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A Study on Customer Perception towards Cashless Transaction With Reference To Tirupur City

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ABSTRACT

The rapid growth of digital payment systems has transformed the way customers make transactions, shifting from traditional cash-based payments to cashless transactions, and this study aims to investigate customer behavior towards cashless transactions in country region exploring the factors that influence their adoption, usage, and satisfaction, as well as the challenges and barriers that hinder the widespread acceptance of cashless transactions. A mixed-methods approach was employed, combining survey data from number of customers with in-depth interviews with number industry experts, to provide a comprehensive understanding of customer behavior towards cashless transactions. The results reveal that convenience, security, and rewards are the primary drivers of cashless transaction adoption, while concerns about data privacy and technical issues hinder its widespread acceptance. Furthermore, the study identifies demographic factors, such as age, income, and education level, as significant predictors of cashless transaction adoption, and highlights the need for financial institutions and businesses to educate customers about the benefits and risks of cashless transactions. The study contributes to the existing literature on cashless transactions, providing insights for policymakers, financial institutions, and businesses seeking to promote digital payments and improve customer experience, and informs strategies to promote the adoption and usage of cashless transactions, ultimately leading to a more efficient, secure, and convenient payment ecosystem.

KEYWORDS: *Cashless transaction, Payment methods, Digital economy, Rewards, Mobile payment.*

INTRODUCTION

Customer behavior towards cashless transactions refers to the way individuals perceive, adopt, and engage with digital payment methods in place of traditional cash payments. This shift is influenced by factors such as convenience, security, accessibility, and technological advancements. As mobile wallets, online banking, and digital payment solutions become more widespread, customers' attitudes and behaviors towards cashless transactions evolve. Some customers embrace the ease of digital payments, while others may hesitate due to concerns about privacy, security, or lack of familiarity with new technologies. Understanding customer behavior in this context is crucial for businesses and financial institutions to tailor their services, address challenges, and ensure the successful adoption of cashless payment she shift toward cashless transactions has become a significant trend globally, driven by technological advancements, increasing internet penetration, and changing consumer preferences. As digital payment methods continue to evolve, understanding customer behavior toward these transactions has become crucial for businesses and financial institutions alike. Customers' attitudes towards cashless transactions are influenced by various factors, such as convenience, security, accessibility, and the overall user experience. Many customers are drawn to the speed and ease with which digital payments can be made, especially in today's fast-paced world, where time is of the essence. Cashless transactions provide an efficient alternative to traditional cash handling, allowing customers to make purchases quickly, track spending effortlessly, and access financial services from virtually anywhere. However, customer behavior also reflects concerns regarding data security, privacy, and the fear of fraud, which may hinder some individuals from fully embracing cashless payment methods. Additionally, the availability of mobile payment apps, digital wallets, and contact less cards has further shaped customer behavior, offering more options and flexibility. As businesses adapt to this growing trend, understanding the diverse motivations and barriers that influence consumer decisions is essential for ensuring seamless integration and fostering trust in cashless payment systems. Therefore, the behavior towards cashless transactions is not only a reflection of technological adoption but also of a complex interplay of convenience, trust, and security.

STATEMENT OF THE PROBLEM

The problem of understanding customer behavior towards cashless transactions arises from the rapid adoption of digital payment methods, which are reshaping how consumers conduct financial transactions. While cashless transactions offer numerous benefits such as convenience, speed, and accessibility, there remains a significant variation in consumer adoption rates and attitudes across different demographics and regions. Some customers readily embrace these payment methods, while others exhibit reluctance due to concerns over security, privacy, or a lack of trust in digital platforms. The challenge lies in identifying the key factors that influence these behaviors, including the level of technological literacy, the perceived ease of use,

and the trustworthiness of digital payment systems. Additionally, economic, cultural, and social factors may play a role in shaping attitudes towards cashless transactions, leading to diverse customer responses. Without a deeper understanding of these factors, businesses and financial institutions may struggle to effectively promote and implement cashless payment systems that cater to the needs and preferences of all consumer segments. Therefore, the problem centers around comprehensively examining the drivers, barriers, and varying customer attitudes toward cashless transactions, with the goal of fostering widespread adoption and addressing potential challenges that could hinder this shift.

