A Study of Adoption of Cashless Payments by Retailers and its Impact on Customers in Akola City

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ABSTRACT

The demonetization of 500 and 1000 rupees' currency notes by the Government of India in November 2016 was argued to be a drive towards cashless Economy, for curbing corruption. This sudden removal of currency and the time taken to introduce new currency created temporary cash crunch and prompted the consumers and sellers to look for alternative modes of payment. The small (unorganized) retailers were particularly affected by this phenomenon. This gave rise to evolution of cashless options such as POS (point of sale) machines for card payments and several mobile applications. The wide spread availability of mobile phones in the country and cheap data packages further increased the popularity of cashless transactions among customers and small retailers

The current study aimed at capturing the current status of adoption of cashes payments in Akola city. It was observed that around 77.78% small retailers allow cashless payments in their shops. Also, cashless payments are estimated to contribute around 45% of the turnover of those retailers who accept them. Mobile applications are currently contributing to average of 63 total cashless payments at retail shops in Akola city.

Keywords: Demonetization, cashless payments, small retailers, Akola City.

Introduction

The payments scene in India is undergoing a transformation: traditionally a cash-based economy, it has seen an increase in card-based and mobile transactions. In spite of advances made in the recent years by the Government and regulators to popularize cashless transactions, India continued to be a high-cash-usage economy. But on November 9th, 2016 Prime Minister Narendra Modi took entire India by surprise when he announced the demonetization of INR 500 and INR 1000 notes. There was a mad dash to withdraw smaller bills, or deposit bigger ones, at automatic teller machines around the nation before they shut down temporarily. This demonetization decision has been the biggest and most ambitious step ever to crack down on black money and fake currency and to move India towards a 'Cashless' economy.

In such a scenario, mobile as a platform has a unique set of capabilities that can overcome the challenges posed by the Indian payments landscape. Mobiles offer a low-cost means to create financial access and payments. It can extend the last-mile reach of banking services either through business correspondents or directly to the end consumers. Improvements in the telecom infrastructure, access to internet

connectivity and low-cost smart phone will eliminate the need for hardware based on fixed line connections. Mobile can be a platform that uniquely combines digital identity, digital value and digital authentication to create low-cost access to financial services.

In fact, since demonetization has come into effect, if there is a clear winner, it is the class of startups offering online wallets and digital payments. Mobile wallets have witnessed a massive rise in app downloads. Pay-tm traffic, for instance, increased by 435 per cent and its downloads by 200 per Cent. Pay-tm is India's leading mobile wallet start up – it allows users to make transactions "at 850,000 places across 1,200 Indian cities, including mom and pop shops, branded retail outlets, and petrol pumps. Pay-tm even advertised in newspapers, congratulating Prime Minister on the demonetization, calling it the "boldest decision in the financial history of independent India" (NC, 2016).

The Government had also been promoting increasing use of bank transactions for better accountability. While Internet Banking was already prevalent for payment of utility bills and large transactions, cash was required for small transactions typically occurring at retail shops. Initiatives like PMJDY (Pradhan Mantri Jan Dhan Yojana) allowing zero balance bank accounts especially for people from lower economic strata, promoting use of credit cards and debit cards were intended to facilitate cashless transactions at retail level. This impetus from the Government on cashless transactions prompted several IT companies to develop mobile applications. Pay-tm and BHIM Unified Payment Interface (UPI) Phone-pe were such applications that came into the market during this period

Since the end of year 2016, several cashless transaction options have been evolved and they are now widely being used in the market. The current study is aimed at understanding the extent to which cashless transactions are prevalent particularly at the level of small retailers, and to understand the relative preference of cashless transactions over the use of currency. It focuses on cashless transactions particularly carried out through credit/debit cards or mobile applications. Internet Banking is excluded from the scope. The study is to be carried out at different areas of Akola city.

Statement of Problem:
There are several means for making payments, payments by cash is traditional way but because of tremendous changes and demands haven been risen so payment made by online is very easy for the customers and also beneficial for the retailers to do other works as payment is directly made in their bank account. The purpose of conducting research work to examine the impact of adoption of cash less payments by retailers on customers in Akola city.

Review of Literature:
Reviewing literature helps to get depth knowledge about the research topic, it access to know what has been found by the researchers and what is under curtains. So, it is very importance part in every research work.

Sweden, one among the European countries, who were pioneers in introducing bank notes in 1661, has gone a long way in becoming the most likely first country to declare the entire nation cashless shortly (Arvidsson, 2013). The pattern of cash usage by Germans is compatible with systematic economic

decision making (Kalchkreuth, Schmidt & Stix, 2009). The consumers decide upon the adoption of payment cards and then use available payment media according to the transaction and personal characteristics. Older consumers use more cash significantly compared to younger consumers, the difference in payment behaviour is not explained by age as such but to a large extent by the difference in the characteristics of these two groups.

