



RECENT DEVELOPMENTS RELATED TO CASHLESS COMMERCE: A CASE STUDY IN MANGALORE CITY

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ABSTRACT

There is a revolution taking place in the field of technology and financial system. Going Cashless Commerce eases one's life. The Government has taken several steps which will help the economy to move towards Cashless Commerce and lead the economy towards development. In our Nation Cashless Commerce should be widespread. The Digital India is a campaign launched by the Government of India in order to ensure the Governments services are made available to citizens electronically by improved online infrastructure and by increasing internet connectivity or making the country digitally empowered in the field of technology with a vision to transform India into a digitally empowered society and knowledge economy. Faceless, Paperless, Cashless is one of the professed role of Digital India. This Paper highlights the benefits of Cashless economy and recent developments related to Cashless Commerce and also analyse the perception of customers towards cashless commerce.

KEY WORDS: Cashless Commerce, Digital India, Knowledge Economy.

INTRODUCTION

Traditional Banks are the original banks that go way back in the history of the economy. These owned big buildings with the word BANK on their titles, these had their local branches, and were chosen by the customers for the convenience as well as face to face customer services.

The Digital India program is a “flagship programme” of the Government of India with a vision to transform India into a digitally empowered society and knowledge economy. Faceless, Paperless, Cashless is one of the professed role of Digital India.

The Cashless Economic activity usually happens in three different modes, namely:

- Mobile or e-wallet
- Plastic Money
- Net Banking

Mobile wallet refers to the usage of mobile wallet or digital payment apps.

Plastic Money involves the usage of debit/credit cards across swiping machine and POS terminals.

Net Banking wherein the user logs into the banking account and make the transactions through National Electronic Fund Transfer [NEFT], Real Time Gross Settlement [RTGS] or Immediate Payment Service [IMPS] Digital transactions bring more transparent, scalability and accountability with the implementation of demonetization, the government has announced waivers on convenience charges, surcharge and service charge on digital payments by government departments and organisations to promote digital payments.

The knowledge economy is a system of consumption and production that is based on intellectual capital. In particular, it refers to the ability to capitalize on scientific discoveries and basic and applied research. This has come to represent a large component of all economic activity in most developed countries. In a knowledge economy, a significant component of value may thus consist of intangible assets such as the value of its workers' knowledge or intellectual property.

REVIEW OF LITERATURE

- Borhan Omor Ahmad Al-Dalaien, in 2017, in study paper, Cashless Economy in India Challenges Ahead, highlighted the conceptual background of cashless economy in India and examined the benefits



of cashless economy to the general public. The results revealed that cashless economy is not of much beneficial to the general public.

- Preeti Garg, in 2016, Study on Introduction of Cashless Economy in India : Benefits and Challenges , studied the views of people on introduction of cashless economy in India. The study showed that cashless economy will help in curbing black money, counterfeit's, fake currency, fighting against terrorism, reduce cash related robbery, helps in improving economic growth of our country. Study also revealed the drawback of cyber fraud, high illiteracy rate, attitude of people, lack of transparency and efficiency in digital payment system.
- Sushmi Routray, Reema Khurana, Ruchi Payal, Rakesh Gupta, in 2019, A Move Towards Cashless Economy: A Case of Continuous usage mobile wallets in India, revealed that system quality and service quality of the mobile wallets significantly impact perceived security.
- Rudresha , in 2019 ,Cashless Transaction in India: A study, showed that in India the terms using digital payment methods are still very poor. But this is the strong and good decision by the government of India and the government needs more efforts for the literacy campaign and time to time have to make population aware of benefits of electronic payments.
- Madhu Arora, Monika Gandhi, Neha Gupta, Sonali Rawat, Influence of Occupation on the Outlook of Digital Wallets, as per the findings of the study students feel fewer problems in using digital wallets and younger generation is more satisfied with the use of digital wallets. But it should be user friendly to satisfy occupants from other sectors also.
- Kunjal Sinha, Dhruvti Joshi, Gopal Kamani, in 2017, Consumers Attitude and Perception towards doing Cashless Transaction: An Empirical study on Vadodara , Study found the reason for consumers going towards cashless transaction and revealed that consumers are finding it easy to use cashless transactions.
- Subramanian S. 2014, the study, Paper-free payment systems in India – Revealed that the Banks and other Financial institutions must concentrate further on efforts to encourage the people for online transactions instead of using cash, cheque payments etc.
- Sudha G.,Sornaganesh V., Thangajesu Sathish M., in 2020 , found various payment methods used during the pandemic situation and analysed the problems faced by the people while doing online payments.The study revealed that the Government is having an aim of having billion digital transactions per day. Study also found that the Government had informed the Banks to support and help their customers in order to use digital banking facilities .
- Dr.Sowmya Praveen K., Dr.C.K.Hebbar,(2021). A Review on Customers Perception Towards E-Banking Services- A Comparative Study, revealed that both public and private sector banks must motivate their customers towards E- Banking and also should focus on good services as well as charge reasonable amount for the services provided to their customers.
- Ashwani Sharma, Dr. Himanshu Agarwal,(2018). Study of Recent Developments Related to Cashless Commerce in India, study analysed the perception of customers towards cashless commerce.
- Dorothy Sagayarani , “Paradigm Shift in Taxation, Accounting, Finance and Insurance” Digital Payments In India , from the analysis it appeared that many people agree with the benefits of cashless economy for fighting against terrorism, corruption, but many have fear about cybercrime and illegal access to primary data.. For smooth implementation of cash less system in India, Government have to bring transparency and efficiency in e -payment system, financial literacy campaigns should be conducted by government time to time to even in rural areas to make population aware of the benefits of electronic payments.Though it takes time to make India complete cashless , but continuous innovations in technology will surely expand the society's accessibility to cashless payment.
- D.N.V.Krishna Reddy , Dr.M.Sudhir Reddy , in their study paper, A Study On Customer's Perception And Satisfaction Towards Electronic Banking In Khammam District , identified and measured the consumer perception towards the convenience and willingness to use E-banking services and concluded that above 50% of people have positive perception & are satisfied with E-Banking Services. And those who have less knowledge about computer and internet are not using E-Banking services. So Banks by improving their promotional and communication strategies should bring awareness among the customers regarding IT services and build up positive perception to improve the level of usage of E-Banking .

