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A critical study on perception of bank's customers on cashless transaction

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Abstract

World is globalising at a very fast pace and internet is playing a greater role in reducing the distance and communication gap among people across the globe. This is a digital world where sharing of thoughts, ideas, trades etc. with rest of the world have become easy and fast. Electronic media has made communication faster and quicker across the nations. India is also not untouched from this globalised digital world. In order to benefit the society from this era of digitalisation a revolutionary step has been taken by Indian Prime Minister, Narendra Modi on 8 Nov, 2017. He announced the demonetisation of Rs.500 and Rs.1000 notes, which was almost 86% circulated in the economy and made a limit on the cash transaction to promote cashless transaction. This step was taken to encourage Paperless economy, Fake currency issues, Black Money and corruption, Excessive cash circulation in Indian economy outside the banking system.

This paper tried to find out the perception of bank's customers on the use of cashless transaction. Study also tried to determine the customer's preference method while performing digital transaction and frequency of using cashless transaction. Paper tried to analyse where do digital transaction stand among people? Does cashless transaction has made any changes in the people's transaction habits? Data was collected through self-structured questionnaire which was distributed among bank's customers in Srinagar, Garhwal, and Uttrakhand. Questionnaire distributed to 100 customers to draw their perception on cashless transactions. The data was analysed through percentage, mean and factor analysis method.

After studying the data it was found that the cashless transaction are now preferred by the people. They are getting acquainted with the cashless transaction and along with debit cards, they are also preferring mobile banking and internet banking. Mobile banking and internet banking are more frequently used by the respondents whereas weekly transaction with Debit cards is higher. NEFT and RTGS are least preferred by the respondents, this shows that they are not much aware about these methods of cashless transaction. The factor analysis explains that Threats related to security and costs issue are more affecting factor and Adaptability factor has least impact on the perception of respondents while performing cashless transaction. Least impact of adaptability factor shows a hope towards the implementation of cashless economy, as the main reason behind implementation of cashless economy is its adaptation by the people of India.

Keywords: Cashless transaction, demonetisation, factor analysis

Introduction

Indian social structure is very wide and complex as well. It is affected by different culture, caste, creed, religion, region and other issues. The most important issue before introducing any policy in India is to implement it on the people who are lacking in education, awareness and quick access. Most of the people in India lives in remote areas and they are not connected much with the cities and with the developed policies. Though, many development plans have been taken to ensure easy and fast access for the villagers and the people in far off places such as better roads and other transportation facilities. Government implemented various schemes for the upliftment of the people in village areas as well as urban areas, but they were not properly implemented because of no direct access and corrupt mediators. For that government introduced another policy called Jan Dhan Yojna to connect people through the bank accounts in order to benefit them directly. It was introduced by the Prime Minister, Mr. Narendra Modi, to access banking facilities for the unreachable poor people and provide them all the benefits directly to their accounts. This scheme was marked up to some extent and most of the people opened their accounts in different banks, still many people are not benefitting by this policy due to lack of awareness, banking facility nearby them, digital access etc.

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For this, government has initiated digitalisation revolution in the country to join the identity of every people so that they may get benefit from the policies of the government directly.

To implement digitalisation in the country government has taken one of the revolutionary step called Demonetisation. This was a big step taken by our Prime Minister Mr. Narendra Modi on the 8th Nov 2016.

This step was taken with the following agenda:
- To combat information
- Corruption and crime
- Cashless economy
- Aids to trade

This step was initiated to stop the terrorism as well as to stop the ongoing corruption in the country through implementation of cashless economy. Government took this step to stop the unfair means of financial transaction and to combat the information regarding payments and currency exchange. To do so, government took advantage of demonetisation to implement digitalisation or making India a cashless economy. Digitalisation has been initiated in the country to make people aware about the benefits of cashless transaction. During demonetisation withdrawals and payments in cash was limited by the government to make people get aware with the digital transaction and bring transparency in the economy. Government also advised people to get AADHAR card and connect it to their bank accounts. AADHAR card was introduced to make digital identity of the people in order to relocate them easily and to transfer all the benefits directly to the people without any mediators.

This paper is all about to know the status of digital transaction in Srinagar, Garhwal. The paper analysed whether demonetisation was helpful in making India a cashless economy. Earlier, people used to prefer performing any transaction personally. Moreover, they were acquainted to some extent with ATM cards only. Therefore, it is quite interesting to know whether transaction habit of Indian people have showed any change after various efforts of the Government. Whether they are comfortable and taking interest in cashless transaction or not?

Literature Review
The implementation of cashless society in India is a biggest challenge. After the demonetisation step taken by the government on 8th November 2016 in India, people were pushed towards cashless economy. After demonetisation, cashless policy has become a burning topic in India and many authors, writers and academicians are taking interest in writing about the cashless economy and its effectiveness. Like Meenakshi (2017) [1] had an exploratory research on cashless society imperatives and perception of people regarding the concept of cashless society in India. She distributed 200 questionnaire in Delhi and analysed their perception by applying percentage method. The research concluded that people are still hesitant to use digital transaction and they feel unsafe with digital transaction. Cashless transaction also increasing the monthly expenditure of the

people as they have to spend more money on the maintenance of smartphones and in availing internet facility. Overall the study tells that people are not much liking the idea of going cashless.

