



# A STUDY ON THE AWARENESS OF CASHLESS TRANSACTIONS: A CASE STUDY OF NAMPALLY AREA

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## ABSTRACT

*A study on the Awareness of cashless Transaction in the Nampally area of Hyderabad city has been analysed by using the simple percentage method. The study is based on the data collected through a primary survey during the month of December, 2022. The data is represented through pie diagrams. A sample size of 101 respondents was selected using a random sampling method for the study. The respondents in the study belonged to the age group of 16- 50 years. 50% of the total respondents are in the age group of 16-20 years & 50% are in the age group 21-50%. Respondents in the survey belong to different levels of education. 12% of the total sample respondents are illiterate and the rest are literate..The respondents consist of business people like general store owners, bangle store keepers, owners of tea stalls, textile shop owners, government & private employees, students and so on. Secondary data was also collected from journals & websites. The present study shows that all types of respondents are aware of the concept and modes of cashless transactions, independent of age, sex, education and occupation. The pattern & purpose of usage of these modes of transactions varies among the sample respondents. So, we can say that, to make India a cashless economy is a right step in the right direction.*

## INTRODUCTION

Cashless economy is an economic system in which transactions are mainly done through electronic methods, and it refers to a state in which there is no complete absence of physical cash. It rather refers to a situation in which goods and services are bought and paid for, through digital methods. It indicates an economic system which widely uses electronic technology in its financial transactions. Cashless transactions economy does not mean shortage or scarcity of cash it rather indicates a culture of people settling transactions digitally. Cashless economy is the economy in which transactions are done online by debit/credit cards, mobile wallet, e- wallets, UPI Apps, cheques or direct transfer of funds from one account to another through digital banking. Digital transactions or cashless transactions bring in transparency, accountability and productivity in the economy. Cashless transactions economy does not mean shortage or scarcity of cash it rather indicates a culture of people settling transactions digitally. Digital India is a leading program of the government of India with a vision to convert India into a digitally authorised society and knowledge economy. The government has implemented a major change in the economic environment by demonetizing high value currency notes of Rs.500 and Rs.1000 from 8th November 2016 and pushing India towards a cashless future.

**TYPES OF CASHLESS TRANSACTIONS:** There are various types of cashless transactions which are used by the public in India to perform their day -to -day activities. Given below are a few kinds of cashless transactions that are widely utilised in India.

**E-wallet:** E-wallet is an electronic device wallet. It is an electronic card which is used for digital transactions through a computer or a smartphone. An E-wallet is the same as a credit or debit card. To make the transactions with an e-wallet, it needs to be linked with the individual's bank account. We can utilise e-wallet for subsidised exchange or web based shopping. Examples: paypal, payoneer, transferwise, skrill and payza

**Mobile wallets:** It is a mobile payment method, it is any of various payment processing services operated under financial regulations and performed from or via a mobile device. Instead of paying with cash, cheque, or credit cards, a consumer can use a **payment app** on a mobile device to pay for a wide range of services and digital or hard goods. It can be installed as an app or a built-in feature on a smartphone. Examples: Gpay, paytm, phonepay etc

**UPI APPS: Unified Payments Interface (UPI)** is an instant real-time payment system developed by National Payments Corporation of India (NPCI). The UPI ID of the recipient can be used to transfer money.. It is used on mobile devices to instantly transfer funds between two bank accounts.. It runs as an open source application programming interface (API) on top of Immediate Payment Service (IMPS), and is regulated by the Reserve Bank of India (RBI)The interface facilitates inter-bank peer-to-peer (P2P) and person-to-merchant (P2M) transactions. The Unified Payments Interface (UPI) is a technology that combines multiple banking services, smooth fund routing, and merchant payments into a single mobile app that can be used by any bank that participates..  
Examples: SBI pay, gpay ,paytm , etc



**Aadhaar Enabled Payment System:** It is a network of Micro ATMs using Aadhaar authentication. AePS is a bank-led model which allows basic interoperable banking transactions at PoS (MicroATM) through the Business correspondent of any bank by using Aadhaar authentication.

**Credit & Debit cards:** A debit card is a card that can be used in place of cash to make payments. These cards come under the category of plastic cards. These are like credit cards, but the money for the purchase must be in the bank account of the cardholder at the time of a transaction, which is transferred directly from the card-holder's account to the recipient's account to pay for the purchase. A debit card is used to make a purchase with one's own money. A credit card is used to make payment by borrowing money. A credit card is a payment card, which is based on the concept of accrued debt.

**Online Transfer- NEFT or RTGS:** The NEFT mode is used when the transactions are of smaller values. RTGS is used in high-value transactions. The National Electronic Funds Transfer system was introduced in November 2005 to replace the Special Electronic Fund Transfer (SEFT) system that was in use at the time.