OBJECTIVES OF THE STUDIES

- To identify the methods of cashless transactions .



- To identify the benefits of cashless commerce.
- To analyse the perception of customers towards cashless commerce.

RESEARCH METHODOLOGY

The present study includes both primary and secondary data. The primary data is collected through distributing questionnaire to the people in Mangalore City. The respondents are selected randomly. Secondary data is obtained from various Websites and Magazines. To arrive at the objectives, a sample of 200 respondents are collected under convenient sampling method.

Modes of Cashless Transactions

- **Cheque:** A Cheque is a document that orders a bank to pay a specific amount of money from a person's account to the person in whose name the cheque has been issued. The cheque is utilised to make safe, secure and convenient payments.
- **Demand Draft [DD]:** DD is a way to initiate a bank transfer that does not require a signature as in the case with the cheque to transfer funds from one bank to another. It is a prepaid negotiable instrument.
- **Online Transfer- NEFT or RTGS:** NEFT is an electronic fund transfer system maintained by RBI. It enables bank customers in India to transfer funds between any two NEFT-enabled bank accounts on a one-to-one basis. It is done via electronic messages. There is no limit either minimum or maximum on the amount of funds that can be transferred using NEFT.
RTGS systems are specialist funds transfer systems where the transfer of money takes place on a real time which means no waiting period and on a gross basis which means the transaction is settled on a one-to-one basis without netting with any other transactions.
- **Credit card or Debit card:** Debit cards allow us to spend money by drawing on funds we have deposited at the bank.
Credit cards allow us to borrow money from the card issuer up to a certain limit in order to purchase items or withdraw cash.
- **E-Wallets:** E-Wallet is a type of electronic card which is used for transactions made online through a computer or a smart phone. E-Wallet needs to be linked with the individual's bank account to make payments.
- **UPI Apps:** A Unified Payment Interface is a smart phone application that allows users to transfer money between bank accounts. It is a single-window mobile payment system developed by the National Payments Corporation of India [NPCI].
- **Aadhaar enabled payment system:** AEPS is a type of payment system that is based on the Unique Identification Number and allows Aadhaar card holders to seamlessly make financial transactions through Aadhaar based authentication. Here we can transfer funds, make payments, deposit cash, make withdrawals, make enquiry about bank balance etc. This is another initiative taken by the NPCI to encourage cashless transactions in India.
- **USSD:** Unstructured Supplementary Service Data is cashless payment option for those who don't have smart phone. In this method the user must dial *99# to interact with an interactive voice menu via a mobile screen. However, to use this service the customer must ensure that his mobile number is same as that of the one linked with the bank account.
- **QR Codes:** QR stands for Quick Response. It is a two-dimensional code that has a pattern of black squares which are arranged on a square grid. Here a user just has to scan the QR Code of the merchant service to complete the transactions.
- **Contactless Payments:** It's a convenient and secure method which enables the users to purchase products by simply tapping a card near a point-of-sale terminal.
- **ECS:** Electronic clearance Service is widely used for making bulk payments, equated monthly instalments, paying off for utility services and to disburse payments like dividend interest, pensions and salaries.
- **POS terminals:** This is a handheld device present at the stores. These stores are used to read banking cards of the customers.

