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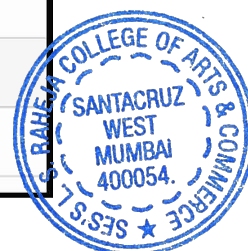
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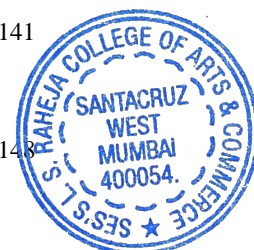
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**TO EXAMINE THE IMPACT OF CONVENIENCE AND SECURITY ON CASHLESS
TRANSACTIONS IN INDIA**

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ABSTRACT

A cashless society describes an economic state whereby financial transactions are not conducted with money in the form of physical banknotes or coins, but rather through the transfer of digital information (usually an electronic representation of money) between the transacting parties. Cashless societies have existed from the time when human society came into existence, based on barter and other methods of exchange, and cashless transactions have also become possible in modern times using digital currencies such as bit coin.

Such a concept has been discussed widely, particularly because the world is experiencing a rapid and increasing use of digital methods of recording, managing, and exchanging money in commerce, investment and daily life in many parts of the world, and transactions which would historically have been undertaken with cash are often now undertaken electronically. Some countries now set limits on transactions and transaction values for which non-electronic payment may be legally used.

Keywords: Financial Transactions, Digital Currencies, Legal Tender, Digital Equivalent etc.

INTRODUCTION

The trend towards use of non-cash transactions and settlement began in daily life during the 1990s, when electronic banking became popular. By the 2010s digital payment methods were widespread in many countries, with examples including intermediaries such as PayPal, digital wallet systems operated by companies like Apple, contactless and NFC payments by electronic card or smartphone, and electronic bills and banking, all in widespread use. By the 2010s cash had become actively disfavored in some kinds of transaction which would historically have been very ordinary to pay with physical tender, and larger cash amounts were in some situations treated with suspicion, due to its versatility and ease of use in money laundering and financing of terrorism, and actively prohibited by some suppliers and retailers, to the point of coining the expression of a "war on cash". By 2016 in the United Kingdom it was reported that 1 in 7 people no longer carries or uses cash. The 2016 United States User Consumer Survey Study claims that 75% of respondents preferred a credit or debit card as their payment method while only 11% of respondents preferred cash. Since the founding of both companies in 2009, digital payments can now be made by methods such as Venmo and Square. Venmo allows individuals to make direct payments to other individuals without having cash accessible. Square is an innovation that allows primarily small businesses to receive payments from their clients.

By 2016, only about 2% of the value transacted in Sweden was by cash, and only about 20% of retail transactions were in cash. Fewer than half of bank branches in the country conducted cash transactions. The move away from cash is attributed to banks convincing employers to use direct deposit in the 1960s, banks charging for checks starting in the 1990s, banks launching the convenient Swish smartphone-to-phone payment system in 2012, and the launch of iZettle for small merchants to accept credit cards in 2011.

REVIEW OF LITERATURE

Cashless economy is not the complete absence of cash, it is an economic setting in which goods and services are bought and paid for through electronic media. According to Woodford (2003), Cashless economy is defined as one in which there are assumed to be no transactions frictions that can be reduced through the use of money balances, and that accordingly provide a reason for holding such balances even when they earn rate of return. In a cashless economy, how much cash in your wallet is practically irrelevant. You can pay for your purchases by any one of a plethora of credit cards or bank transfer (Roth, 2010) observed that developed countries of the world, to a large extent, are moving away from paper payment instruments toward electronic ones, especially payment cards.

Some aspects of the functioning of the cashless economy are enhanced by efinance, e-money, e-brokering and e-exchanges. These all refer to how transactions and payments are effected in a cashless economy (Moses-Ashike, 2011). Marco and Bandiera (2004) argue that increased usage of cashless banking instruments strengthens monetary policy effectiveness and that the current level of e-money usage does not pose a threat to the stability of the financial system. However, it does conclude that central banks can lose control over monetary policy if the government does not run a responsible fiscal policy.



According to a 2015 report by Price Water House Coopers, India's unbanked population was at 233 million. Even for people with access to banking, the ability to use their debit or credit card is limited because there are only about 1.46 million points of sale which accept payments through cards. A study by Boston Consulting Group and Google in July noted that wallet users have already surpassed the number of mobile banking users and are three times the number of credit card users.

OBJECTIVES

The objectives are the following:

- I. To examine the impact of Convenience on cashless transactions in India
- II. To examine the impact of Security on cashless transactions in India.

METHODOLOGY

The study is mainly based upon the primary data. Primary data was collected through survey method. Questionnaire was used for collecting data. Questionnaire was developed based on past experience of the researchers and review of literature on the topic done by the researchers. Questionnaire consists of total sixteen questions out of which four questions related to profile of respondents. Five level Likert scale was used in questionnaire. Population of the study consists of savings account holders of various banks in India. Stratified random sampling technique is used for selecting respondents for the sample. Sample size is 195. Total population was divided into 36 strata depending upon the total number of states and union territories in India. Out of 195 respondents, 174 are from 29 states in India selected at the rate of six each, and 21 are from 7 union territories of India taken at the rate of 3 each. For selecting respondents from strata simple random sampling technique is used using random number tables. Collected data is analyzed by calculating percentages. Chi-square test is used for testing the hypotheses.