OBJECTIVES OF THE STUDY

1. To understand the awareness about cashless transaction how often customers are using it.
2. To know the customers perception towards benefits of Cashless Transaction.
3. To determine the factors influencing for cashless transaction.
4. To study the satisfaction level and impact on customer spending habits.
5. To know the socio - economic characteristics of the customers on cashless transaction.

SCOPE OF STUDY

The scope of customer behavior towards cashless transactions is a vital aspect of understanding the adoption and usage of digital payment methods, which has become an essential tool for businesses and individuals alike in today's digital age. Customers prefer cashless transactions for their convenience, speed, and ease of use, with factors such as security, rewards, and demographics influencing their behavior, and as a result, businesses are increasingly adopting digital payment methods to cater to the evolving needs and preferences of their customers. The benefits of cashless transactions are numerous, including increased efficiency, improved security, enhanced customer experience, and increased sales, which can have a positive impact on businesses' bottom line. However, despite the benefits, there are still challenges that need to be addressed, such as limited infrastructure, technical issues, security concerns, and regulatory complexity, which can hinder the adoption and usage of digital payment methods. Nevertheless, as digital payment methods continue to evolve, the future outlook is promising, with growing adoption, advancements in technology, expansion of infrastructure, and regulatory clarity expected to drive growth and increase the use of cashless transactions. By understanding customer behavior and preferences, businesses and policymakers can develop strategies to promote cashless transactions, improve the customer experience, and drive economic growth, ultimately leading to a more efficient, secure, and convenient payment ecosystem. Furthermore, the rise of cashless transactions is also expected to have a positive impact on financial inclusion, as it provides access to financial services for under served populations, and enables individuals to participate in the formal economy. Overall, the scope of customer behavior towards cashless transactions is a critical area of study, as it has far-reaching implications for businesses, policymakers, and individuals alike.

RESEARCH METHODOLOGY

The present study was based on primary data. The primary data are collected from users of payment apps through questionnaire method. In the present study 100 respondents were selected for the analysis and convenient sampling method is adopted for collecting the data.

SAMPLING:
Sample is the process of representatives subset of a total population for obtaining data for the study of the whole population.

SAMPLING TECHNIQUE:
The sampling design used in the study was non - probability sampling. Convenience sampling technique were used for collecting the data.

SAMPLE SIZE:
Information was collected from 100 participants in Tirupur city.

DATA COLLECTION
The task of the data collection begins after a research problem has been defined and charted out. A well- structured questionnaire was designed to collect qualitative and quantitative data. The questions related to the objectives of the study forms the major portion of the questionnaire. It mainly consists of multiple choice questions so that the respondents can answer easily. The questions are arranged in an orderly way so as to provide a logical progression.

SOURCES OF DATA:
Two types of data collection.
1. Primary data
2. Secondary data

PRIMARY DATA:
The primary data are those which are collected as fresh and for the first time and thus happen to be original in character. In this study the primary data collected through structure questionnaire.

SECONDARY DATA:

Besides the primary data the secondary data was also collected for the study through company websites, journals, magazine and internet.

TOOLS FOR DATA COLLECTION:

Questionnaire was the main and important tool for collection of the data. Hence, effort has been taken to construct the questionnaire in a systematic way as to include adequate and relevant questions to ensure the research objectives.
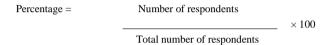
DATA ANALYSIS:

The data collection from the primary source were arranged sequentially and tabulated in a systematic order in the master table.

TOOLS FOR ANALYSIS:

Data collected through questionnaire were presented in a master table. From the master table, sub - table was prepared. For analysis and interpretation of the data simple statistical tools like percentage analysis, chi - square test and rank analysis were used.

