



A STUDY OF CASHLESS TRANSACTION BEHAVIOR OF BANK CUSTOMERS IN DISTRICT MATHURA, UP

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Abstract

There are many substitutes for cash in the modern economy ranging from debit cards, pre-paid cards, credit cards and mobile wallets. When compared to cash, these instruments differ in a number of key characteristics. Temporal separation or degree of coupling is the extent to which a purchase and the payment for the transaction from resources are separated in time. If the two are de-coupled, people may not perceive a sense of separation from money at the time of incurring the expenditure and hence may overspend. The second characteristic is related to the pain of payment flowing from salience. It is argued that people perceive the pain of payment depending on the tangibility or salience of the outflow. A third feature is the stringency of budget constraint –while cash limits one’s ability to spend to the amount of cash in hand, a debit card expands it to the balances available in the account and a credit card further relaxes it to include future earnings as well. The study is based on the survey of the behavior of 200 bank customers at district Mathura, Uttar Pradesh (Interacting with different Banks of the district). Literate/educated and young respondents are found interested towards cashless transaction in comparison to illiterate and old aged respondents. In a comparison of debit cards with cash, studies suggest that with the use of debit cards, the level of consumption tends to be higher. In a comparison of credit cards with cash, this effect is more pronounced. Credit cards often are associated with more spending resulting in an increase in debt as well. The demonetization undertaken by the government is a large shock to the economy. The impact of the shock in the medium term is a function of how much of the currency will be replaced at the end of the replacement process and the extent to which currency in circulation is extinguished. While it has been argued that the cash that would be extinguished would be “black money” and hence, should be rightfully extinguished to set right the perverse incentive structure in the economy, this argument is based on impressions rather than on facts. While the facts are not available to anybody, it would be foolhardy to argue that this is the only possibility. As argued above, it is possible that these cash balances were used as a medium of exchange.

Keywords: *Demonetization, Mobile Wallets, Mobile Apps, Cashless (digital) Transaction.*



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METHODOLOGY (TOOLS AND TECHNIQUES) :

Random sampling method has been used to select the Respondents. A cross sectional evaluation was done to include all the Bank Customers. Interview technique was conducted

using predesigned & pretested questionnaire. Questionnaire included information related to bio-social profile of the Bank Customers selection process, service delivery, thereby including all vital areas of concern to provide recommendation pertaining to efficient cashless transaction. The data was collected by the trained field investigators. The study is based on the survey for the behavior of 200 bank customers at district Mathura, Uttar Pradesh (Interacting with different Banks of the district). The method of statistical analysis is used to draw scientific conclusions.

Hypothesis 1. Cashless transaction is confined to urban areas only.

Hypothesis 2. Daily needs are compulsion of cash transaction.

Hypothesis 3. Cashless transaction is not considered convenient due to incomplete infrastructure of internet services.

Hypothesis 4. Low internet quality and availability of network is the main hurdle for cashless transaction in India.

SOCIO-ECONOMIC PROFILE OF RESPONDENTS:

TABLE: A

S.No.	Age-wise distribution of 'Respondents'	f	%
1	18-30	35	17.5
2	30-40	63	31.5
3	40-50	40	20.0
5	> 40	62	31.0
	Total	200	100.00

TABLE: B

S.No.	Economic status-wise distribution of 'Respondents'	F	%
1	Upper-class	58	29.0
2	Upper-middle	72	36.0
3	Lower-middle	68	34.0
4	Upper-lower	02	01.0
5	Lower-class	00	00.0
	Total	200	100.00

By the analysis of the given tables, it is observed that 103(51.5%) Respondents belong to the age group 30-50 years followed by 35 (17.5%) below 30 years and 62(31.0%) above 50 years. Most of the respondents, who belong to the age group 30-50 years, are either from service group or from higher studies. Majority of them were Hindus, 136(68.0%) followed by 44(22%) Muslims, 18(09.0%) Sikhs and 02(01%) other religions as Jains etc. On the basis of the educational status, 126(63.0%) respondents are either graduate or highly qualified. On the basis of economic status, 58(29.0%) respondents belongs to upper class, 140(70%) from upper middle and lower middle class.

