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**THE CASHLESS SOCIETY: CONSUMER PERCEPTION OF  
PAYMENT METHODS**

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**Abstract:**

Cashless Economy can be defined as a situation in which the flow of cash within an economy is non-existent and all transactions must be through electronic channels such as direct debit, credit cards, debit cards, electronic clearing, and payment systems such as Immediate Payment Service (IMPS), National Electronic Funds Transfer (NEFT) and Real Time Gross Settlement (RTGS) in India. The study reveals that most of the respondents have e-payments for the purpose of very easy method. E-payments services are helpful for the customers in providing safety and any where operation services. E=payment services plays vital role in the selection of a particular bank cards. The research presents this study with the hope that this will drawn the attention of borrowing authorities on the various aspects of e-banking services.

**Introduction:**

Cashless Economy can be defined as a situation in which the flow of cash within an economy is non-existent and all transactions must be through electronic channels such as direct debit, credit cards, debit cards, electronic clearing, and payment systems such as

Immediate Payment Service (IMPS), National Electronic Funds Transfer (NEFT) and Real Time Gross Settlement (RTGS) in India.

### **Statement of Problem:**

In the State of Tamil Nadu, customers of banks today are no longer about safety of their funds and increase returns on their investments only. Customers demand efficient, fast and convenient services. Customers want a bank that will offer them services that will meet their particular needs and support their business goals for instance; businessmen want to travel without carryout cash for security reasons. They want to be able to check their balance online, find out if a cheque is cleared, transfer funds among accounts want to download transaction records into their own computer at work or home. Customers want a preferential treatment and full attention by their choice bank. All these are only achievable through electronic banking based on cashless policy which was introduced by Central Bank of India. Hence, this study examines cashless policy and customer's satisfaction. The cashless policy was introduced by Reserve Bank of India.

There are many research works on cashless policy but not much has been done in the area of customers' satisfaction and perception Therefore, this study seeks to fill the gap created by lack of research in the area of customers' satisfaction in relation to cashless policy.

### **Objective of the Study:**

1. To understand the perception of cashless, ATM cards, e-banking and other online payments methods in the study area;
2. To study the effect of cashless policy on customers' satisfaction in Thoothukudi city;
3. To offer suitable suggestions for improving the awareness and e-payments methods in the study area.

### **Methodology:**

The study was carried out with the respondents working in Thoothukudi city areas. The selected respondents are residing in and around Thoothukudicity which covers Thovipuram, Millerpuram, Thoothukudi Bus Stand, New Bus Stand, WGC Road and Silverpuram. The present study is mainly based on primary data. This study relates to the cashless society and consumer perception of payment methods for the financial year from April 2019 to March 2020.

For the purpose of the study customers were contacted to collect the data by adopting convenient sampling method. The researcher contacted the customers of SBI, Canara Bank, Indian Overseas Bank, Syndicate Bank, UTI Bank, Tamil Nadu Mercantile Bank, and ICICI Bank. So it was decided to conduct for 120 customers. The samples have been collected among the government employees, private employees, business men, professional and others. To analyse the data percentage method, chi-square and five point scale methods are used.

### **Result and Discussion:**

#### **Frequency of E-Payments:**

The Table 1 shows that, 43.33 per cent of respondent uses the e-cards the basis of needs, 26.67 per cent of respondent uses e-cards frequently, 16.67 per cent of respondent uses once in weekly and the remaining 13.33 per cent of respondent uses monthly basis.

**Table 1 - Frequency of E-Payments**

Frequency	No. of Respondents	Percentage
Based on needs	65	43.33
Frequently	40	26.67
Weekly	25	16.67
Monthly	20	13.33
<b>Total</b>	<b>150</b>	<b>100</b>

#### **Type of Goods Purchased:**

The Table 2 shows that, 9.33 per cent of the respondents are purchased only costly goods, 12 per cent of respondents uses online payments for rare goods only and the remaining 78.67 per cent of the respondents uses online payments for all type of goods. From the table, the researchers concluded that the respondents are uses the online payments for all type of goods purchases.