1. **SIMPLE PERCENTAGE ANALYSIS:**

Percentage analysis refers to a special kind of ratio percentage used in making comparison between two or more series of data. Percentage reduced everything to a common base there by allow meaningful comparisons to be made.

$$\text{Percentage} = \frac{\text{Number of respondents}}{\text{Total number of respondents}} \times 100$$

2. RANK ANALYSIS:

Ranking is a method used to establish a relationship between set of items, where each item is either ranked lower, equal to or higher than another. In mathematics, this is referred to as a weak or total pre-order since different items can share the same rank. When two items hold the same rank, it is considered a tie. By simplifying detailed measurements into a sequence of ordinal numbers, ranking allows for the evaluation of complex elements based on the criteria.

REVIEW OF LITERATURE

1. A study by **Schomburgk et al**. **(2024)**[1] investigated "the impact of cashless payments on consumer behavior", focusing on the role of psychological factors such as loss aversion and mental accounting. The results showed that cashless payments can lead to increased spending and decreased feelings of pain associated with parting with money. The study highlights the importance of considering the psychological factors that influence consumer behavior in the context of cashless transactions.

2**. Faverio (2022)**[2] reported on a Pew Research Center survey that found more Americans are joining the cashless economy, with 34% of adults using cashless payments. The survey also found that younger adults and those with higher incomes are more likely to use cashless payments.

3. **Penn (2022)**[3] examine "the relationship between cashless payments and consumer debt", analyzing data from a survey of over 1,000 consumers. The results showed that consumers who use cashless payments are more likely to accumulate debt and experience financial difficulties. The study suggests that policymakers and financial institutions should take steps to educate consumers about the potential risks associated with cashless payments.

4. **Mel-ford (2019)**[4] discussed "the consumer debt crisis and the role of cashless payments" in exacerbating the problem. The study argued that cashless payments can make it easier for consumers to accumulate debt and highlighted the need for policymakers and financial institutions to take steps to address the issue.

5. **Massi et al. (2019)**[5] examined "the impact of cashless payments on economies", focusing on the potential benefits of increased financial inclusion and reduced poverty. The study analyzed data from several countries and found that cashless payments can have a positive impact on economic growth and development.

THEORETICAL FRAMEWORK OVERVIEW

PAYTM:

Paytm, one of India's largest digital payment platforms, was founded in 2010 by Vijay Shekhar Sharma. Initially, the company focused on mobile recharge and bill payments, but soon expanded into e-commerce, allowing users to purchase products online. In 2015, Alibaba Group invested $680 million in Paytm, valuing the company at $2.5 billion. This investment enabled Paytm to further expand its services, including the launch of its mobile

wallet service, which was later converted into a payments bank. Today, Paytm offers a range of services, including digital payments, e-commerce, and financial services, such as loans, insurance, and investment products. With over 300 million registered users and a presence in over 11,000 towns and villages, Paytm has become a household name in India and a leader in the country's digital payments space.

GOOGLE PAY:

Google Pay, formerly known as Android Pay, has its roots in 2015 when Google launched Android Pay, a mobile payment system that allowed users to make contact less payments using their Android devices. In 2018, Google merged Android Pay with Google Wallet, another payment service, to create Google Pay. This merger allowed Google to create a unified payment platform that enabled users to make payments online, in-person, and person-to-person. Since its launch, Google Pay has expanded its services to over 30 countries, partnered with numerous banks and financial institutions, and introduced new features such as tokenization and encryption to secure transactions. Today, Google Pay is a leading digital wallet and online payment system, offering a convenient and secure payment solution to millions of users worldwide.

