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## **A Study on Cashless Transaction in India**

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### **ABSTRACT**

The objective is to examine the significant that are faced by Indians on the way towards cashless. It's an ardent effort to move towards a cashless transaction economy by minimizing the use of cash .cashless policy will reduce cash related corruption and attract more foreign investors to the country. In many countries introduction of cashless economy can be seen as the steps in the right direction.

**KEY WORDS:** Cashless, online payment, mobile wallet, transaction.

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### **INTRODUCTION:**

In India people are living in an economy consist of monetary system built by currency notes and coins. In India, too much of transaction are made through cash. India made a enthusiastic effort to move towards a cashless transaction economy by minimizing the use of corporal cash.

A cashless economy is a situation where all the financial transactions are made by digital currencies rather than physical currencies. Cashless India means the cashless transaction.

The trend towards use of non-cash transaction and settlement began in daily life during 1990's, when electronic banking became popular .By the 2010's digital payment method where widespread in many countries with the examples including intermediaries such as paypal, digital wallet system operated by companies like apple, contract less and NFC payment by electronic card or smart phone and electronic bills and banking, all in wide spread use.

In 2021, former Prime Minister Manmohan singh brought this to reduce the corruption in India .Later the steps taken by the prime minister Narendra Modi Digital India Initiative and also in 2016 demonetization to remove the black money for improving the cashless transaction.

The depletion in cash due to demonetization has pushed digital and e-transaction to the forefront-banking, e-wallet, and other transaction apps becoming prevalent. A cashless economy is secure, it is clean. In 21<sup>st</sup> century, cash has been reduced to a very small part of the money supply .cash has been mainly replaced by electronic payment systems.

Challenges in transitioning to a cashless society

- Changing habits and attitude
- Cyber security
- Acceptance infrastructure and digital Inclusion
- Financial Inclusion Digital and financial literacy
- Urban-Rural Divide

### ***Meaning***

Cashless transactions refers to those payment are made or accepted without the use of hard cash. This includes payments made in credit/debit cards, cheques ,DD, NEFT, RTGS or any other form of online payment that removes the need for cash.

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### **METHODOLOGY**

For this study both qualitative and quantitative method are used.

Cashless economy got popular after demonetization where plastic money was widely used.

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The study helps in determining the factors which influence the people to switch from cash towards cashless payments and what are the benefits for people by using other means of payment.

Understanding on an individual level, the mindset of the citizens of the nation regarding the shift from cash based to digital economy

RBI effort to encourage this new varieties of payment and settlement facilities aims to achieve the goal of a 'cashless' society.

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## OBJECTIVES

- To study the benefits of cashless society.
  - To study consumer awareness on cashless transaction.
  - To assess the customer trust and confident in cashless transaction.
  - To analysis future trends of cashless transaction.
  - To study the socio-economic impact of cashless economy on the society.
  - To understand the factors influencing the customer moving towards cashless economy.
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## ADVANTAGE

- Your money is safe. Once your money is in your bank account, assets or investment, there is almost nil chance of it being lost, stolen or damaged, unlike paper money.
  - Your money grows
  - Better money management
  - Flexibility
  - Lower stress levels
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## DISADVANTAGES

- A majority of our elderly people will be deprived of the benefits of a cashless economy due to a lack of technical unawareness
- There will be a huge cost in the streamlining functioning of the cashless economy that may outweigh its advantage.