TRANSACTION BEHAVIOUR AMONG THE BANK CUSTOMERS :

The following tables A and B clarify the transaction behavior of the respondents, regarding different variables, introduced to cashless transaction.

“If the customers adopted different modes (such as - debit cards, pre-paid cards, credit cards, ATM cards and mobile wallets) for cashless transaction”

Table “C”

S.No.	Economic status	Responses			Total	Percentage
		Yes	No	Neutral / No response		
1	Upper class	32	24	02	58	29.0 %
2	Middle class	52	72	16	140	70.0 %
3	Lower class	00	00	02	02	01.0 %
		84	96	20	200	100.00

Table “D”

S. No.	Educational status	Responses			Total	Percentage
		Yes	No	Neutral / No response		
1	Literate up to High	12	12	02	26	13.0 %
2	School	22	26	02	48	24.0 %
3	Intermediate Graduate & Others	50	62	16	126	63.0 %
		84	96	20	200	100.00

TABLE: E

“Problems encountered by the bank customers for cashless transaction”

S. No.	Problems encountered in cashless transaction	Frequencies	Percentage
1	Opaqueness of terms and conditions	148	74.00 %
2	Charges implemented by banks are higher	129	64.50 %
3	Poor network (Internet) availability	167	83.50 %

S. No.	Reasons, Why the respondents are not interested towards cashless transaction?	Frequencies	Percentage
1	Lack of Knowledge about modern Technologies	142	71.00 %
2	Fear of delusiveness (cyber frauds)	166	83.00 %
3	Laborers and daily waged people need cash for	171	85.50 %

DISCUSSION, FINDINGS & CONCLUSIONS: By the observation and analysis of the primary data given in the referred tables it is observed that by the most of the bank customers at district Etawah in Uttar Pradesh; cashless transaction is not practiced. Only highly

educated customers, who are either in business or in services, are interested towards cashless transaction, due to their infoholic conditions of timings rhythm with the working hours of banks. 62 respondents above age 40 years (amongst the 200 total respondents) thought the cashless transaction a castle in air, for current Indian scenario.

The findings of this micro empirical study reflect that Only 84(42 %)respondents out of 200; are switched towards cashless transaction; but not completely. ATM's are being used only to withdraw money. The main problems faced by the respondents during cashless(digital) transaction are- **terms and conditions of the service providers for digital transaction are not transparent(148 / 74 %), Charges implemented by banks and other service providers are higher(129 / 64.50 %) and Poor network (Internet) availability** in remote areas as well as in the cities also(167 / 83.50 %).

The main Challenges towards cashless transaction , according to the selected respondents ; are - Lack of Knowledge about modern Technologies among remote rural citizens (142 / 71.00 %), Fear of delusiveness (cyber frauds) is common among the bank customers(166 / 83.00 %), Laborers and daily waged people, fruit sellers , meat sellers, street vendors has neither the mechanism nor they are interested towards cashless transaction (169 / 84.50 %).

SUGGESTIONS: Consumers are not identical. First, they differ with respect to disposable income and, second, they differ across their investments in the cashless infrastructure. Indian government efforts through CSC's (Common Service Centers) to make India digital, are not sufficient until the resources related to digital transaction(Cashless economy), such as availability of internet network, awareness and proper training of citizens belonging to rural and remote areas and assurance against cyber frauds; are not improved. The government has introduced KIOSK and mini ATM's, mobile banks, but insufficient.

The probability of finding individuals who will join the cashless payment system increases as – cost of withdrawal and opportunity time cost of being physically present for the transaction increases, – more and more sellers join the cashless network – joining fee decreases – price of the commodity decrease; and – indirect tax decrease.

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