Even demonetisation was not successful in changing the transaction habits of Indian people. During demonetisation period people were using digital transaction which was lasted only for two to three months after demonetisation, this may be because of Government pressure but later people get back to their cash transaction habit. Nikhil Pahwa (2016) commented on why going cashless is going to be tough in India? He explained all the challenges and issues in implementing cashless policy in India. He concluded that reliable internet connection, availability of digital devices and number of daily online available people, security, less internet and mobile users are the reasons behind the failure of cashless policy in India.

Though, the implementation of cashless economy was not successful and also complex in implementing in India, yet it was a good start. Many believes that the step of going cashless was not much effective in this short period but its' benefit must be understood by the people of India later and they will start practicing digital transaction once they get acquainted with it.Cashless transaction will reduce illegal activities (Worthington, 1995), government may control over their citizens (Iliev, 2017), and security in money transfer and maintenance of bank accounts will be possible through cashless transaction (Eisenstein, 2011).

Objective
The following are the objectives of this study:
1. To determine the perception of Bank customers on cashless transaction.
2. To determine the factors affecting the perception of bank customer towards cashless transaction.
3. To determine the preferences and frequency of using cashless transaction.

Research Methodology
The researcher collected primary data using structured questionnaire distributed among bank's customer in Srinagar, Garhwal, and Uttrakhand. The questionnaire consisted of three sections. Section A spoke about demographic profile of the respondents and section B that dealt with the preferences and frequency of using cashless transaction and section C includes factors affecting perception of respondents while performing cashless transaction. The questionnaire was based on Likert's five scales namely strongly disagree, disagree, no opinion, agree and strongly agree. The researcher allocated the values of 1, 2, 3, 4, and 5, respectively for the Likert's scale. Four factors were chosen for using Factor analysis: Threats, Benefits, Economic and Adaptability.

Analysis
The paper has been analysed with the help of percentage method, Mean value, Standard value, descriptive statistics and Factor analysis. Secondary data was collected through the website of RBI, Livemint.com, journal, Articles available on internet etc.

Results and Interpretation of Data

Table 1: Case Processing Summary

		N	%
Cases	Valid	110	100.0
	Excluded[a]	0	.0
	Total	110	100.0

Listwise deletion based on all variables in the procedure.

Table 1 shows the total valid responses which were analysed.

Table 2: Reliability Statistics

Cronbach's Alpha	N of Items
.762	30

Table 2 shows the reliability of the data which is 76 percent and it shows that data is reliable for further analysis.

Table 3: Demographic Profile

Category	Particulars	Frequency	Percent (%)
Gender	Male	44	40
	Female	66	60
	Total	110	100
Age	Upto 30 Years	96	87.3
	31-40 Years	13	11.8
	41-50 Years	1	.9
	Total	110	100
Educational Qualification	Upto 12th	10	9.1
	Graduate	13	11.8
	Post Graduate	56	50.9
	Professional	19	17.3
	Qualification	12	10.9
	Others Total	110	100
Occupation	Business	12	10.9
	Professional	18	16.4
	Services	08	7.3
	Retired	12	10.9
	Others	60	54.5
	Total	110	100
Monthly Income	Upto 25000	96	87.3
	25001-50000	09	8.2
	50001-75000	03	2.7
	75001-100000	02	1.8
	Total	110	100
Marital Status	Married	18	16.4
	Unmarried	92	83.6
		110	100

Table 3 shows the demographic profile of the respondent which were analysed through the percentage method. Through table we can see that the male respondents were 40% and female were 60%, most of the respondents (87.3%) belongs to the age group up to 30 years, 87.3% belongs to monthly income up to 25000 and most (83.6%) of them were unmarried.

Table 4: Preferences of Cashless Transaction

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	95	86.4	86.4	86.4
No	15	13.6	13.6	100.0
Total	110	100.0	100.0	

Table 4 shows the preferences of banks customer for cashless transaction. The data reveals that most of the respondents (86.4%) preferred cashless transaction which means people are now getting acquainted with digital transaction and finding cashless transaction easy and fast.

Table 5: Cashless Transaction of Banks Customer's According to Preferences

Items	N	Minimum	Maximum	Mean	Std. Deviation
Debit/ Credit Card	110	1	5	1.98	1.354
Mobile Banking	110	1	5	2.58	1.026
Internet Banking	110	1	5	2.37	1.057
NEFT	110	1	5	3.58	1.061
RTGS	110	1	5	4.27	1.218

Table 5 shows the different methods of cashless transaction ranked on the basis of customers preferences. The mean value explains that the least preferred method was RTGS and the highest preferred method of cashless transaction was Debit card/Credit card. Mobile banking and internet banking were preferred almost equally by the respondents.