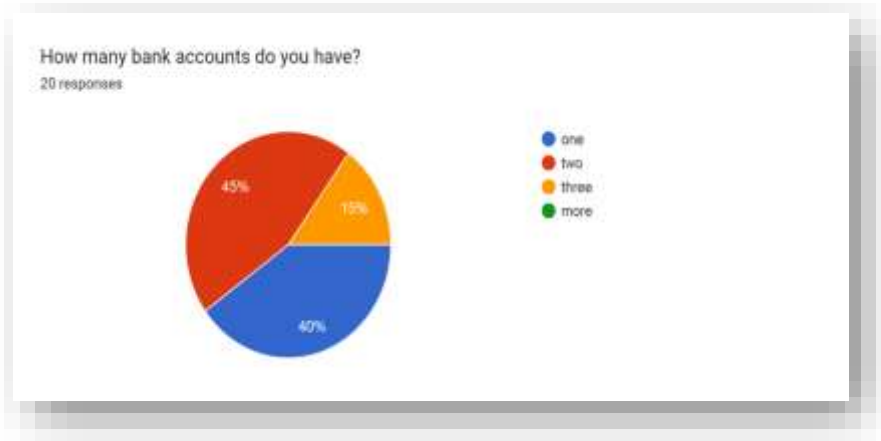
### *Types of cashless payment methods*

- Cheque.
  - Demand Draft
  - Online Transfer-NEFT or RTGS
  - Credit card or Debit card
  - E-wallet
  - Mobile wallet
  - Mobile wallets
  - UPI app
  - Gift card
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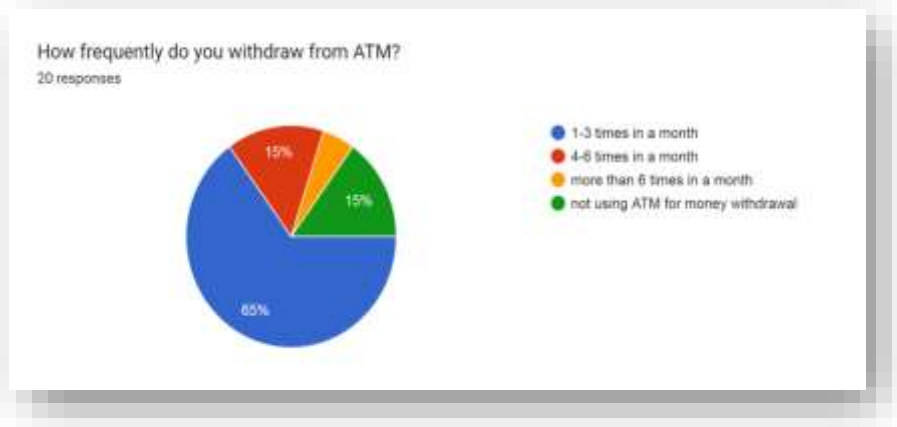
## DATA COLLECTION

The data were collected by using questionnaires which contains the benefits of cashless economy and problem of cashless economy. The data for this research is collected from both primary and secondary source of data. The primary data is the data collected from questionnaires and secondary data is from various article, books and published papers.

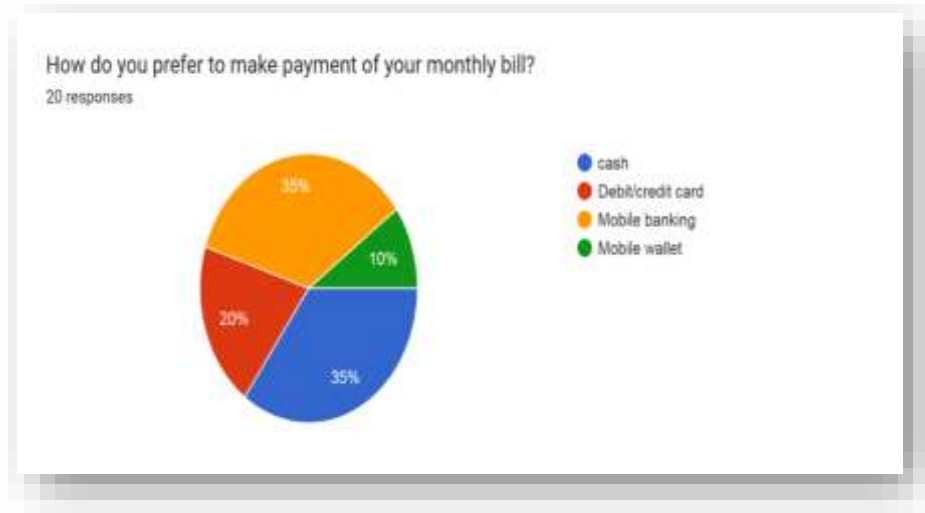
**DATA ANALYSIS AND INTERPRETATION**



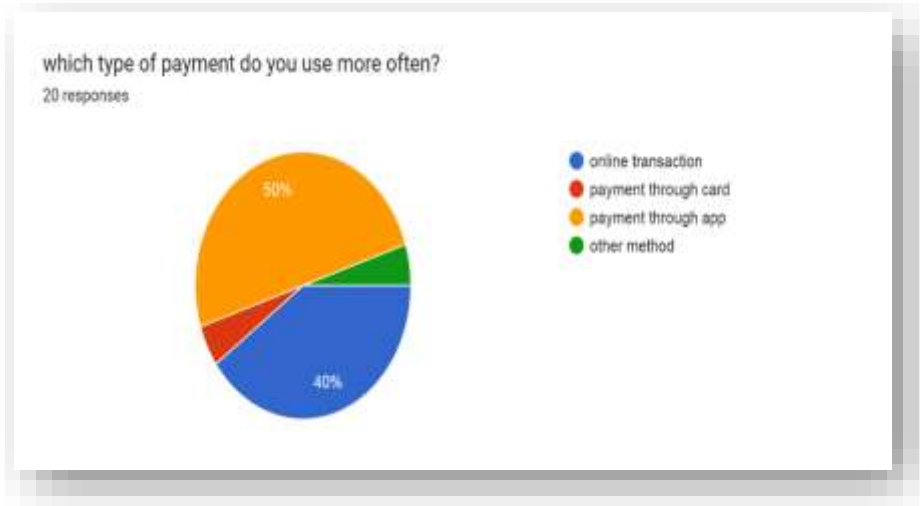
Primary Data: The above charts interprets that majority person (45%) have two bank account whereas 40% have one bank account and only 15% have three bank account and none of them more than three bank account.



