



CASHLESS ECONOMY – AN INSIGHT INTO THE USAGE AND AWARENESS OF MODERN TECHNOLOGY IN RURAL AREAS

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Abstract:

In the current scenario, internet has taken the globe by storm. All the countries, which are technologically advanced has moved or moving to digital transformation and India is no exception. Since India is a developing country, the changes are taking place in a slow and steady pace. When we move to digital era, everything will be digitized. There will be greater changes in all the fields to a large extent. Traditional practices would become obsolete. One such practice that is going to become a challenge is elimination of currency notes and coins replaced by plastic cards and digital transactions. We can see the younger generation gradually moving to digital transactions. However, when we look at the X generation, they are still sceptical about using the plastic money. Hence, this paper attempted to study the minds of the rural people about the cashless economy, their awareness and levels of usage of digital money. For the purpose of the study 100 respondents from rural areas of Pollachi Taluk of Coimbatore District in Tamil Nadu has been selected. Using the statistical tools like percentage analysis, Simple Average and Chi-square tests, all the collected data have been analysed. The identified results clearly show the level of awareness and usage of the digital money as well as the rural mindset about the cashless society.

Key Words: Cashless Economy, Digital Transactions, Rural India & Plastic Cards

Introduction:

“A cashless economy is secure; it is clean. You have a leadership role to play in taking India towards an increasingly digital economy” – Current Prime Minister of India, Mr. Narendra Modi to young Indians.

November 8, 2016 is an important day in the history of India. It is the day when Prime Minister of India demonetised the currency notes of higher denominations i.e. Rs1000 and Rs.500. The radical step was taken to restrict the shadow economy and crack down on the use of illicit and fake cash to fund illegal activities and terrorism; bring out the unaccounted black money into the legal system. It also acted as an initiative to bring out cashless economy into practice.

This sudden move created a major impact in all the fields of the economy. There were both positive and negative effects. In spite of cash crunch, it allowed people to use their plastic money and do digital transactions. Post-demonetisation the debit card usage has reached up to 70% increase whereas that of credit cards, it was 40%. The usage of debit cards in ATMs accounted for 88% whereas in the POS (Point of Sale) and online terminals it was only 12%.

After demonetisation, the people in urban India started using digital mode for their transactions to some degree. However, the rural India is still taking baby steps towards the move. They are glued to the traditional methods and are hesitant in adopting the technology. Moreover, there is a low level awareness about all the digital payment methods. Hence it is become more significant to study the minds of rural people to make it happen in India.

Literature Review:

Ashish Das & Rakhi Agarwal (2010), in their article titled “Cashless Payment system in India – A Roadmap” stated that cash is an expensive mode of payment for the Government. In order to reduce currency management cost, transaction cost, transaction tracking, checking of tax avoidance, frauds, money laundering, etc, Government should move away from cash to digital payment system. It will help to enhance the financial inclusion and integrate parallel economy.

Emengini Steve Emeka & Alio Felix Chukwubuzo (2014), in their research titled “Cashless Economy and financial reporting in Nigeria” observed that stakeholders place more credibility on the financial statement of the cashless economy. Also they found effective business performance in the cashless state. However, challenge of adequate infrastructure, standard methods, low literacy and poor banking habits could have been avoided if the transaction is done in cash.

Rashmi bindra and Bindiya (2017), on their paper titled “Going Cashless-Stepping towards digital India” found out that that almost of 50% of the total population does not have operative of bank accounts, only 26.3% of the people own smart phone and among them only 17% knew how to operate and only 15% have internet connection in their phone. Moreover, the low literacy rate in rural India makes it more difficult to go

digital. There were few challenges like internet speed, from nil to low awareness of digital payment structure and uses, afraid of charges for using plastic money, non-availability of sufficient POS terminals in the retail shops makes it even more challenging to implement cashless environment.

Manpreet Kaur (2017), in his article “Demonetization-Impact on Cashless Payment system” determined that going cashless would be a challenging task. However when a consumer accept the changes of cashless options, and become an informed consumer who is aware of the all the available payment options and their structure, it will increase the chance of making a convenient and consumer-friendly transition. With the evolution of smart phones and sufficient internet access, all the cashless options might be explored easily by all the people.

Thus it becomes all the more important to study the implication of Cashless economy.

Objectives:

The main objectives of this study is

- ✓ To determine the idea of cashless economy
- ✓ To study the social profile of people in the rural Pollachi
- ✓ To identify the preference of the rural people in using the digital payment methods
- ✓ To assess the level of awareness and usage of plastic money among the rural people

Methodology:

The present study is descriptive in nature. It uses primary data. For the purpose of the study, 100 respondents from the rural areas in Pollachi Taluk of Coimbatore District in Tamilnadu have been selected. Since the focus of the research is on the X generation, respondents above the age of 35 years were chosen for procuring data. All the data have been collected using structured questionnaire via field survey. Then the collected data have been analysed using the statistical tools like Simple Percentage analysis, Simple average and Chi-Square. After careful analysis, results are interpreted and noted.