**Table 2 - Type of Goods Purchased**

Type of Goods	No. of Respondents	Percentage
Costly Goods	14	9.33
Rare Goods	18	12.00
All Goods	118	78.67
<b>Total</b>	<b>150</b>	<b>100</b>

#### **Shopping Method in Online:**

An e-commerce payment system facilitates the acceptance of electronic payment for online transactions. Also known as a sample of Electronic Data Interchange (EDI), e-commerce payment systems have become increasingly popular due to the widespread use of the internet-based shopping and banking..The following table represents the shopping method in online.

**Table 3 – Shopping Method in Online**

Online Method	No of Respondents	Percentage
ATM/ Debit Card	31	20.67
E-banking (online)	18	12.00
Regular Bank Transfer	17	11.33
Credit Card	21	14.00
Mobile Banking (Swipp)	46	30.67
Net Banking	17	11.33
<b>Total</b>	<b>150</b>	<b>100</b>

The Table 3 indicates that mobile banking (Swipp) has attracted to the customer because this method is easy for e-payment and it has 30.67 per cent, ATM/Debit card 20.67 per cent, credit card 14 per cent, E-banking 12 per cent, and each 11.33 per cent regular bank transfer and net banking.

#### **Choice of E-payments:**

The important specific opinion of the cardholders are choice of e-payments'. The following table shows the various factors of choice of e-payments.

**Table: 4 - Choice of E-payments**

Statements	Mean Score	Rank
I prefer to use cash when dealing with smaller amounts of money	3.65	VI
I prefer to store money in a bank account and use electronic payments when dealing with larger amount of money	4.22	IV
My choice of payment method is influenced by my habits	4.38	III
My choice of payment method is influenced by the trust I have in the retailer.	2.94	VII
My choice of payment method is influenced by my income level.	4.55	II
I generally trust the bank system in my country.	1.95	X
I believe that using cash stimulates the black economy sector (tax evasion, corruption, etc.)	3.66	V
I think that using electronic payment methods makes/can make my life easier.	4.75	I
I feel confident enough when doing electronic payments.	2.84	VIII
I find it easier to control how much I spend when I use cash	2.41	IX

From the above table 4, it is clear that 'I think that using electronic payment methods makes/can make my life easier' occupies the first rank with 4.75 mean score and 'My choice of payment method is influenced by my income level' takes the second rank with 4.55 mean score and 'My choice of payment method is influenced by my habits'

occupies the third place with 4.38 points. ‘I prefer to store money in a bank account and use electronic payments when dealing with larger amount of money’ gets the fourth place by scoring 4.22 points and ‘I believe that using cash stimulates the black economy sector (tax evasion, corruption, etc.)’ gets the fifth place by scoring 3.66 points. The last place is occupied by ‘I generally trust the bank system in my country’ scoring 1.95 points. The researcher concludes that ‘I think that using electronic payment methods makes/can make my life easier’ is the important choice of selecting e-payments.

### Services Provided by E-banking:

The respondents are asked to rank the factors that are identified in services provided by e-payments. 5 –points scale techniques is used to find out the most influencing factors.

**Table: 5 - Services Provided by E-banking**

Statements	Mean Score	Rank
Checking the balance of your bank account	4.42	I
Monitoring recent transactions	3.60	III
Executing transactions	4.32	II
Managing personal finance	3.18	IV

From Table 5 it is clear that the services provided by the banks differ from bank to bank. ‘Checking the balance of your bank account’ play a very significant role in e-banking service for the study area. This factor has scored the first rank for service provided by e-payment. ‘Executing transactions’ also plays a significant role in influencing the e-payments, for which this variable scores the second rank.

‘Monitoring recent transactions’ is another factor that makes considerable impact on services provided by e-payments. It has secured the third rank. More than one tasks you perform at a time, ‘Managing personal finance’ is also important factors in the e-payments.

