

# A Study on Consumer Preference towards Selected Digital Payment Mode

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**Abstract:** *There are different modes of payments methods available for buying and selling of goods and services in the present commercial transactions. Over the periods of time several service provider creates a number of apps and wallets for making the payments to others and accepts the same from the others also. A user or a consumer makes payment instantly from anywhere and anytime without physical presence in the bank branches. The paper is an attempt to identify, which modes have been emerged as top most for making payment of their transactions. The paper has highlighted the many issues of on-going development happened in the market after demonetization of money which has been announced by the Indian Prime Minister, Narendra Modi on 8 November 2016, of all ₹ 500 and ₹ 1000 banknotes. The study has found that Ewallet payment method is more preferred than any other payment methods.*

**Keywords:** Preferences, Cashless payments, Demonetization & Payment Mode

## I. INTRODUCTION

A digital payment mode means a system in which all transactions are done using cards or digital means where circulation of physical currency is minimal. Cashless payment doesn't mean that all business transactions to be done without cash or complete absence of cash, it is a process of getting desire cream from the less cashless transaction and preventing tax evasion and corruption. Over the periods of time several service provider creates a number of apps and wallets for making the payments to others and accepts the same from the others also. A user or a consumer makes payment instantly from anywhere and anytime without physical presence in the bank branches. A few examples of cashless modes and payments are Mobile wallet, plastic money and net banking. A user or a consumer makes payment instantly from anywhere and anytime without physical presence in the bank branches. The parties who want to use these systems directly and indirectly benefitted in many ways such as less time is required for settlement of transactions, a faster transactions, convenience and lower risk, easy for tax calculation, more transparency and accountability and it minimizes the maintenance costs. Apart from the above benefits, people of this country get complete relief from the cash-related crimes which have been noticed in recent period of time. Though, it has both the advantages and disadvantages and keeping in mind the recent development as well as the reforms of banking sectors, it is high time for all of us to learn about the use of digital payments modes. However, the system of cashless payment is not free from any challenges. The challenges which have been noticed in the running of the system are low level of literacy, poor systems, lack of awareness, less knowledge of operating system, costly, less numbers of banking system, cyber crimes and language barrier etc. Despite the above challenges, the government has taken several steps to reduce the cash transactions in recent periods. One of the major changes in economic environment by demonetizing the high value currency notes of – Rs 500 and Rs 1000 from 8th November 2016 and try to make India as cashless economy. Therefore, the paper has been prepared based on the recent changes happening in the economy so as to find out the level of acceptance or awareness and as a consumer which modes have been prepared most as a payments. The changing payments systems have shown mixed reaction in the use of modern digital payments modes of transaction. Therefore, the present paper has been made to find out the preferred modes of cashless payments after demonetizing of high value of currency notes

## II. REVIEW OF LITERATURE

The previous works which have been reviewed particularly on the field of cashless payments are presented below.

**Kokila, V., & Ushadevi, R. (2017)** in their paper on “A study on consumer behavior on cashless transaction in U.T of Puducherry” suggested to the bankers to adopt the strategy of incentivize of cashless transactions, way of creation of awareness about digital payments and discourage consumer for cash payments by the way of proper implementation and supervision of restrictions for cash based transaction. **Borhan Omar Ahmad Al-Dalaïen (2017)** in his paper on: Cashless Economy in India: Challenges Ahead” revealed that cashless economy is not beneficial to the general public. **Shendge & Shelar(2017)** in their article on “Impact and Importance of Cashless Transaction in India” highlights the growing acceptance of digital payments modes in India. The results show that India is undergoing the process of modernization in money transactions, with e payment services; it is just gaining an unprecedented momentum. A large number of businesses, even street vendors, are now accepting electronic payments, prompting the people to learn to transact the cashless way at a faster pace than ever before. **Garg & Panchal, (2016)** in their article on “Study on Introduction of Cashless Economy in India 2016: Benefits & Challenge’s” found that the introduction of cashless economy in India can be seen as a step in right direction. It helps in growth and development of economy in India. **Asha Sharma (2017)** in her paper on “Potential for cashless economy in India” highlighted that there is great and optimum potential for making India digital and cashless.