Cashless India – An Outline:

Digital India, a campaign launched by Government of India, with a motto “Power to Empower” attempts to ensure that all the Governmental services are available to the people electronically. It focuses on improving online infrastructure; increasing internet connectivity and making the country digitally powerful in the field of technology.

Under digital India, “Faceless, paperless, Cashless” is the agreed responsibility. Going Cashless is the most important mission in the country since cash is still “The King” in the economy. Cashless economy is a situation where financial transactions are conducted using digital modes instead of currency notes or coins. Government is taking various initiatives to accomplish the mission however it is not an easy step that could be achieved overnight.

As per IndiaOnlinepages.com, India’s rural population is 72.2%. Since the majority of the population resides in the rural, it becomes imperative to educate the rural people about the information and communication technology in order to achieve the mission of Digital India. There are many types of digital payment methods available for cashless transaction. However the utility would always depend on the people to adopt them. Currently, the younger generations and urban population started using the digital mode with ease. But the X generation of rural area is still doubtful and hesitant in changing the old practices and always prefer cash over the other mode of transaction. They are still feeling cash as the safer mode for their financial transaction.

Different Types of Digital Mode:

There are different types of electronic modes available for the transactions. Some of them are as follows.

- ✓ **Bank Cards:** There are different types of card option provided to the customer. It includes debit, credit, travel, & other cards. These cards provide security for the customer by 2 factor authentication i.e. PIN and OTP. By using this card, we can withdraw money, purchase requirements, travel without cash, etc. It is convenient, saves time and energy.
- ✓ **Internet Banking:** It is also called as online, electronic or Virtual banking. It allows the customer to conduct financial transaction using institution’s website via internet. Real time Gross Settlement (RTGS), National Electronic Funds Transfer (NEFT), Electronic clearing System (ECS), immediate payment Service (IMPS) are some of the options available for Internet banking.
- ✓ **Mobile Banking:** Mobile banking allows the customer to do financial transaction using mobile phones or tablets. For this purpose, each financial institution would provide the application required to transact. This application which is designed separately for Android, Windows or IOS can be downloaded and utilised.
- ✓ **E-Wallets:** It is used to carry cash in digital format. Debit card or credit card information will be loaded into application which can be used for conducting purchase without actually carrying the plastic cards. Eg. PayTm, Free charge, etc
- ✓ **UPI:** Unified Payment Interface (UPI) allows merging multiple bank accounts into single mobile application which assist in easy flow of money from one account to another. It also provides utility bill

collection services which can be scheduled and paid as per the convenience. Though there are other payments methods like USSD, POS, prepaid cards, Micro-ATMs are in play, the above explained interfaces are the widely known digital payment method.

Data Analysis and Interpretation:

In this study more concentration is given to the usage and awareness of the plastic cards and internet banking only. Since they are the most common and widespread electronic modes of payments across the population, it is given priority to check the familiarity among the rural folks of the country.

1. Social Profile of the Respondents:

Table 1

Variables	Nos.	%	Variables	Nos.	%
Age (in years)			Education		
Less than 39	22	22	Primary level	16	16
40 – 43	32	32	Secondary level	58	58
44 – 47	12	12	HSC	24	24
48 & above	34	34	Graduation & above	2	2
Total	100	100	Total	100	100
Occupation			Gender		
Farmer	40	40	Male	56	56
Labour	22	22	Female	44	44
Own business	16	16			
Others	22	22			
Total	100	100	Total	100	100

Table 1 shows the social profile of the respondents. The study included both the genders. Among them 56% are male and the rest 44% are female.

When looking at their age, the highest percentage of 34% respondents belongs to the age group of 48 & above, followed by 32% who belongs to the group of 40 – 43 years and 22% of respondents belong to the age group of less than 39 years and the last 12% belongs to 44-47 years.

It appears that the majority 58% of the respondents have the education upto secondary level, 24% of them are higher secondary level followed by 16% primary level and the least only 2% is graduated.

Speaking about the occupation, a majority of 40% of respondents are farmers, followed by 22 % labours, another 22% does “Other” occupation like teaching, tailoring, Dhobi & drivers and the rest 16% is conducting their own business.

2. Awareness and Usage of Digital Mode for Transaction:

Table 2

Variable	%	Variable	%
Awareness		Usage	
High	34	High	38
Low	66	Low	62
Total	100	Total	100

Table 2 shows the awareness and usage of specified digital mode for their financial transactions. Questions were asked about their awareness and it is found that only 34% are aware of the digital options and a majority of 66% have low to nil awareness on the same.

Regarding their usage, again only 38% are using digital mode for transaction and higher number of 62% are not using the available options.