The least complex technique for the cashless exchange is online exchange utilising NEFT or RTGS. With a specific end goal to do online cash exchange, you require web managing an account office. Online exchange utilising NEFT or RTGS is relatively speedier than cheque or DD. In this, online exchange should be possible from any place utilising a web office.

**CHEQUE:** A cheque is a document/bill of exchange that orders a bank (or credit union) to pay a specific amount of money from a person's account to the person in whose name the cheque has been issued. *Drawer-* the person who writes the cheque, has a transaction banking account (often called a current, cheque, chequing, checking, or share draft account) where the money is held. The drawer writes various details including the monetary amount, date, and a payee on the cheque, and signs it, ordering their bank, known as the *drawee*, to pay the amount of money stated to the payee.

**Demand Draft Demand draft** is another primary way of cashless transaction. It is a very safest method to receive payment from anyone. Demand draft (DD) never gets defaulted as it is signed by the banker. The drawbacks of DD and cheque are you need to visit a bank in order to deposit cheque and demand draft. The clearance of cheque or DD takes additional time. Demand Draft also called DD is a way to initiate transactions from one bank to another. It is a negotiable instrument that guarantees payment of a specific amount of money to the specified payee.

**PROBLEM IDENTIFICATION:** As an extension of the demonetization process, the cashless transaction system is implemented, which impacts significant changes in the behaviour of consumers. Cashless transactions have many advantages such as improved transparency and accountability, speedy transactions of large amounts of money with lowered

risk & time. In India most of the consumers are heavily dependent only on the cash economy, now the consumers have to switch from cash to cashless electronic transactions. Most of the consumers have been using cash for purchase of products and services, except a few. Currently the government announced restrictions for the traditional cash transaction and offers electronic transfer, which push the consumers to adopt and implement cashless transactions for their needs. In the context of the above, this study makes an attempt to understand the concept of cashless transactions, awareness of the people about cashless transactions in the surrounding area of Nampally, Hyderabad city, the usage pattern & the purpose of the usage of these modes of transactions

## OBJECTIVES OF THE STUDY

The objectives of the study are as follows:

- To know the concept of Cashless transactions.
- To understand the different modes of Cashless transactions.
- To study the awareness among the people about cashless transactions.
- Examine the utilisation pattern & purpose of usage of cashless transactions among people.

## REVIEW OF LITERATURE

Richa Goel, Seema Sahai, Anita Vinaik, Vikas Garg (2019), "Moving from cash to cashless economy:- A study of consumer perception towards digital transactions". The study aimed to find out consumers' awareness on cashless transactions. The focus of the study was to assess the trust of consumers on cashless transactions. The benefits and future trends of cashless transactions were also analysed in the study. The study was conducted by collecting responses from around 280 respondents who were aware about digital means of payment. The findings of the study stated that a lot of people in the country do not use digital means of payment. People also don't feel safe in sharing their personal and financial information over the internet. There is still a lot to be done to make India a digital economy. For smooth implementation of cashless systems in India, the following measures are recommended: Government has to bring transparency and efficiency in the e-payment system, strategies used by government and Reserve Bank of India to motivate cashless transactions are by licensing payment banks, promoting mobile wallets and withdrawing service charge on cards and digital payments. A financial literacy campaign should be conducted by the government continuously to make the population aware about the advantages of electronic payments

Sheetal Thomas & G. Krishnamurthi (2017): Examined that there is enormous potential that rural economy in India can become a cashless economy. The rural population is ready to learn it, with one person receiving benefits soon the rest of the village will follow. Keeping the level of consumption patterns and the recent trends into mind. The study suggested that the government can plan for implementation of basic support systems like, incentivizing the use of internet through free data and smart phones, distribution of laptops to students taking higher education in nearby towns. Another way is by creating

awareness about digital transactions and financial literacy among rural people by partnering with different educational institutions and NGOs.

Dr. Seema Rathi and Gunjan Bhayana(2018) in their “ STUDY ON AWARENESS LEVEL OF CUSTOMERS TOWARDS THE VARIOUS MODES OF CASHLESS TRANSACTIONS”Haryana) found out that the customer is aware about various modes of cashless transactions. But, their degree of customer awareness varies between different modes of transactions. In some modern modes of transactions like e-wallet, net banking and Point of sales, the degree of awareness is low. So, it is suggested that the government and other organisations should focus on increasing the awareness level of customers regarding the use of these modes of payments