Table 6: Frequency of Digital Transaction of Banks Consumer's

Item	Debit card/credit card	Mobile banking	Internet banking	NEFT	RTGS	Total(%)
	N%	N%	N%	N%	N%	%
Once in a day	09	18	14	01	02	8
	8.19	16.27	12.72	0.90	1.81	
Once in a week	30	20	26	04	03	15.09
	27.28	18.18	23.64	3.64	2.72	
More than one time in a week	22	17	20	14	12	15.45
	20	15.45	18.18	12.72	10.90	
Once in a month	25	36	41	59	60	40.18
	22.72	32.73	37.27	53.63	54.54	
More than one time in a month	24	19	09	32	33	21.28
	21.81	17.27	8.19	29.09	30	
Total	110	110	110	110	110	100
	100	100	100	100	100	

Table 6 shows the frequency of using digital transaction of banks customers. it can be seen from the data that mobile banking and internet banking are more frequently used by the respondents whereas NEFT and RTGS were used mostly once in a moth or least frequently used. Weekly transaction with Debit card is higher than the other methods.

Table 7: Descriptive Statistics (Overall Perception)

Items	N	Minimum	Maximum	Mean	Std. Deviation
SC_1	110	1	5	4.04	1.100
SC_2	110	1	5	3.68	1.075
SC_3	110	1	5	3.53	1.073
SC_4	110	1	5	3.59	1.007
SC_5	110	1	5	3.21	1.142
SC_6	110	1	5	3.36	1.123
SC_7	110	1	5	3.63	.947
SC_8	110	1	5	3.35	1.079
SC_9	110	1	5	3.85	.988
SC_10	110	1	5	3.05	1.305
SC_11	110	1	5	3.41	1.095
SC_12	110	1	5	3.14	1.145
SC_13	110	1	5	3.15	1.060
SC_14	110	1	5	3.24	1.100
SC_15	110	1	5	3.29	.999
SC_16	110	1	5	3.01	1.018
SC_17	110	1	5	3.03	1.145
SC_18	110	1	5	3.38	1.256
SC_19	110	1	5	3.38	.967
Valid N (listwise)	110				

Table 7 shows the description of statistical analysis of respondents with mean value and standard deviation. The mean values of respondents are more than 03 regarding every statement, hence, the hypothesis is accepted and it can be concluded that the perception of banks customers towards cashless transaction is positive and they getting familiar with the digital world.

Table 8: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.809
Bartlett's Test of Sphericity	Approx. Chi-Square	1005.611
	Df	171
	Sig.	.000

Table: 8 shows that KMO and Bartlett's Test is showing

Appropriate percentage i.e. 80% to explain the data satisfactory for further analysis. The KMO measures the sampling adequacy which should be greater than 0.5 for a satisfactory factor analysis to proceed and gauge strength of the relationship among variables.

Bartlett's test is another indication of the strength of the relationship among variables. This tests the null hypothesis that the correlation matrix is an identity matrix. An identity matrix is matrix in which all of the diagonal elements are 1 and all off diagonal elements are 0. From the same table, we can see that the Bartlett's test of sphericity is significant. That is, its associated probability is less than 0.05. In fact, it is actually 0.000, i.e. the significance level is small enough to reject the null hypothesis. This means that correlation matrix is not an identity matrix.

	Component			
	1	**2**	**3**	**4**
SC_13	.803			
SC_11	.770			
SC_10	.720			
SC_12	.697			
SC_14	.653			.506
SC_18		.877		
SC_19		.733		
SC_16		.658		
SC_17		.578		.505
SC_15		.508		.464
SC_1			.770	
SC_4			.687	
SC_8			.633	
SC_9			.617	
SC_3		.455	.612	
SC_2		.322	.541	
SC_7		.431	.532	
SC_5		.367		.725
SC_6				.603

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization. Rotation converged in 7 iterations.

Table 9 shows the factor analysis applied on the data collected from the banks customers in Srinagar, Garhwal. The first factor which represents threats in cashless transaction have more impact on the perception of respondent while performing cashless transaction. The second factor represents benefits from cashless transaction which shows that respondents also considered benefit factors before doing cashless transaction. Then the next factor development factor represents less impact and fourth factor adaptability has very least impact on the perception of respondents which means in rural areas and adaptability among people is still a big question in implementation of cashless economy.

Conclusion
Demonetisation was a great step towards corruption as well as digitalisation. Though the step was not successfully implemented, but it does an impact on the mind-set of the people towards electronic payments system. During the demonetisation transactions in different way of payment system has increased but after demonetisation people go back to their traditional way of doing transactions. But the responses collected in Srinagar Garhwal, Uttrakhand, explains that people are preferring cashless transaction more easy and fast than cash transaction. Through the analysis it was found that people are taking interest in the cashless transaction except, they are threatened by security and cost related issues with cashless transaction. If, these issues is being cleared by the government then, it will be possible for the government to make India a cashless economy. The most important point in the paper is that the adaptability factor shows least impact on the perception of customers which means people of India is getting ready to go for cashless transaction. They are feeling comfortable and are not hesitant to use cashless transaction.

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