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Awareness and utilization of cash less system in Hisar district: A review

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Abstract

Application of Technology has transformed the lifestyle of the people and the whole world is reliant on it. In service sectors like banking, education, health, retailing, etc. technology has become the main player (Hugar and Basavaraj, 2014). Integration of cash less in the banking services with the technology has given rise for new 'technology-driven' services. Credit card facility of banks combines technology with the flow of credit and serves the needs of customers (The Times of India, 2010). As civilization progressed, the support systems in the society got transformed with improved techniques and technology. Today, the technology has transformed cash system from traditional, manual system to modern technology-driven industry (Goyal, 2008). In this transformation, the role played by cash less system is very significant. India is one of the fastest growing economies in Asia and with this emerging state people are using cashless payment methods for purchasing goods and services.

Keywords: Cash less, technology, services, cash

Introduction

Cashless economy is an economy where transaction can be done without necessarily carrying physical cash as a means of exchange of transaction but rather with the use of credit or debit card payment for goods and services (Ejiro, 2012)^[9].

Demonetization also acted as the catalyst to boost the growth of e-Wallets in India. The mobile wallet sector in the 1st quarter of 2017 grew up by 81 per cent in terms of volume over the same quarter a year earlier, as reported by Red Seer Management. With more and more people switching to mobile wallets for their daily transactions, companies like PayTm, MobiKwik and Free Charge have increased their Active User base by 10 times in last 6 months (BS Web Team, 2017)^[6].

There are several electronic payment channels in India viz., National Electronic Clearing Services (NECS) (RBI, 2008)^[26], National Electronic Funds Transfer (NEFT) (RBI, 2012)^[27], Real Time Gross Settlement System (RTGS) (RBI, 2013)^[28], Automated Teller Machines (ATMs), Internet banking, Mobile banking, Electronic Clearing Services (ECSs), Electronic Clearing Cards (ECCs), Electronic Fund Transfer (EFT) (Lal and Suleja, 2012)^[20].

In a country where 90 per cent transactions are carried out on cash basis, it was a revolutionary move to transform from cash to cashless transactions. Under this scheme, 250 million bank accounts have been opened in two years. As per Reserve Bank of India reports, bank branches increased by 5 per cent per year but ATM cards, debit cards and card swiping machines have doubled in four years and online transactions have grown 20 times in six years to 2016. All these data shows a gradual shift towards cashless economy. Demonetization has speed up this transition (Tawade, 2017)^[31]. Therefore, keeping these factors in mind the present study was designed to study the "Awareness and Utilization of Cash Less system in Hisar district" with the following objectives:

1. To explore awareness and opinion of respondents about demonetisation and less cash economy
2. To assess utilization of cashless payment methods by respondents
3. To identify constraints in utilization of cashless systems

The findings of the study are as follows:

Socio-economic profile of the selected respondents

Findings of the socio-economic personal profile of respondents revealed that majority of respondents belonged to 35 years of age group, educated up to graduated and unmarried, who

had nuclear type of family having up to 5 members in a family and belonged to general caste and had no membership. Most of the respondents had their own Independent profession with the monthly income above Rs.10, 000, who had pucca house and were landless. Similar findings were supported by Mandel (1972) [22] found that primary determinants of credit card usage were family income and education of the cardholders. Higher income and better educated families were more likely to use credit cards than lower income families because credit card was initially marketed to higher income people. The similar findings are in accordance with Slocum and Matthews (1969) [30] that people in the lower socio-economic classes used their credit cards more for installment financing while people in the higher socioeconomic groups used credit cards for convenience. Another finding by Mandel (1972) [22] was that families living around the largest cities were more likely to use credit cards and families with different incomes perceived differently the advantages and disadvantages of credit cards. Lower and middle income families considered the credit facility as a definite advantage, while high income families found safety and convenience to be definite advantages.

Majority of respondents possessed cable TV, followed by television and newspaper. A recent survey found that 112 million households in India own a television, with 61 percent of those homes having cable or satellite service (National Readership Studies Council, 2006) [24]. In China, television exposure grew from 18 million people in 1977 to 1 billion by 1995 (Thomas, 2003) [32]. In more recent years, satellite and cable television availability had increased dramatically.

The findings further indicated that majority of respondents had exposure of PayTm for using cashless system, followed by credit card and internet banking. The results of the study are in agreement with the study of Brid *et al.* (2017) [5] identified that PayTm had maximum users, other features lack in somewhat features compared with PayTm, so people preferred to use PayTm than other apps.

Awareness and opinion of respondents about demonetization and cash less system

Awareness described to knowledge that something exist or understanding of a situation or subject at the present time based on information or experience. Findings of the present study showed that majority of respondents felt excellent about this step taken by government who also supported cash less economy and believed that digital methods are risk-free and cash less system is helpful in college, curbed black money and corruption in the country. The present findings are in tuned with the study of Kumari (2016) [19] that as the demonetization applied by government of India and its efforts to aware people for cashless transaction by various kinds of advertisement method but still a large number of people are waiting for the introduction of cashless transaction and Kumar (2016) [18] has also explained that demonetization as an act of declaring currency as not valid wherein old notes could be withdrawn and replaced by new currency notes. The act of demonetization was not new in the history as it was being adopted by various countries. Ghana demonetized its 50-cedi currency notes to check corruption. Myanmar demonetized 80 per cent of its currency to track black money.

Demonetization had affected agriculture and has brought access to higher education to common man's reach. The above findings are in accordance with the study of Ruchi (2016) [29] that demonetization would end up the corruption because fake currency had been eliminated from the system

and once the black money was reduced the obstacle in tax collection would be removed and the tax revenue would be increased. Government could make reduction in tax rates since government could raise more revenue with lower rates. Corruption would be reduced as there would be no or little black money which would remain to bribe. Dhara (2017) [8] supported the present study with the findings that the impact of demonetization on banking sector. It stated that people became conscious about cashless transactions. Enormous pressure was there on bank employees and they supported their work with the execution of demonetization. It was a good effort by the government to reduce corruption.

