash in hand, 19% respondents poor connectivity of internet and 22% both high bank charges and any other problems less use of digital payment methods.

Table 9: Ranking of India in cashless/digital transaction

Opinion	Number of Respondents	In percentage
Primary stages	62	30%
Middle stages	130	63%
Final stages	14	7%
Total	206	100%

Source: Self-compiled using Ms-Excel

As per the survey around 63% respondents agree on in favour of India become middle stage of cashless transaction, 30% respondents agree on primary stage of cashless transaction & 7% respondents agree on India become final stage of cashless transaction.

Conclusion

The findings of this study regarding the Customers’ perception towards Cashless transactions in post demonetization period are the outcome of the analysis of primary data collected from different sources. The various tools applied in the course of the study are paired t test, chi-square test, correlation test and descriptive statistics. The inferences drawn relate to the demonetization and post demonetization period.

The study also concluded that those customers who have adopted digital payment system over conventional system are continuing as such even after post demonetization period. The customers feel for convenient to use of digital payment methods. During post demonetization period the frequencies of usage of digital payment methods has been increase rapidly. In spite of several benefits, there are many problems e.g. waiting at bank, payment to seller etc to be face by the customers in during demonetization periods irrespective of their categories such as Students entrepreneurs, govt.

Employees and private employees. However, such problems are not so difficult then the problem as in case of traditional banking service link ques. In the overall digital payment method has become popular significantly during post demonetization period and many Customers adopting such methods because of numeric benefits & convenient of usage. Further many respondents believe that it also helps in curbing black money and agree on in favour of India is become now the second stage of cashless transaction.

References

1. Arora DN, Arora CP. Measuring the Impact and Acceptance of Demonetization: A Data Extensive Analytical Study. Research Guru: Online Journal of Multidisciplinary Subjects. 2017; 11(2):255-263.

2. Chaudhari DT. The Critical Analysis of Cashless transaction. *International Journal of Commerce and Management Research*. 2017; 3(3):92-94.
3. Garg P, Panchal M. Study on introduction of cashless economy in India. *IOSR JBM*. 2017; 19(4):116-120.
4. Kalyani P. An Empirical Study of the Effects of Demonetization in India in the year 2016 and Analyzing Shifting Trends in Marketing to the alternative options. *Journal of Management and Engineering and Information Technology (JMEIT)*. 2016; 3(6):81-87.
5. Kaur J, Sharma MM, Kaur S. A Study on Impact of demonetization on Indian Economy. *International Journal of Enhanced Research in Management & Computer Application*. 2017; 6(8):78-82.
6. Kaur M. Demonetization: Impact on Cashless Payment System. *ICRTESSM*. 2017; 21(4):680-685.
7. Kumar A. Demonetization and cashless Banking Transactions in India. *International Journal of New Innovations in Engineering and Technology*. 2017; 7(3):30-36.
8. Kumar SV, Kumar TS. Demonetization and complete financial inclusion. *International Journal of Management Research and Review (IJMRR)*. 2016; 6(12):1703-1707.
9. Meher BK. Hurdles in Metamorphosing India's Economy to a Cashless Economy (A case study of Sagar city in Madhya Pradesh). *International Journal of Creative Research Thoughts (IJCRT)*. 2017; 5(4):3582-3597.
10. Miyan DM. Statistical Review on the Demonetization in India. *International Journal of Advanced Research in Computer Science*. 2017; 8(5):1891-1896.
11. Pachpande BR, Kamble AA. Study of E-wallet Awareness and it's usage in Mumbai. *Journal of Commerce and Management Thought*. 2018; 9(1):33-45.
12. Rajak SK. Cash to Cashless Economy: An Indian Perspective. *International Journal of Academic Research and Development (IJARD)*. 2017; 2(6):239-241.