**OBJECTIVES OF THE STUDY**

Objectives of the study are as follows:

- To assess the level of consumer awareness on Cashless payment transactions.
- To find out the preferred mode of payment on cashless transaction.
- To find out the problems which stand in the way of India becoming a cashless society

**III. METHODOLOGY OF THE STUDY**

The present study is a descriptive one and sample area of the study is Jorhat Town of Assam. A sample size of 120 was selected from different socio-economic profile of the respondents based on purposive sampling method. The existence of a well organised large network of banks and the significant presence of the Private Sector banks in Jorhat are the reasons for selecting Jorhat Town as the Sample area. The study is based on both primary and secondary data. The primary data was collected through self constructed questionnaire and the secondary sources of data/ information were collected from different books, journals, newspapers and relevant websites. The collected data have been analyzed with the help of simple percentage and weighted average score. The study was conducted from the month of January 2017 to March 2017.

**IV. ANALYSIS AND DISCUSSION**

**Table 1:** Level of Awareness on cashless transactions

Variables	Frequency	Percentage (%)	Level of Awareness		
			Low (%)	Moderate (%)	High (%)
<b>Gender</b>					
Male	85	71	5.9	13	81.1
Female	35	29	23	40	37
<b>Age (Years)</b>					
16-25	18	15	11	33	56
26-35	35	29	3	11	86
36-45	48	40	4	17	79
46 and Above	19	16	42	37	21
<b>Occupation</b>					
Students	14	12	29	43	29
Govt. employees	26	22	12	31	58
Private employees	23	19	4	30	65
Business	35	29	9	6	86

Professionals	18	15	00	0	100
Others	04	3	25	50	25

Source: Primary data Computed.

From Table 1, it is seen that percentage of males (81.1) is higher than the percentage of females (37) respondents. It is also shown that the respondents of lower age group show more aware about the cashless transaction in comparison to higher age group. It is also seen that Businessmen and professionals are highly aware in respect of using different modes of cashless transaction available in the present system.

**Table 2:** Preferred modes of cashless payment of the respondents

Modes of cashlesstransaction	Ranking of choice					Weighted Mean Score	Rank
	1	2	3	4	5		
Internet Banking	36	10	12	8	23	274	IV
Banking cards	25	15	13	8	49	243	V
Mobile Wallets	51	15	25	7	6	404	I
Mobile Banking	25	15	19	25	10	293	III
Point of Sale (PoS)	28	24	15	25	12	332	II

Source: Primary data Computed.

Table 2, shows a total of 51 respondents expressed their opinion as mobile Wallets is the first choice of digital payment system since it occupies first ranked among the selected modes of cashless transaction for the present study. The Point of sale (PoS) stands as second and mobile banking has rated as third in case of preferred modes of payments for any business transactions. It is also seen that banking cards (Credit/Debit Cards) are used in less number for any business transactions for buying goods and services.

**Table 3:** Problems stand for becoming India as cashless society

Types of Problems Stand	5	4	3	2	1	Weighted Mean Score	Rank
Non-Tech Savvy	12	15	50	25	10	295	II
Smartphone Affordability	25	12	11	32	21	217	V
Cyber Security	12	15	25	53	11	333	I
Network Connectivity	8	17	51	14	17	257	III
Internet Cost	15	52	21	10	15	227	IV

Source: Primary data Computed.

The above Table no 3 shows about the weighted average score of selected problems faced by the consumers while they intent to use Cashless Transactions. From the calculated weighted average the Cyber Security emerges as a major problem while using cashless transactions. The other problems which have been shown in Table 3 such as Non-tech-Savvy, Network Connectivity, internet cost and Smartphone affordability are rated as second, third, fourth and fifth respectively

#### IV. FINDINGS & CONCLUSION

Although, the government has taken several steps to reach the objectives of cashless economy and bringing more people into the banking system in recent periods, but it is yet to reach on in a big way. However, a few of us accept the mission of the cashless economy and a majority of us still keep themselves away from the system. It is seen that among the various modes of digital payments, E-wallets has been emerged as the preferred modes of digital payment system. It is found that not only cyber Security stands as biggest concern in the way of cashless society for us but also Non-Tech Savvy stands another problem. The government and the various agencies are to take a fruitful campaigning of awareness of cashless economy with its merits to the people of the country and at the same time bring stringent law for installation of digital system of payment at every merchant outlet for certain amount of business transactions.

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