Results further revealed that most of respondents had neutral opinion about mobile apps, while majority of respondents had favourable opinion for cash, bankcards and internet banking. Similar findings have been reported by Dahlberg *et al.* (2008) [7] that consumer perspective of mobile payments and mobile payment technologies were two most important factors of mobile payments research and Mallat (2004) [21] studied consumer adoption of mobile payments in Finland. It also found that mobile payment is dynamic and its adoption depends on lack of other payments methods and certain situational factors.

Utilization of cashless payment methods by respondents

Utilization referred as the process of using something effectively. Results of the present study highlighted that majority of respondents had possession of ATM card, followed by debit and credit card and first rank was given to ATM card, followed by credit card and debit card. ATM card was found most convenient method of cashless payment by majority of respondents, followed by credit and debit card. The results are supported by Khan (2010) [15] indicated the significant dimensions of ATM service quality as convenience, efficient operation, security and privacy, reliability and responsiveness. It also reflected a positive and strong relationship between ATM services and customers' satisfaction.

Findings further indicates that most of the respondents utilized debit card, credit card and Immediate Payment Service (IMPS). Similar results are reported in World Payment Report (2016) that debit and credit cards have been a preferred method of payment for numerous years. Debit cards accounted for the largest share of global non-cash transactions in 2014 was the most rapid growth method of payment. Whereas, majority of respondents preferred to use cash in purchasing of items less than Rs.5, 000. The findings are supported by Hernandez *et al.*, 2014 [12] who revealed that the preference of cash was to refrain from overspending and to keep an insight into the volume of spending.

Further, it can be concluded that majority of respondents reported no change as the impact on their purchasing behavior. The findings are in line of the study of Arabzadeh and Aghaeian (2015) [2], Hirsehman (1979) [13] argued that use of credit cards affected lifestyles, purchasing behaviour and attitude towards debt of the cardholders focused on the influence of method of payment on purchasing behaviour. It was found that individuals who possess both credit bankcards and in store cards were more likely to buy than those who own only bankcards or in-store cards. Further, it was also found that cardholders were more likely to make bigger purchases than non-card holders and mentioned that credit cards facilitate and induce purchases as compared to cash.

Results further indicated that most of the respondents never used mobile apps for purchasing of beauty products/personal

care, luxury items and automobile. An additional cashless payment method that is favoured by many includes the use of mobile payments. Mobile payment can be defined as transaction processing in which the payer uses mobile communication techniques in conjunction with mobile devices for initiation, authorization and confirmation of an exchange of financial value in return for goods and services, the findings of the present study are in line with Khan (2011)^[17] and World Payment Report (2016).

Majority of respondents never used internet banking for the purpose of purchasing medicines, luxury items, beauty products/personal care and automobile and entertainment expenses. The findings of the study reported that many customers were unable to use internet banking due to the non-availability of site or connectivity problems. As far as mobile banking is concerned, its popularity is limited mainly due to the charges for sending SMS's are not justified. The findings of the present study are in line with Banknet India (2008)^[4] and World Payment Report (2016).

In the study results further indicated that majority of the respondents always utilized mobile banking as it is secure and risk-free, while bankcards provides details of transactions and rarely utilized internet banking as they found it difficult to operate. The present study are in accordance with Akhalumeh and Ohiokha (2012)^[1] observed that the cashless economy is a system in which transactions were not done predominantly in exchange for actual cash. It was essentially a mobile money payment system which allows users to make payment through GSM phones with internet facilities. Hence, the system increased convenience, created more service options, reduced risk of cash-related crimes and provided cheaper access to banking services and access to credit. Internet and mobile banking became the leading retail channels that banks employ to serve their customers in keeping with customer preference and higher returns and market share. The findings are also in line with Moutinho and Curry (1994)^[23].

Regarding reasons of not using cashless payment methods, majority of respondents were not using mobile phone as they don't see the point in them, didn't have access to internet banking and high interest rate and increased debt on bankcards. The findings are supported by Gangopadhyay (2009)^[10] pointed out that mobile penetration could increase only if at least one of two conditions were fulfilled – costs decline or benefits increase. If there was an unmet demand for financial services, and mobile phones made transactions, costs of availing these services lowered than they otherwise were, the benefits of possessing mobile phones would increase and then more people would avail them. He finally suggested that lack of mobile users should not lead to a lack of interest in using this platform by financial institutions to push for greater financial inclusion. The findings are also in line with World Payment Report (2016).

Majority of respondents were satisfied with the number of transactions and quality of notes of ATM services; due installment enquiry of internet banking services; prepaid mobile recharge and clear instructions from tele phone banking services. Rao (2004)^[25] also aimed at comparing the marketing strategies of two of the commercial banks — Citi bank and Andhra bank. He also evaluated the customer satisfaction with respect to their credit cards and suggested necessary steps for promoting credit card business by considering its benefit and scope in the business.

Constraints in utilization of cashless system

In the study, results showed that majority of respondents highly faced the problem of lack of internet connectivity, loss of cards/mobile, card frauds and incorrect and incomplete receipts, bills and vouchers, etc. from bank. The findings are supported by Asemi and Riyahiniya (2006)^[3] concluded that users faced some problems like low speed connectivity and shortage of inadequate hardware facilities. Khan, *et al.* (2012)^[16] also pointed out that despite possessing crucial importance, internet technology had been facing various obstacles like networking (infrastructure), language problem, and illiteracy.

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