Major benefits of a cashless society

- ❖ **Reduced cost and business risk:** Cashless payments eliminates business risks like theft of cash, robbery of cash etc. and also reduces the cost of counting, security, withdrawals, transportation.



- ❖ Speed Transactions: Paying in the form of cash requires more time for customers as well as business man. So, it is better to go cashless for the faster transactions and increased efficiency.
- ❖ Seamless International Payments: During foreign visits, one need not buy the foreign currency. It is advisable to use cashless payment apps.
- ❖ Better Compilation of Economic Data: It is very easy for the Government to track the movement of cash through cashless payment system . And these records will help to control over black money and other illegal transactions.
- ❖ An Efficient Tool to Fight Against Corruption: If everyone uses cashless payment methods, then there would be complete transparency in the flow of money in the economy and cotrolling of corruption is possible.
- ❖ Eliminating the middle man: In cashless society there won't be processing cost or any other cost which are related to cash payments and as a result the portion of money saved in such cashless society can be used to rejuvenate financially depressed areas.

Analysis of Customer Towards Cashless Commerce:

1) Do you support cashless commerce ?

Particulars	Respondents	Percentage
Strongly agree	69	34.5
Agree	81	40.5
Neutral	15	7.5
Disagree	27	13.5
Strongly disagree	8	4.0
Total	200	100

N=200

Sources:Survey

The above table shows that the maximum number of respondents agree to support cashless commerce with 81%.

2) Do you use Paytm, Net banking, Online banking other digital methods?

Particulars	Respondents	Percentage
Yes	154	77
No	46	23
Total	200	100

N=200

Sources:Survey

From the above table we get the information that majority of the respondents use online/paytm/netbanking with 77%.

3) What percent of your purchase are made by digital payments?

Particulars	Respondents	Percentage
Less than 20%	28	14
Between 21 to 50%	76	38
Between 51 to 75%	38	19
More than 75%	58	29
Total	200	100

N =200

Sources: Survey

The above table reveals that majority of the respondents purchase 21-50% on digital payment methods with 38%.



4) Do you think India is completely ready for cashless economy?

Particulars	Respondents	Percentage
Strongly agree	46	23
Agree	76	38
Neutral	43	21.5
Disagree	25	12.5
Strongly disagree	10	5.0
Total	200	100

N=200

Sources: Survey

The above table shows that majority of the respondents agree that India is ready for cashless economy with 38%.

5) How many times do you engage in cash transactions every day?

Particulars	Respondents	Percentage
0-2	82	41
From 3-5	81	40.5
More than 5	37	18.5
Total	200	100

N=200

Sources: Survey

The above table reveals that around 41% of the respondents engage 0-2 times everyday in cash transactions.

6) Which mode do you use most while making the payments?

Particulars	Respondents	Percentage
Debit card	140	70
Credit card	40	20
Smartphone/Apps	155	77.5
Cash	75	37.5
Other payment systems	37	18.5

N=200

MRR=2.24

Sources: Survey

1. Percentage is not equal to 100 because of multiple responses.

2. Multiple response rate is equal to total number of responses divided by the number of respondents.

The above table shows that maximum number of respondents use smart phone/apps while making payments with 77.5%.

FINDINGS

- 81% of the respondents support cashless commerce.
- 77% of the respondents use online banking.
- 38% of the respondents agree that India is ready for cashless economy.
- Around 41% of the respondents engage everyday in cash transactions.
- 77.5% of the respondents are comfortable in using smart phone/apps while making payments.
- From the study it is found that India is not ready for 100% cashless economy.

SUGGESTIONS

1. Make the process of digital transactions easy for sellers as well as buyers.
2. Encourage the youth to become ambassador of change.
3. Applications must have local language options too.
4. Make online payment methods more secure and riskfree.
5. Government and Financial Institutions must provide incentives on digital payments.
6. Government should promote digital literacy programmes.



7. Public are of the opinion that for the small expenses like bus fare, auto fare, eating snacks they require cash rather than cashless.

CONCLUSION

Digital payments have grown immensely after demonetisation and sustained campaign by the Government. Though Indians have a special love for cash still the country is moving towards cashless trend. Now there is a sudden rise in demand for the online marketplace and the increasing usage of UPI, PAYTM, PhonePe and other digital payment Apps. From the study it has been derived that the recent developments in cashless economy has given power ways for economic developments. As a result from the study it is found that majority of the respondents engage on cashless transactions and are ready for cashless.

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