To explain the factors of adoption of mobile banking as a means to go cashless, several models and techniques are proposed, such as Technology Acceptance Model (Venkatesh & Bala, 2008), Theory of Reasoned Action (Fishbein & Ajzen, 1967), Roger's

Muyiwa. et.al (2013), have highlighted in their study that digital transaction brings more transparency, accountability and it is more convenient as people are no longer need to carry cash, or even line up for ATM withdrawals.

Chattopadhyay.et.al (2018), have highlighted in their study that despite having knowledge about cashless transaction, majority of the small retailers are not eager to participate in cashless transaction. They find cash based transaction convenient and easier. So, they prefer cash transaction over cashless transaction.

Yuvaraj S & Eveline. N Sheila (2018), have highlighted that majority of consumers prefer credit/debit card as the convenient mode for cashless transactions. They revealed that privacy, security and convenience are the key factors which influence consumers towards the cashless transactions.

Objectives:
1. To know the benefits of adopting cashless payments system by retailers
2. To know cashless payments is suitable for all categories of customers
3. To know retailers are aware about different types of cashless techniques
4. To study digital payments support the quick efficient transfer of fund and enable customers to make paperless payments

Cashless Economy -Global View

This economic system is built around credit cards, debit cards, digital wallets, and payment methods. There are less cash transactions in cashless economies. Electronic money is favoured over transactions using coins or real notes in this type of economy.

A cashless economy is one in which digital transactions like net banking, mobile banking, digital wallets, debit cards, and credit card payments replace traditional payment methods like cash or coins.

The global picture of cashless economy is very promising as it is flourishing with the passage of time. The pandemic was a big driver in growth of cashless economy. Cashless economy indicates cashless payments. Cashless payments envisage digital payments. The growth in digital payments simply means that the people of the economy prefer to go cashless when making payments. The subsequent chapters will discuss the modes of digital payments in details.

Digital payment transactions have expanded quickly in emerging economies over the last two years, as the epidemic has spurred switches to contactless payments and e-commerce. E-wallets proliferated, real-

time account-to-account transfers took off, and industry actors formed new partnerships to gain access to new capabilities and grow their customer base. Some of the most rapid growth in digital payments occurred in Africa and Southeast Asia, where low banking penetration allows payment providers to capitalise on untapped potential and connect underserved people.

Along with new opportunities, banks, telecommunications companies, and fintechs (Financial Technology for digital payments) have experienced greater competition. Banks continue to dominate payments in most countries, however nonbanks have the dominant front-end payment application in numerous rising economies, including India, Kenya, the Philippines, and Vietnam.

Between 2018 and 2021, the number of noncash retail payment transactions expanded at a compound annual growth rate of 13% globally, and 25% in emerging nations. Emerging markets in Africa (Morocco, Nigeria, and South Africa) and Asia experienced some of the quickest growth. Strong growth is predicted to continue in several emerging areas in the next years, with CAGRs approaching 15% between 2021 and 2026.

Research Methodology:

Research methodology is a systematic technique for collecting data. It is like blueprint that helps for further research work. For the current research work data has been collected with the help of primary as well as secondary sources.

Primary Data:

The primary data has been collected with the help of following methods.
- Interview Method
- Questionnaires Method
- Observation Method
- Survey Method

Secondary Data:

Secondary data has been collected with the help of following ways
- Books
- Magazines
- Newspaper
- Research papers (Published and unpublished)

Hypothesis:

The study of hypothesis is one for the most importance topic in each and every research paper. Hypothesis is an assumption prediction that automatically arises in our mind and open different way of continuing study. It is mental tendency that shows it will be good or not. So this research study has also some hypothesis.

H0: Adoption of cashless payment system has positive significant impact on customers in Akola city.

H1: Adoption of cashless payments system has not much positive significant impact on customers in Akola city

Sample Designing:

Sample refers to the numbers of items to be selected from the universe, sample is smaller presentation of large unit. In order to carry out this research work convenient sampling was used.

Sample Size:

Sample should not be much or small, it should be according to research topic so for this research work there are 500 respondents from whom data has been collected.

Data Collection, Analysis and Interpretation:

The study has covered various categories of small retailers in Akola city. Based on a pilot study, minimum sample size of 500 is decided, considering 50% prevalence of cashless transactions in the market, with 5% permissible error and 95% confidence level. The retailers were randomly chosen from different regions of Akola city.