Table: Occupation of the Respondents

Occupation	Number of Respondents	Percentage
Farmers	10	5.13
Employee	116	59.49
Self Employed/ Business	28	14.36
Others	41	21.02
Total	195	100

Out of 195 respondents surveyed, 5.13 percent respondents are farmers, 59.49 percent are employees, 14.36 percent are self-employed/business holders and remaining 21.02 percent are others.

Table: Income of the Respondents

Income	Number of Respondents	Percentage
Below Rs.20,000	25	12.82
Between Rs. 20000-40,000	52	26.67
Between Rs. 40,000-60,000	63	32.31
Above Rs.60,000	55	27.56
Total	195	100

ANALYSIS AND DISCUSSION OF RESULTS

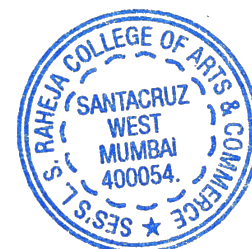
Table: Gender of the Respondents

Gender	Number of Respondents	Percentage
Male	115	58.98
Female	80	41.02
Total	195	100

Out of 195 respondents surveyed, 58.98 percent are male and 41.02 percent respondents are female.

Table: Age Of The Respondents

Age	Number of Respondents	Percentage
Below 30 years	35	17.94
Between 31-40 years	83	42.57
Between 41-50 years	65	33.33
Above 50 years	12	6.16
Total	195	100



Out of 195 respondents surveyed, 17.94 percent respondents' age is below 30 years, 42.57 percent respondents' age is in between 31-40 years, 33.33 percent respondents' age group is in between 41-50 years and remaining 6.16 percent respondents' age is above 50 years.

From the data in the above table, it is clear that 12.82 percent of respondents' salary is less than Rs.20, 000, 26.67 percent of respondents' salary range between Rs.20, 000 and Rs.40, 000, 32.31 percent of respondents' salary range between 40,000 and 60,000 and remaining 27.56 percent respondents' salary is above 60,000.

Table: Responses on Convenience in Transaction is the Reason for Cashless Payments in India

Sl. No.	Opinion	Number of Respondents	Percentage
1	Strongly Agree	45	23.08
2	Agree	97	49.74
3	Neutral	12	6.15
4	Disagree	31	15.9
5	Strongly Disagree	10	5.13
Total		195	100

The data in the above table indicates that, 23.08 percent of respondents strongly agree, 49.74 percent of respondents agree, 6.15 percent of respondents are neutral, 15.9 percent of respondents disagree and remaining 5.13 percent of respondents strongly disagree about convenience in transaction is the reason for cashless payments in India.

It is concluded that Majority of the public (72.82%) felt that transaction convenience is the reason for cashless payments in India.

Calculated value of $\chi^2=129.08$. The Critical value of χ^2 at 4 degrees of freedom at 5% level of Significance is 9.488. Calculated value is greater than Critical Value i.e., $129.08>9.488$, Hence, H_0 is rejected.

Table: Responses on Security in Transaction is the Main Concern in Cashless Payments

Sl.No	Opinion	Number of Respondents	Percentage
1	Strongly Agree	51	26.15
2	Agree	87	44.62
3	Neutral	13	6.67
4	Disagree	32	16.41
5	Strongly Disagree	12	6.15
Total		195	100

The data in the above table indicates that, 26.15 percent of respondents strongly agree, 44.62 percent of respondents agree, 6.67 percent of respondents are neutral, 16.41 percent of respondents disagree and remaining 6.15 percent of respondents strongly disagree about security in transaction is the main concern in cashless payments.

It is concluded that Majority of the public (70.77%) felt that security in transaction is the main concern in cashless payments

χ^2 -test

H_0 :Security in transaction has no influence on cashless payments in India

H_1 :Security in transaction has an influence on cashless payments in India

Observed Frequency (O _i)	Expected Frequency (E _i)	(O _i -E _i)	(O _i -E _i) ²	(O _i -E _i) ² / E _i
51	39	12	144	3.69
87	39	48	2304	59.08
13	39	-26	676	17.33
32	39	-7	49	1.26
12	39	-27	729	18.69
Total (χ^2)				100.05

Calculated value of $\chi^2=100.05$. The Critical value of χ^2 at 4 degrees of freedom at 5% level of Significance is 9.488. Calculated value is greater than Critical Value i.e., $100.05>9.488$, Hence, H_0 is rejected.



CONCLUSION

The findings reveal that while people are getting comfortable with cashless payments, some kind of negative perceptions are holding back many from adopting the new system. The negative perceptions are like security problems, poor network coverage, and lack of merchant willingness, high transactional costs, lack of users' knowledge on technology, defunct POS machines, delayed reimbursement in case of failed transactions, procedures and financial limits. Convenience in use of cashless transactions and incentive system are the positive signs for the progress of cashless payments in India. Finally the study concludes that India may not become a cashless economy unless the perception of the people will be rightly addressed by the government and the banking institutions. They should pave the way for the safe and secure mean to cashless transactions.

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