3. Determine the Relationship Between Level of Awareness and Various Factors:

Table 3.1

		Usage		Total
		Low 0-9 (Low)	High (10 &above)	
Awareness	Low (Less than 20)	52	14	66
	High (21 & above)	10	24	34
Total		62	38	100

Like Usage, other independent variables like Age, education, occupation and gender are tested to identify whether they are associated with the level of awareness using Chi-square and the results are found.

Table 3.2: (**Tested with 5% level of significance)

Variables	Value	df	Asymp. Sig.	Significance
Usage	11.611 ^a	1	.001	Significant
Age	5.604	1	.133	Not significant

Education	3.958	3	.266	Not significant
Occupation	5.082	3	.166	Not Significant
Gender	4.482	1	.034	Significant

Table 3.2 reveals the results of chi-Square test. It indicates that among all the variables selected only usage and gender are positively associated to the level of awareness.

4. Current Mode of Payment and Preference:

Table 4

Mode of Paying Bills	%	Preference (if Given a Choice)	%
Cash	84	Cash	82
Digital	16	Digital	18
Total	100	Total	100

Table 4 reveals the details about the respondents' current mode of paying bills and their preferred mode if given a choice. It clearly indicates that 84% are currently paying their bills in cash and like to continue the same if given a choice. 82% of the cash preference is a proof for the same. On the other hand, 16% using digital mode for paying current bills, whereas 18% preferred to opt digital medium.

Apart from the above details, various details are gathered regarding their bank accounts, cashless economy and their adoption. All results will be indicated in the findings section below.

Findings:

- ✓ A majority of 56% of the respondents are male and 34% of the respondents belong to the age group of 48 & above. A major 40% are engaged in agriculture and 58% are educated up to secondary level.
- ✓ 56% of the respondents have more than 2 bank accounts. 48% have their banks in the reachable distance within 30 minutes and 62% are visiting the banks only as and when required. And 60% are holding account for more than 3 years of duration.
- ✓ Only 34 % are aware of the digital payment system and 38% are using the same. However, the majority of 66% are not aware of the various electronic options and 62% are not using it. It is identified that the usage and level of awareness are positively associated with each other.
- ✓ 58 % of the respondents are of the opinion that implementing cashless system is impossible with the present scenario and the rest 42% seems to agree with the possibility. Though majority of the people around 82% preferred Cash as their mode of transaction, it is identified that 62% are not threatened by using digital mode. It is only because of their lack of awareness and usage they seem to prefer cash. With proper training and assistance 68% people are ready to adopt the changes. Only 32% of the respondents needed much more push to adopt the changes.
- ✓ It also identified that in majority of 51% of the respondents' case, even though they are not using the digital mode, atleast one member in the family is using the same. They all belonged to the Y generation age group of 18-25 years.

From the derived results, it can be understood that the X generation is still sceptical in adopting the cashless system. Since they are on the comfort zone with Cash, there is reluctance in moving to modern methods. Due to lack of awareness and their lack of exposure to usage of internet and digital system, they are not able to grasp the concepts and are of the opinion that it is impossible to adopt. With proper awareness and training, the cashless concept can be gradually accomplished.

Suggestions:

The study suggests that the

- ✓ Government should take initiatives to create awareness especially to rural areas regarding the cashless system before implementing the concept completely.
- ✓ Government should restrict the cash supply in order to make the people to adopt the digital mode.
- ✓ An arrangement should be made to provide internet facilities even in the remote areas of the country with cheap or no cost.
- ✓ All rural people must be educated about the usage of smart phones and digital applications.
- ✓ Government's National Digital Literacy Mission should be implemented more effectively.
- ✓ Bank staff should encourage the account holders to use the digital banking options. Assistance must be provided as and when needed.
- ✓ More offers, reduction in interest rate, persuasion to adopt the cashless system must be given.
- ✓ People should invest their time and energy to learn the idea without stubbornly sticking to the old practices.
- ✓ Restriction of minimum amount to use the cards must be eliminated so that it will encourage the usage of cards even for smaller denominations.
- ✓ Cyber security should be implemented effectively so that the rural customers will not fall victim to the cyber theft.

- ✓ Rules and punishment must be laid out strictly to protect exploitation of the uneducated citizens.
- ✓ E-governance should be formulated efficiently to regulate these digital systems as well protect the interest of both the customer and banks.

Conclusion:

We are seeing the topic of cashless economy propping up on and off. In the present scenario, it is far from fully accomplishing. However it is not impossible. After demonetisation, we have witnessed hike in the digital mode usage up to 70% but after the supply of cash again it falls by 50%. People are comfortable using the Cash system. Still there are suspicions lingering in their minds about using the technology freely. Though X generations in the urban areas started adopting digital mode with more ease, it is still stagnant in the rural areas. Despite too many hurdles, achieving cashless economy seems to be bright as the Y generation is completely adopting the technology. It might not be anywhere soon but hopefully India would become a Cashless society in the future.

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