AMAZON PAY:

Amazon, the world's largest online retailer, was founded on July 5, 1994, by Jeff Bezos in Bellevue, Washington. Initially, the company started as an online bookstore, offering a wider selection of books than traditional bookstores. In 1997, Amazon went public, raising $54 million in its initial public offering (IPO). Over the next few years, Amazon expanded its product offerings beyond books to include CDs, videos, and software. In the early 2000s, Amazon launched Fulfillment by Amazon (FBA), a logistics and shipping service that allowed third-party sellers to store and ship their products from Amazon's warehouses. This move marked a significant turning point for the company, enabling it to rapidly expand its product offerings and become the dominant e-commerce player it is today. Since then, Amazon has continued to innovate and disrupt various industries, including cloud computing with Amazon Web Services (AWS), artificial intelligence with Alexa, and physical retail with the acquisition of Whole Foods Market.

AIRTEL PAY:

Airtel Pay, a digital wallet and payment service, was launched by Bharti Airtel, India's largest telecommunications company, in 2017. Initially, the service was introduced as Airtel Payments Bank, with the goal of providing financial services to the unbanked and underbanked population. The service allowed users to make payments, transfers, and deposits using their mobile phones. Over time, Airtel Pay expanded its services to include online bill payments, recharges, and insurance premiums. In 2020, Airtel Pay integrated the Unified Payments Interface (UPI) into its platform, enabling users to make seamless transactions. Today, Airtel Pay is one of the leading digital payment services in India, with millions of users and a wide range of services, including digital banking, loans, and investment services. With its user-friendly interface and robust security features, Airtel Pay has become a popular choice for digital payments in India.

PHONE PE:

PhonePe, a digital payment platform, was founded in 2015 by Sameer Nigam, Rahul Chari, and Burzin Engineer. Initially, the company focused on providing a mobile payment solution that allowed users to make transactions using their mobile phone numbers. In 2016, PhonePe was acquired by Flipkart, India's largest e-commerce company, and soon became one of the leading digital payment platforms in India. PhonePe's user base grew rapidly, and by 2018, it had become one of the largest mobile payment platforms in India. In 2020, PhonePe expanded its services to include digital banking, loans, and investment services. Today, PhonePe is one of the leading digital payment platforms in India, with over 100 million registered users and a presence in over 11,000 towns and villages. With its user-friendly interface and robust security features, PhonePe has become a popular choice for digital payments in India.

MYNTRA:

Myntra, one of India's leading fashion e-commerce platforms, has a fascinating history that spans over a decade. Founded in 2007 by Mukesh Bansal, Ashutosh Lawania, and Vineet Saxena, three IIT Kanpur alumni, Myntra initially started as a personalized gift portal, allowing customers to create personalized gifts such as mugs, t-shirts, and phone cases. However, in 2011, Myntra shifted its focus to fashion e-commerce, offering a wide range of fashion products, and received funding from investors such as Accel Partners, Tiger Global, and Kalaari Capital. In 2012, Myntra acquired SherSingh, a fashion e-commerce portal, and continued to grow and expand its product offerings. In May 2014, Myntra was acquired by Flipkart, India's largest e-commerce company, and in 2016, Myntra acquired Jabong, another fashion e-commerce portal, and merged the two entities. Today, Myntra is one of India's leading fashion e-commerce platforms, offering a wide range of fashion products from various brands and designers, and has expanded its product offerings to include home decor, furniture, and electronics, with a focus on sustainability and social commerce.

METHODS OF CASHLESS TRANSACTION

CASHLESS TRANSACTION:

An inclination to be more willing to part with our money when there is no actual physical transaction taking place.