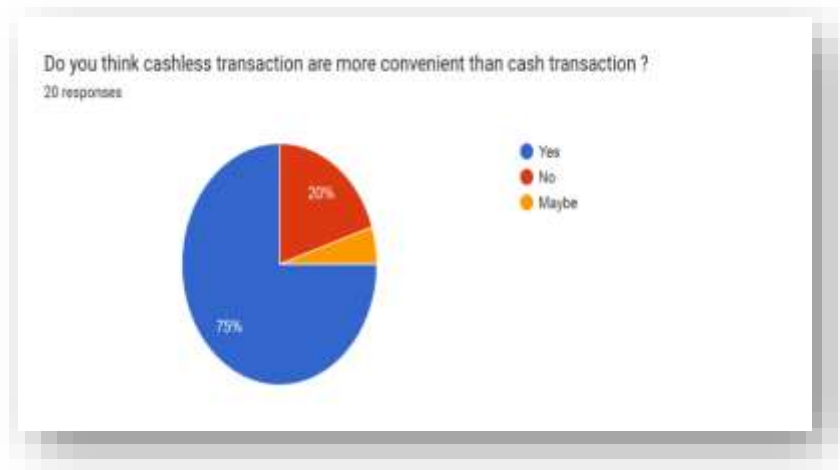
Primary data: Above figure explains that 65% of people use ATM card 1-3 times in a month whereas 15% people use 4-6 times and other 15% don't use ATM card and only 5% of people more than 6 times in a month.



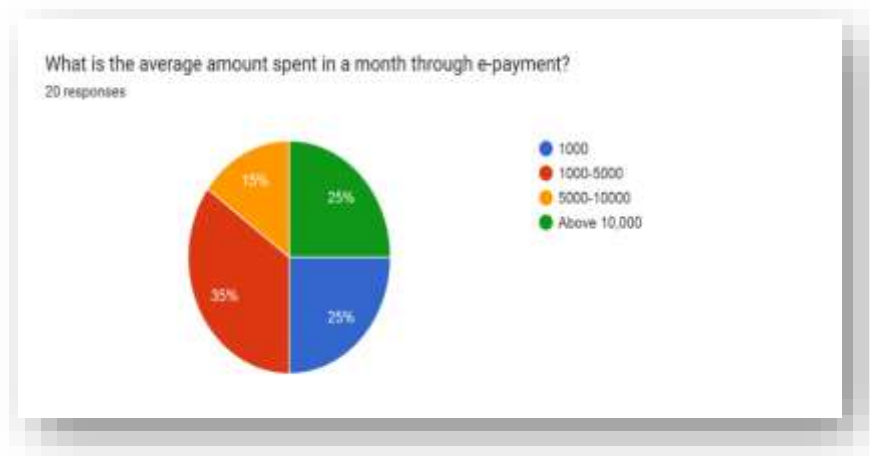
Primary Data: Above diagram tells that 35% of prefer cash for monthly bill payment ,whereas other 35% prefer mobile banking and 20% prefer for debit/credit card and only 10% of people make their monthly bill payment through mobile wallet.



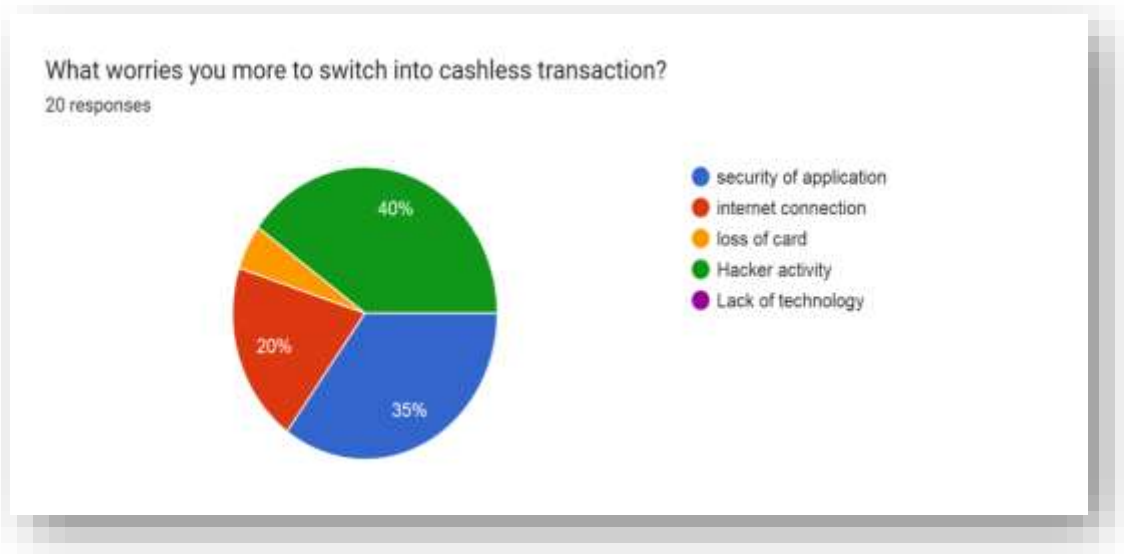
Primary Data: Above figures explains that 50% of people make payment often through payment app where 40% through online transaction and balance 10% through card and other method.



