

IMPACT ON PERCEPTION OF CONSUMERS TOWARDS CASHLESS TRANSACTIONS IN NBFCs IN KERALA

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ABSTRACT:

The people of India are very much cash dependent, regardless of the place they live say, in Rural, Semi-Urban, Urban, regularly they use cash in their transaction. People living in villages, towns, small cities are facing problem of cash. Only a 20 percent or less than 20 percent does not face this problem of cash. Approximately 215000 ATMs for instance in rural centers. So having cashless transactions any time is still dream in India though the government is trying to slowdown these problems by introducing cashless concept, people are finding difficult to go for cashless transactions. The purpose of the present study is to examine the **impact on perception of consumers towards cashless transactions in NBFC's in the state of Kerala**. The study examined the factors influencing consumer's acceptance towards cashless transactions. The objectives of the study were to identify the preference of the respondents for choosing cashless transactions and to study the factors influencing the respondents towards the adoption of cashless transaction. The study was carried out in state of Kerala with 150 consumers of leading NBFCs. The findings revealed that security concern, service charges, ease of use, resistance to change, accessibility and awareness influence acceptance of cashless services. The study recommended extensive awareness and sensitization on the features, benefits and use of cashless transactions to consumers of cashless transaction in state of Kerala in general.

KEY WORDS: Consumer perception, Cash less transactions, NBFC's, Internet banking .Electronic fund transfer, Phone Banking

INTRODUCTION

The banking industry is one of the oldest in the world. This banking industry originated four thousand years ago in places such as Babylon, Mesopotamia and Egypt where grain and other valuable commodities were stored and given as proof of sale on purchase. The advent of paper currency as a medium of exchange has revolutionised the banking industry. In 1600 AD use of cheques became prevalent and by mid-1900's, banks started using the telegraph technology to "wire" money from one location to other that too in a matter of seconds. Banking today has become more multifaceted with different products and services which stems from trust on automation and technological change which has shaped it from a human-oriented industry into a highly automated and totally technology dependent.

The enhanced role of the banking sector in the Indian economy, the increasing levels of deregulation and globalisation in the Indian banking industry have placed numerous demands on the banks. It is no longer adequate for banks to provide only traditional banking services. To meet the varied financial needs, banking industry have to offer a wider and flexible range of financial products, tailored for all type of customers. For the discerning present day customers the banking industry have not only to provide a bouquet of financial services, but also do this in a more efficient manner in the terms of cost, time and convenience. Technological innovations witnessed by the corporate sector during the nineties have introduced new business paradigms, wherein the information technology is increasingly playing an significant role in improving the banking services.

E- Banking is the electronic bank that provides the financial services for the individual client by means of internet, online banking, home banking, remote electronic banking and phone banking, etc. refer to one form or another of electronic banking. Electronic banking is defined as the automated of new and traditional banking products and services directly to the customers, individuals or businesses, to access accounts, transact business or to obtain information on financial products and services through a public or private network, including the internet.

Recent developments in the Indian banking system:

Indian banking system has developed enormously after the independence particularly after the nationalisation of there has been a multi-dimensional growth. Some particular developments which will have long lasting effect on the banking system. The diversification are

➤ **Bank Net:**

A global network operated by MasterCard that facilitates the routing of credit card transactions for authorization from almost any point in the world. One of the world's largest global telecommunications networks, Bank net links all MasterCard members and data processing centers into a single financial network. The network enables MasterCard's side of an authorization transaction to be performed in seconds.

➤ **Phone banking:**

Through this services a person is just or phone call away from his account information. If the customer of a bank seeks information relating to his account, he has to dial a number indicated by the bank. Further a recorded voice will ask him to identify himself through his code and account number. If the information matches, information sought is supplied.

➤ **Internet banking:**

With growing importance of IT, banking in future is definitely going to be hi- tech. All the banks have already geared up their machinery and man power in this direction. New generation private sector banks and foreign banks ahead in the race. Apart from CBS (Core- Banking Solution. ATM, Net Banking and Plastic money, new dimensions are being added to the digitization kitty of banks day to day. Self- operating vending machines, cash deposit machines mobile banking, has already pulled out the crow from the branches. Customers get satisfied, privileged and dignified doing their own banking transaction themselves without going to branch or taking help of branch staff. The biggest advantage of internet banking is that, process flow will be smooth, systematic, transparent and less time consuming. This will save time and cost to banks. The bank staff will be able to invest the surplus time in other services like consultancy, cross selling relationship building and recovery

➤ **Electronic fund transfers:**

It is simple retail payment system which is secure as well as speedy. The card holder presents the card to the retailer which is passed through the terminal card recorder where upon customers enters personal identification number (PIN).