METHODS OF CASHLESS TRANSACTION
1. Banking cards
2. Unstructured supplementary

3. Aadhar enabled payment system

4. Unified payment interface

5. Mobile wallet

6. Bank prepaid card

7. Post terminals

8. Internet banking

9. Mobile banking

SATISFACTION FROM INTERACTION

PERCENTAGE ANALYSIS

MOTIVATIONAL FACTORS FOR CHOOSING CASHLESS PAYMENTS

MOTIVATIONAL FACTORS FOR CHOOSING CASHLESS PAYMENTS

FACTORS OF MOTIVATION	RESPONDENTS	PERCENTAGE
SECURITY FEATURES	15	15%
PAST EXPERIENCE	22	22%
RISK REDUCTION	20	20%
QUICK RESPONSE	33	33%
OTHERS	10	10%
TOTAL	**100**	**100%**

Source: Primary data

Interpretation:

From the above table out of 100 respondents 15% of the respondents belong to Security Features, 22% of the respondents belong to Past Experience, 20% of the respondents belong to Risk Reduction, 33% of the respondents belong to Quick Response whereas 10% of the respondents belong to Others. Thus the above table shows that majority 33% of the respondents are choose Quick Response from the factors of motivation.

RANK ANALYSIS

RANK OF FACTORS INFLUENCE IN CASHLESS TRANSACTION

S.NO	RANK OF FACTORS INFLUENCES	1	2	3	4	5	TOTAL	RANK
1	SECURITY FEATURES	45	28	13	10	4	400	I
2	PAST EXPERIENCES	53	22	5	11	9	399	II
3	RISK REDUCTION	42	31	3	14	10	381	III
4	QUICK RESPONSE	30	24	7	26	13	332	V
5	OTHERS	32	41	4	9	14	368	IV

INTERPRETATION:

The above table shows that rank analysis of factors influence in cashless transaction. It is noted that the Security feature 1st rank with the score of 400, the Past Experiences 2nd rank with the score of 399, the Risk Reduction 3rd rank with the score of 381, the Others 4th rank with the score of 368, the Quick Response 5th rank with the score of 332. So, it is concluded that Security feature is the 1st rank compared to other factors.

FINDINGS

SUGGESTIONS

1. **ENHANCE USER CONVENIENCE:**
- Faster Transaction Processing: Reduce delays and failures in payments.
- One-Tap Payments: Simplify checkout with UPI AutoPay, NFC payments, and QR codes.
- Multiple Payment Options: Accept all major UPI apps, wallets, and cards.

2. **STRENGTHEN SECURITY & TRUST:**
- Fraud Protection Measures: Introduce AI-driven fraud detection and alerts.
- Transparent Policies: Clearly communicate refund and dispute resolution processes.
- Secure Authentication: Implement biometric and tokenized payments for added security.

3. **IMPROVE CUSTOMER SUPPORT:**
- 24/7 Assistance: Provide instant resolution for failed transactions or technical issues.
- Chat bots & Live Support: Offer AI-based chat support for quick troubleshooting.
- Multilingual Assistance: Cater to regional customers in their preferred language.

4. **OFFER INCENTIVES & REWARDS:**
- Cash back & Discounts: Encourage digital payments through attractive offers.
- Loyalty Programs: Reward frequent users with points, vouchers, or discounts.
- Zero Transaction Fees: Waive charges for small-value transactions to attract more users.

5. **EDUCATE & INCREASE AWARENESS:**
- Digital Literacy Campaigns: Train customers on safe and efficient digital payment usage.
- In-App Tutorials: Provide step-by-step guides on using cashless payment methods.
- Customer Awareness on Scams: Regular alerts on phishing and fraud prevention.

6. **IMPROVE ACCEPTANCE AT SMALL BUSINESSES:**
- Affordable POS Devices: Provide cost-effective digital payment solutions for vendors.
- Instant Settlement Options: Ensure faster crediting of payments to merchants.

Offline UPI Solutions: Enable transactions even with poor internet connectivity.

CONCLUSION

The cashless transaction system is reaching its growth day by day , as soon as the market become globalized and the growth of banking sector more and more the people moves from cash to cashless system. The cashless system is not only requirement but also a need of today society. All the online market basically depends on cashless transaction system. The cash transition is not only safer than cash transaction but is less time consuming and not a trouble of carrying and trouble of wear and tear like paper money. It also helps in record of the all the transaction done. So, it is without doubt set future transaction system is cashless transaction system.

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