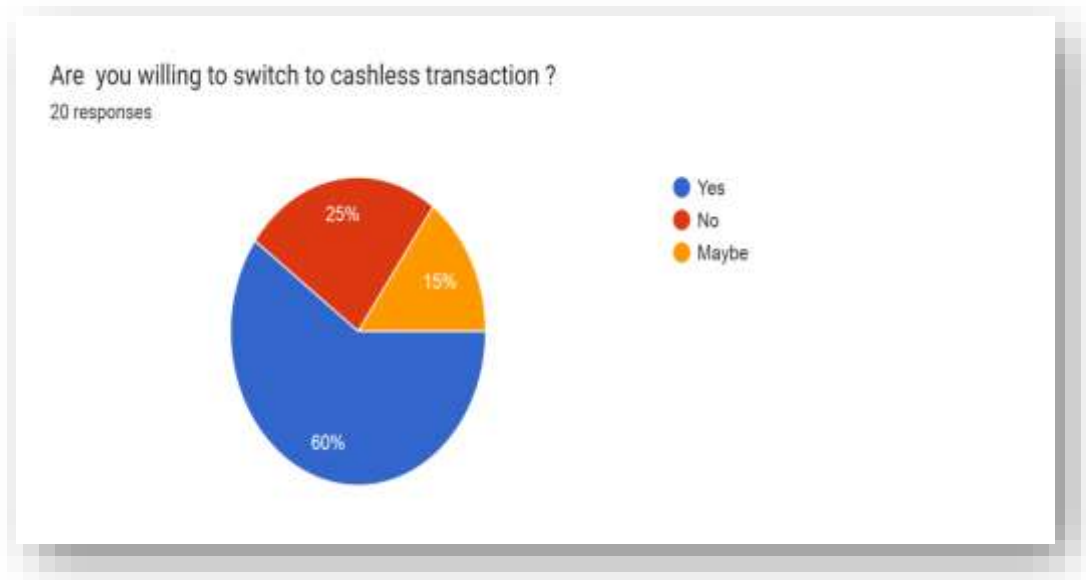
Primary Data: The above figures shows that 75% of people are more convenient with cashless transaction where as 20% people are convenient with cash transactions and the rest people think that it may be.



Primary Data: Above chart explains that 35% of people spent 1000-5000 through e-payments, whereas 25% spent 1000 and other 25% spend above 10,000 through e-payment and 15% spent 5000-10,000 through e-payment.



Primary Data: The above diagram explains that 35% of people are worried about security of application to switch to cashless transaction whereas, 40% are worried about hacker activity and 20% are worried about the internet connection and remaining are worried about the loss of card.



Primary Data: The above data explains that 60% of people are willing to switch to cashless transaction whereas, 25% are not willing to switch to cashless transaction and 15% maybe willing to switch to cashless transaction.

## FINDINGS

- 45% of people have only two bank account.
- 65% of people frequently withdraw from ATM 1-3 times in a month.
- 35% of people use cash to make payment for monthly bill and 10% use mobile wallet for payment of monthly bill.
- 50% of people make payment through app and 40% people make online transaction.
- 75% of people think cashless transaction are more convenient than cash transaction and 20% of people think it's not convenient than cash transaction.
- 35% of people spent 1000-5000 in a month through e-payment.

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- 40% of people are worried about hacker activity and 35% are more worried about security of application.
  - 60% are willing to switch to cashless transaction and 25% are not willing to switch to cashless transaction.
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## CONCLUSION

We can conclude that there is a long way for India to become a cashless economy. People still lack trust and confidence while using digital payment methods. A lot of development in the field of infrastructure is required to make the dream of Digital India a reality. There are many people who are still not aware about the cashless economy not only in India but outside India.

## Reference

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