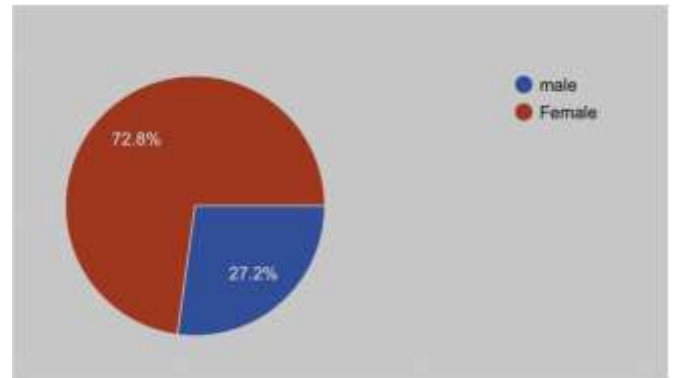
### RESEARCH METHODOLOGY AND SOURCES OF DATA

The study is conducted to obtain data of the people about their attitude towards cashless transactions and the awareness about the cashless transactions. The usage pattern & purpose of usage of these modes of transactions The study project is conducted in the surrounding areas of Nampally ,Hyderabad city.Primary data is obtained on the selected topic, survey method is used for collecting data with the help of questionnaires. The response from the respondents is collected and analysed ,using a simple percentage method. The data is represented through pie charts or pie diagrams, & schedules. A sample size of 101 respondents was selected using the random sampling method for the study. The sample includes both literate and illiterate populations. It comprises students, government servants, private servants, shopkeepers, drivers, vegetable vendors and bangle store keepers.Secondary data was collected from different sources such as articles published in different journals & newspapers, periodicals,, and websites, etc.

**LIMITATIONS:**The investigation carried out in this study is confined to the Nampally area of Hyderabad city and the study is based on a convenient sample survey method. Hence, the very nature of the study sets limits to the universal acceptability or temporal validity of the findings.

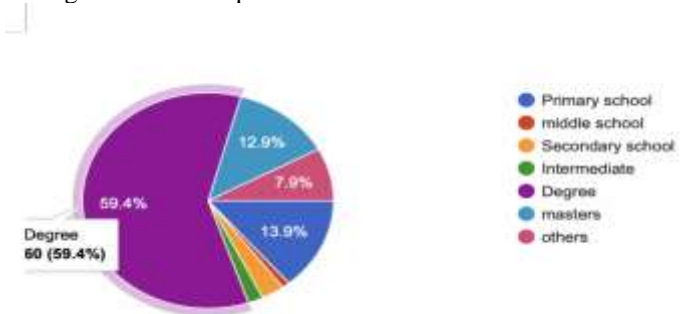
### ANALYSIS OF DATA

The present study has been done in the vicinity of Nampally area of Hyderabad city. A total of 101 respondents have given their feedback on cashless transactions. They belong to the age group of 16-50 years. Of the total respondents 50% of them are in the age group of 16-20 years and another 50% are in the age group of 21-50 years. Of this, 27% are male and 73% are females.

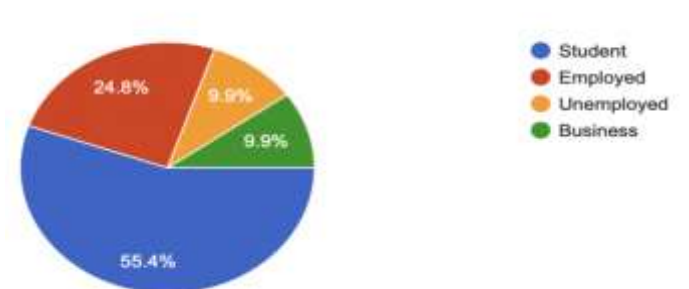


### RESPONDENTS' STATURE

The respondents in the survey belong to different levels of educational qualification. 12% of the respondents are illiterate. And the distribution of the levels of educational qualification among the literate respondents is as follows:



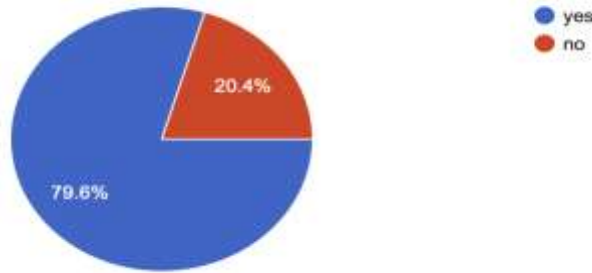
Of the total respondents 12.9% of them have studied till primary level,5.9%have studied middle,secondary & intermediate level combinedly, 59.4% have studied till degree level 13.9% have studied till master’s degree and rest have done other vocational Courses.



The respondents consist of students, business people like general store owners, fruit vendors, tea stall owners, textile shops, bangle store owners , government and private servants etc.