Certainly the above innovations in the banking system has given new face to our banks and developed a new phenomenon "anywhere and everywhere"

What is cashless transaction?

Cashless transactions are not the blessings of nature for progress, these are all only one form transaction, developed from barter and currency. They are not powerful blessing for progress, but are only facilitators. Education, sincerity, science and technology, coupled with hard work are the main requirements for developing a nation. Cashless transactions, can't produce goods for consumption. I don't think that the invention, or usage of currency, has lost its importance. World over, the currency is still holding a very important position. I do not know, how digital transactions can be accounted for, by customs officials, during foreign tour. Only cash transaction will have a sense of finish, or completeness and needs no post verification, where as digital or cashless

transactions will occupy our mind, till it is verified. However, large volumes cannot be handled in cash. Any transactions through digital accounting as well as through cheques, can be termed as cashless transaction.

STATEMENT OF THE PROBLEM

The advancement of information technology has facilitated innovation in electronic payment where goods and services are traded without the use of physical cash. A cashless payment eliminates the usage of money as a medium of exchange for goods and services by allowing electronic transfer payments or non-electronic payment via cheques. The adoption of one type of cashless payment will affect another type of cashless payment in the short run. The impact of adopting cashless payment on economic growth can only be significantly observed in the long run. Hence, any policy that promotes cashless payment will not affect the economy immediately. In this context, the study intends to investigate the respondent's perception and preference towards cashless transaction.

REVIEW OF LITERATURE

Nikilan raj (2017) in his work demonetization a boon or bane has examined that it has been a boon for Indian E-payment systems. Some of the lead E-payment systems has stated that there is a three times surge in the new users. Moreover this will help people to overcome the cascades of dealing in cash but also an act as a significant step towards providing India to emerge as a true cashless economy. **Dr. Jayanthi (2017)** in the study has study concluded that the usage of smart phones, PCs, tablets, and modern technological services rendered by the customers. Further efforts in minimising the cybercrime and network issues would enhance the financing in "eft" in a major extent to regular financing activities by the customers. **Deepika Kumari (2016)** in her work Cashless Transaction: Methods, Applications and Challenges has concluded that government shall take efforts in spreading awareness about cashless transactions and their advantageous through various kinds of advertisements. **Awara, Nsobiari Festus And Anyadighibe, Joseph (2014)** their study reveals that "the banking system to make reforms and train the customer for acceptance and adoption of e-banking customers have fears of hacking of accounts and loss of their funds; hence; hesitate to adopt e-banking. Banks are trying their level best by providing security options to the customers. it must be made friendlier to access their accounts and carryout transactions. And it is one of the reason for the slow acceptance of e-banking is human tendency to resist change". **Krishna kishore and Dr. Sanjeev Padashetty (2013)** in their study an empirical study on consumer adoption of mobile payments in Bangalore city – a case study has found that teenagers are aggressive in adopting mobile payment system, they recommend that people belonging to other age group can also be slowly pursued carefully planned marketing campaign that can evangelize the non-user into users of mobile payments. **Oladige (2012)** used theories to investigate cashless banking in Nigeria and its implications on the economy. He found out that cashless banking will boost the economy on the long run. **Dr. D.N. Mishra (2008)** in his work discussed the trends in Indian banking sector, the nationalisation era could be a period of rapid expansion with little emphasis on operational efficiency. Later on saw a consolidation of gains and efforts at rationalisation of branches as well as human resources. Now in the present era they are investing in technology aiming to provide better services at lower cost.

OBJECTIVES OF THE STUDY

The Objective of the study is to identify the preference of the consumers for choosing cashless transactions. And to study the factors influencing consumers towards the adoption of cashless transaction.

RESEARCH METHODOLOGY

The research aims to quantify the perceptions of respondents towards cashless transaction. It would be descriptive in nature because it measures the impact of various demographic factors on the respondents' perception while they make cashless transactions. The data was collected from the respondents in the state of Kerala both primary and secondary data. And their responses have been analysed by using appropriate statistical tools. Thus, the research design adopted for the study is Quantitative Descriptive design to cover the various aspects of the study. Convenience sampling technique has been used to select the respondents. And the sample size is 150 respondents were selected to measure the respondent's perception towards cashless transactions. Also, the study has been conducted for a period of 3 months from January 2021 to March 2021. Tools used for analysis were Percentage analysis, ANOVA and Regression analysis.