### Technological Challenges:

Another important factor in the e-payments is the technological challenges. The following table explains the technological challenges.

**Table: 6 - Technological Challenges**

Statements	Mean Score	Rank
Cannot pay with my bank card	4.12	III
Cannot pay with a bank card at all	3.23	V
Cannot pay because the system is down	2.78	VI
Cannot pay because of a system error	4.14	II
Cannot pay because I feel confused by the system	4.35	I
Cannot pay because I am not familiar how the system works	3.89	IV

It is inferred from the Table 6 that the main factor on technological challenges which limit 'Cannot pay because I feel confused by the system' which has scored the first rank with 4.35 points. The second factor which limits is 'Cannot pay because of a system error' with 4.14 points. The third factor is 'Cannot pay with my bank card' with 4.12 points. 'Cannot pay because I am not familiar how the system works', 'Cannot pay with a bank card at all' and 'Cannot pay because the system is down' are the fourth (3.89), fifth (3.23) and sixth (2.78) in the order of rank.

### Opinion about Cashless Economy:

The following table represents the respondents' opinion about cashless economy.

**Table 7 – Opinion about Cashless Economy**

Opinion	No. of Respondents	Percentage
Highly Agreed	21	14.00
Agreed	59	39.33
Neutral	14	9.33
Disagreed	24	16.00
Highly Disagreed	32	21.33
<b>Total</b>	<b>150</b>	<b>100</b>

The Table 7 indicates that most of the respondents are agreed with the cashless economy i.e., 39.33 per cent. 14 per cent of the respondents are highly agreed with the cashless economy where as 9.33 per cent of the respondents are neutral with the cashless economy. About 37.33 per cent of the customers are disagreed with the cashless economy.

### Services and E-payments Preference:

To bring the cards in a particular bank, services play a vital role in motivating and influencing the consumer to buy a particular bank e-payment card. Table 8 shows the impact of services in selecting a particular bank e-cards.

**Table 8 - Services and E-payments Preference**

Impact of Services	No. of Respondent	Percentage
Motivated	100	66.67
Not Motivated	50	33.33
<b>Total</b>	<b>150</b>	<b>100.00</b>

The above table reveals that out of the 150 sample respondents, 100 respondents at 66.67 per cent were motivated to prefer a particular bank e-card based on services

whereas only 50 at 33.33 per cent respondents were not motivated to buy a particular banks e-card.

### **Educational Qualification of the Respondents and Impact of E-card Selection:**

Educational level of respondents who have seen the e-payment services and motivated or not motivated are provided in Table 9.

**Table 9 - Educational Qualification of the Respondents and Impact of E-card Selection**

<b>Educational Qualification</b>	<b>Motivated</b>	<b>Not Motivated</b>	<b>Total</b>
Graduate	14	10	24
Post Graduate	27	11	38
Secondary	44	11	55
Middle	13	10	23
Illiterates	2	8	10
<b>Total</b>	<b>100</b>	<b>50</b>	<b>150</b>

From the above table it could be understood that out of 100 respondents, who were motivated by seeing the e-payment services to buy a particular bank e-card, 14 respondents are under graduates, 44 respondents had studied up to secondary level, 27 respondents are post graduates, 13 respondents had studied middle level and two respondents had illiterate. Out of the 50 respondents who were not motivated by seeing the e-payment services to purchase a particular bank e-card, 10 respondents are under graduate, 11 respondents are post graduate, 11 respondents had studied up to secondary level and 10 respondents had studied middle level and eight respondents had illiterates.

Chi-square test is applied to test the hypothesis, "There exists no relationship between the educational level of the respondents and the impact of e-card selection".

Calculated value at 4 df = 1.454. Table value for df 4 at 5 per cent level of significance is 9.49. Since the calculated value 1.454 is less than the table value at 5 per cent level of significance, the null hypothesis is accepted. Hence the researcher concluded that there is no significant association between the education level of the respondents and the impact of e-card selection.