### AWARENESS, USAGE PATTERN OF DIFFERENT MODES OF CASHLESS TRANSACTIONS AND THEIR PURPOSE OF USE

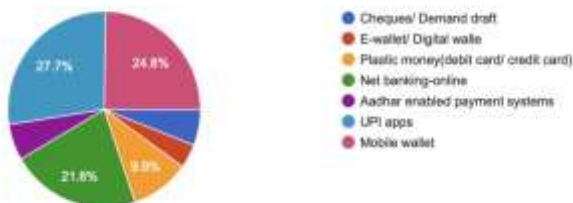
**Awareness:** As the data reveals, about 79% of the study respondents are aware of cashless modes of transactions.



	FREQUENCY	PERCENTAGE
Awareness of cashless transactions	79	79
<b>USAGE PATTERN:</b>		
checks/ demand draft	6	6
E-wallet- paytm/free charge	4	4
Plastic money- debit card/ credit card	10	10
Net banking online	22	22
Aadhar card- aadhar enabled payment system	6	6
UPI apps	27.7	27.7
Mobile wallet	24.8	24.8
<b>PURPOSE OF USAGE</b>		
Mobile recharge	45	45
Payments of bills	29	29
Travelling	4	4
Purchases	20	20
Movie Tickets/entertainment	2	2

**USAGE PATTERN:**As the data of usage pattern of different modes of transactions indicates that of the total respondents 6% have used cheques/demand for their day to day transactions 4% have used E-wallets & pay tms 10% have used plastic money debit/credit cards 22% have used online net banking 6% have aadhar enabled payment system 27.7 %have used UPI APPS and 24.8% have used mobile wallets.

**PURPOSE OF USAGE**



Of the total respondents, most people used cashless modes of transactions for mobile recharge, payment of public utility bills and shopping.

**Major Findings**

The findings of the study show that a large no. of people i.e., about 79% of the respondents are aware of cashless transactions. In case of usage pattern of different modes of transactions it is observed that of the total respondents:

- 27.7% use UPI apps.
- 24.8% use mobile wallets.
- 21.8% use methods of online Net banking
- 9.9% use plastic money (debit or credit card)

And the majority of them expressed that they are using these modes of transactions without any difficulty. They also expressed that due to the government’s demonetization policy





and due to cash shortage they got to know about the electronic cashless transactions. The government's policy to bring in transparency and fairness in cash transactions, limited the bank's transactions in cash. This forced them to look for alternative modes of cash transactions.

Another finding of the study is that, the respondents are using cashless modes of transaction for the following purposes:

- 44.6% for mobile recharge.
- 28.7% for the payment of public utility bills.
- 20.8% for the purpose of shopping
- 3.9% for travelling
- 2% for hoteling/ entertainment

Some of the respondents want to perform their transactions only in cash as they feel it is the safest and the easiest way of transactions. They expressed strong inhibitions against cashless transactions. They do not want to share their personal & financial data.

## CONCLUSION

So we can conclude in the light of this study that we can introduce cashless transactions in India. But main challenges of the working of cashless transactions in India are lack of infrastructure facilities for cashless transactions like less no. of swipe machines due their high cost, poor internet facility, digital illiteracy, cyber-crimes and cyber frauds illegal access to the personal data of the customers. Therefore, it is important to strengthen internet security and protection from online mischiefs. Hence, the government needs to put in more efforts to promote digital literacy and to educate people about the benefits of electronic payments. Efforts should be made to convert urban areas as cashless areas. Therefore different strategies and policies need to be implemented to realise the goal of cashless society and digital India to be achieved. And the present study shows that all types of respondents are aware of the concept & modes of cashless transactions, independent of age, sex, education and profession. The usage pattern & purpose of usage varies among the sample respondents. So, we can say that, to make India a cashless economy is a right step in the right direction.

## SUGGESTIONS

To make India a cashless economy the following steps are suggested:

1. There is a need to improve digital literacy among the people.
2. Combined effort from govt, banks, college employees, students and stakeholders is required to popularise the different modes & benefits of cashless transactions.
3. Internet facility & infrastructure should be improved & strengthened especially in rural areas. To make e-payment systems more efficient, strategies used by government and Reserve Bank of India needs to be made more popular & effective.
4. Govt must remove or reduce the service charges of these electronic transactions.
5. The internet usage among students should be made 100% by providing free data laptops and smartphones.

6. Most importantly it is for the government to gain trust of the public in these types of transactions & to improve cyber security.

To conclude, there are some challenges like cyber crimes and cyber security and lack of infrastructure. We can achieve it with time and effort, which is required from all the stakeholders of the society including the government and NGOs in future.

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