RESULTS AND DISCUSSIONS

1. Demographical details of the Respondents. Table 1

Sl. No.	Demographic Details		Frequency	Percentage
1.	Gender	Male	68	45
		Female	82	55
2.	Age	21-30 years	78	52
		31-40 years	36	24
		Above 40 years	36	24
3.	Qualification	School level	32	21
		Graduate	62	43
		Post graduate	34	23
		Professionals	12	8
		Others	10	7
4.	Income per month	Below Rs.10000	38	25
		Rs.10001-20000	58	39
		Rs.20001-30000	38	25
		Above Rs.30000	16	11

Source: Primary Data

The above table shows the demographic details. This study selects gender, age, qualification, marital status and income per month to collect the details about the respondent's demographic factors. There are two classifications for gender. The table value shows 45% of the respondents are male and 55% of the respondents are female. The age has classified into three options. The above table value shows 52% of the respondents are age between 21-30 years. 24% of the respondents are age between 31-40 years and above 40 years age respondents are 24 percentage. The Qualification has five categories. The above table shows 21 percentages of the respondents in school level. 43 percentages of the respondents have Graduate. 23 percentage have postgraduate and professionals have 8% and also 7 percentage respondents are others. There are four classifications for income per month. The above table shows 25 percentage of the respondents are below the 10000 Rs income per month. 39% of the respondents income between 10000-20000. 25 percentage of the respondents are 20001-30000 income per month and 11% of the respondents income above the 30000.

2. Analysing the mode of payment, bank charges levied by NBFCs y using Cash less transactions. Table 2

Sl. No.	Particulars		Frequency	Percentage
1.	Mode of Payment	Cash	9	6
		Debit card	70	47
		Credit card	24	16
		Cheque	14	9

		Electronic fund	20	13
		Mobile banking	10	7
		Net banking	3	2
2.	Usage of cashless services	Yes	88	59
		No	62	41
3.	Bank charges	High	38	25
		Normal	86	57
		Low	26	17

Source: Primary Data

The above table shows the mode of payments by the respondents in NBFCs have seven categories. 47 percentages of the respondents have using debit card system for their transactions and only 2 percentages of the respondents using Net banking system. 59 percentage of the respondents using cash less services for their NBFCs transactions. In the case of bank charges 25 percentage of the respondents the charges is high. 57 percentage of the respondents are replied the bank charges is Normal and 17 percentage of the respondents is treated as low.

3 Measuring respondent's perception towards cashless transactions:

H₀-there is no association between the age, educational qualification, income and occupation and the perception.

H₁-there is a association between the age educational qualification, income and occupation and the perception. **Table 3**

Factors	Calculated Value	Df	Table Value	Significance
Age	31.71	10	18.307	Rejected
Educational qualification	31.81	16	26.296	Rejected
Income	18.50	12	21.026	Accepted
occupation	76.81	12	21.026	rejected

Source: Computed Data

As the calculated chi-square value 31.71 for 10 degrees of freedom at 5 percent level of significance the value of chi-square is 18.307 as the calculated value is higher than the table value the null hypothesis is rejected. Therefore there is a association between age and perception.

As the calculated chi-square value 31.81 for 16 degrees of freedom at 5 percent level of significance the value of chi-square is 26.296. As the calculated value is higher than the table value the null hypothesis is rejected. Therefore there is a association between educational qualification and perception.

As the calculated chi-square value 18.50 for 12 degrees of freedom at 5 percent level of significance the value of chi-square is 21.026 as the table value is higher than the calculated value the null hypothesis is accepted. Therefore there is no association between the income and the perception.

As the calculated chi-square value 76.81 for 12 degrees of freedom at 5 percent level of significance the value of chi-square is 21.026 .As the calculated value is higher than the table value the null hypothesis is rejected. Therefore there is a association between occupation and perception.

4. Preference for choosing cashless transactions: Table 4

Factors	Mean Value	Rank
Convenient	7.37	1
Acceptability	3.09	10
Distribution network	4.76	5
Saving of cost and time	6.81	3

Effective devices for payment and borrowing	6.29	4
Influencing of societal change in the attitude of borrowing and spending	4.01	9
Symbol of social status and pride	4.413	7
Peer feed back	4.30	8
Bank recommendation	4.59	6
Safe and secure	6.88	2

Source: Primary Data

From the above Table 4 it is clear that the mean score for the convenience for using the cashless transactions is 7.37 is ranked as the first factor. Secondly the factor safety gets an mean value of 6.88. the third factor influencing the cashless transactions is saving of cost and time. The Symbol of social status and pride with the mean value of 4.413 is ranked as the seventh factor for influencing the cashless transactions. Influencing of societal change in the attitude of borrowing and spending has been ranked in the position of nine with mean score of 4.01. the least mean value 3.09 acceptability is ranked ten for choosing the cashless transactions.