### **Occupation of the Respondents and Impact of E-card Selection:**

Occupations of the respondents who have seen the e-payment services and motivated and respondents who have seen the services but not motivated are provided in Table 10.

**Table 10 - Occupation of the Respondents and Impact of E-card Selection**

<b>Occupation</b>	<b>Motivated</b>	<b>Not Motivated</b>	<b>Total</b>
Businessman	42	15	57
Salaried People	35	10	45
Agriculturist	14	12	26

House wife	9	13	22
<b>Total</b>	<b>100</b>	<b>50</b>	<b>150</b>

Out of the 100 respondents who were motivated by seeing the services to buy particular bank e-cards, 42 are businessman, 35 are salaried people, 14 are agriculturist and nine are house wife. Out of the 50 respondents who had seen the services and not motivated, 15 respondents are businessmen, 10 respondents are salaried people while 12 respondents are agriculturist and the remaining 13 respondents are house wife.

Chi-square test is applied to test the hypothesis, "There exists no relationship between the occupation of the respondents and the impact of e-card selection".

Calculated value at 4 df = 12.259. Table value for df 4 at 5 per cent level of significance is 9.49. Since the calculated value 12.259 is greater than the table value at 5 per cent level of significance, the null hypothesis is rejected. Hence the researcher concluded that there is significant association between the occupation of the respondents and motivation by e-card selection.

#### **Income of the Respondents and Impact of E-card Selection:**

Table 12 shows the income distribution of respondents and the impact of services on e-card preference.

**Table 11 - Income of the Respondents and Impact of E-card Selection**

<b>Income (Rs.)</b>	<b>Motivated</b>	<b>Not Motivated</b>	<b>Total</b>
Below 25,000	18	11	29
25,000 – 50,000	16	12	28
50,000 – 75,000	36	9	45
75,000 – 1,00,000	22	10	32
1,00,000 & above	8	8	16
<b>Total</b>	<b>100</b>	<b>50</b>	<b>150</b>

From the Table 11 it could be seen that out of 100 respondents who were motivated by seeing the e=payment service to purchase a particular bank e-card, 36 respondents belonged to the income group of Rs.50,000-Rs.5,000 whereas 22 respondents belonged to the income group of Rs.75,000-Rs.1,00,000. Out of 50 respondents who had seen the services but not motivated to purchase a particular bank e-cards, About 12 respondents belonged to the income group of Rs.25,000-Rs.50,000 whereas 11 respondents belonged to the income group of and below Rs.25,000.

Chi-square test is applied to test the hypothesis, "There exists no relationship between the income level of the respondents and the impact of e-card selection".

Calculated value at 4 df is 7.089. Table value for df 4 at 5 per cent level of significance is 9.49. Since the calculated value 7.089 is less than the table value at 5 per



cent level of significance, the null hypothesis is accepted. This reveals that e-payment service motivation is not dependent on the income level.

### **Suggestions:**

- ❖ Resulting the sex classification, male customer are using e-payments more than that of females. So the bankers should take steps that the usage of e-banking services should be extended to the female group also.
- ❖ Banks should take steps to increase the deposit of the customers. This will lead to a circular flow income.
- ❖ Instruction should be made simple so that all classes of people can understand the e-banking easily.
- ❖ Inter linkage of e-banking all over India is preferred.
- ❖ Transfer of funds and deposit facility should be made available at all banks ATM and introduced in e-corners in all important places.
- ❖ The services of the bank employee should be made prompt in order to avoid inconvenience to the customers.
- ❖ The draft facilities can be introduced in the ATM.
- ❖ Bank should take the necessary steps to reduce the problem faced by the customers so that people prefer more e-banking and increase their usage of bank.

### **Conclusion:**

The study reveals that most of the respondents have e-payments for the purpose of very easy method. E-payments services are helpful for the customers in providing safety and any where operation services. E=payment services plays vital role in the selection of a particular bank cards. The research presents this study with the hope that this will drawn the attention of borrowing authorities on the various aspects of e-banking services.

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