5.1 Respondents’ acceptance towards cashless transactions:

The acceptance of cashless servicing is very essential to have an cashless servicing as a whole. Respondents’ acceptance towards cashless transactions is the key factor for this study and it is studied in the table 6.1

5.2 Factors influencing respondent’s acceptance of cashless transactions:

For identifying the factors that influence the acceptance of cashless transactions the multiple regression analysis is used. And is shown in the following tables.

H2: security concern, ease of use, transparency in all transactions, respondents accessibility, respondents resistance to change, respondents awareness, infrastructure, service charges. do not influence the respondents acceptance towards cashless transactions

H3: security concern, ease of use, transparency in all transactions, respondents accessibility, respondents resistance to change, respondents awareness, infrastructure, service charges influence the respondents acceptance towards cashless transactions

Model specification: $Y = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + B_5X_5 + B_6X_6 + B_7X_7 + B_8X_8$

Where :

Y= respondents acceptance towards cashless transactions

B₀- y’s intercept (constant)

B₁X₁- security concern

B₂X₂- ease of use

B₃X₃- transparency in all transactions

B₄X₄- respondents accessibility

B₅X₅- respondents resistance to change

B₆X₆- respondents awareness

B₇X₇- infrastructure

B₈X₈- service charges

Table 5 Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
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1	.865 ^a	.748	.734	.18989
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a. Predictors: (constant), security concern, ease of use, transparency in all transactions, respondents accessibility, respondents resistance to change, respondents awareness, infrastructure, service charges.

Table 6 ANOVA test carried out for testing the hypotheses framed

Model	Sum of Squares	Mean Square	F-value	Sig.
Regression	15.076	1.884	52.264	.000 ^a
Residual	5.084	.036		
Total	20.160			

a. Dependent variable: respondent's acceptance of cashless transactions

b. Predictors: security concern, ease of use, transparency in all transactions, respondents accessibility, respondents resistance to change, respondents awareness, infrastructure, service charges

Table 7 MULTIPLE REGRESSION ANALYSIS for the factors influencing the acceptance of cashless transactions

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.160	.201		.795	.428
	security concern	.190	.051	.386	3.699	.000
	ease of use	.015	.058	.030	.258	.797
	Transparency in all transactions	-.492	.058	-1.160	-8.514	.000
	respondents accessibility	.596	.003	.000	.003	.998
	respondents resistance to change	.246	.063	.739	3.924	.000
	respondents awareness	-.083	.057	-.258	-1.443	.151
	infrastructure	.071	.045	.259	1.557	.122
	Service charges	.254	.050	.797	5.049	.000

a. Dependent Variable: respondents acceptance

The tables above show the results of multiple regression analysis. The ANOVA table reports a significant F statistic, indicating that the model has strong prediction strength ($F = 52.264$, $p < 0.05$). Therefore, H_0 is rejected. As further shown in Table 4.4.3, the regression does a good job of modelling respondents' acceptance of cashless transactions; nearly all the variation in respondents' acceptance of cashless transaction; nearly all the variations in the respondents acceptance towards cashless transactions is explained by the model ($R^2 = 74.8\%$). However, there are several non-significant coefficients, indicating that these variables do not contribute much to the model, (i.e., their $p > 0.05$). These are: ease of use, and respondents' awareness and infrastructure. On the other hand, security concern followed by transparency in all transactions and, then, respondents' resistance to change and service charges has more influence on respondents' acceptance of cashless transactions as shown by their large absolute standardized coefficients. Ease of use, respondents'

resistance to change, respondents accessibility and respondents' awareness influence respondents' acceptance of cashless transactions.

CONCLUSION OF THE STUDY:

Though a cashless society does not seem to be a viable end, a reduction in complete dependence on cash as a payment mode in the long run is desirable. A strong political and administrative will to create an enabling environment is essential since, it tries to influence the behaviour of the individual, business man and society at large. Besides cost reduction, it would put a full stop to 'off the record' transactions. Owing to issues relating taxation, black money, etc., people may hesitate to adopt it. But notions have proved that by switching over to cashless mode, a sizable portion of the money is brought into circulation that has the capacity to increase the supply of money for undertaking developmental projects which in turn would increase the income and the standard of living of the people. A positive and a proactive role of the Government and RBI is essential for a better adoption to innovative payments that would make our entire economy still smarter to face the challenges posed by globalization, privatisation and automation.

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