Following categories of retailers were studied:

1. Kirana shop (Groceries)
2. Vegetable or meat vendor
3. Sweet Shop or Bakery
4. Stationary, Gifts items
5. Sports shop or Shoe shop
6. Garments shop
7. Restaurant
8. Pharmacy
9. Hair dressers or beauty parlour
10. Electronics shop
11. Mobile repairs
12. Jeweller
13. Tailors
14. Street food joint
15. Hardware, Electricals or Furniture shops
16. Automobile Mechanic
17. Miscellaneous other shops

Source and Collection of Date:

Survey was used to collect the responses from retailers, which is a primary data source. The researcher visited the retailers' shops and filled up the electronic form by retailers' responses through personal interaction. The responses to the questionnaire were collected in electronic spread sheet which, for analysis. Total responses were collected from all over Akola city. After dropping incomplete or duplicate records 500 valid responses were considered for further analysis. The distribution of respondents across various areas of Akola city is shown in Table 1 below.

Table 1 Akola area wise distribution

Area Wise	No of Responses
Telipura	23
Muzaffar Nagar	34

Akot Fail	30
Wasim Bypass	20
Old City	23
Rampise Nagar	44
Jatharpeth	23
Azad Colony	25
Civil line	30
Open Theater	30
Umari	29
Akot Road	34
Khadan	35
Gorakshan Road	50
Income Tax Chowk	40
Sindi Camp	30
Total	500

It may be observed that the samples are fairly uniformly distributed across the Akola city.

Type wise distribution of the retailers is presented in Table 2 below

Table 2– Retailers types wise list

Types of Retailers	No
Kirana shop (Groceries)	20
Vegetable or meat vendor	25
Sweet Shop or Bakery	35
Stationary, Gifts items	30
Sports shop or Shoe shop	25
Garments shop	40
Restaurant	25
Pharmacy	45
Hair dressers or beauty parlour	15
Electronics shop	25
Mobile repairs	25
Jeweller	20
Tailors	25
Street food joint	30
Hardware, Electricals or Furniture shops	20
Automobile Mechanic	50
Miscellaneous other shops	45
Total	500

As seen in table 2, a fair distribution of retailers is achieved across various types.

The study sample showed a considerable level of adoption of cashless payments among the retailers (see Table 3 below)

Table 3– Adoption of cashless payments		
Whether cashless payments are accepted	Count	%
Yes	380	76.00
No	120	24.
Total	**450**	**100.00**

Contribution of cashless payments in total transactions:

450 retailers responded to the question – "What percentage of total payments are made through cashless methods which include credit cards, debit cards or Mobile Apps?". Analysis of responses revealed that 63% of the total payments are made through cashless means. Based on this data it may also be concluded that the percentage of cashless payments occurring in Akola city.

The role of Mobile Apps in cashless payments:

The 450 respondents mentioned above were also asked the question "What percentage of total cashless payments are made through Mobile Apps". This question assumes significance due to the ease of use of Mobile Apps since they do not need the retailers to maintain a Point Of Sale (POS) machine for card payments. The increasing use of Smart phones and availability of cheap data packs makes this a convenient option. The analysis revealed that 76% of cashless transactions are carried out through Mobile Apps.

Table 4 Cashless Accepted no not Accepted					
Name of Retailers	Cashless Payment not Accepted	Cashless Payment Accepted	Total	Not Accepted	Accepted
Kirana shop (Groceries)	5	15	20	2.70	4.76
Vegetable or meat vendor	10	40	50	5.41	12.70
Sweet Shop or Bakery	5	20	25	2.70	6.35
Stationary, Gifts items	15	20	35	8.11	6.35
Sports shop or Shoe shop	5	20	25	2.70	6.35
Garments shop	10	20	30	5.41	6.35
Restaurant	20	10	30	10.81	3.17
Pharamacy	15	10	25	8.11	3.17
Hair dressers or beauty parlour	5	35	40	2.70	11.11
Electronics shop	5	20	25	2.70	6.35
Mobile repairs	15	30	45	8.11	9.52
Jeweller	15	0	15	8.11	0.00
Tailors	5	20	25	2.70	6.35
Street food joint	15	10	25	8.11	3.17
Hardware, Electricals or Furniture	30	15	45	16.22	4.76

shops					
Automobile Mechanic	5	20	25	2.70	6.35
Miscellaneous other shops	5	10	15	2.70	3.17
			0	0.00	0.00
Total	185	315	500	37.000	63.0

It may be observed that the acceptance of cashless payments accepted 63% and not accepted 37%, across all categories of retailers.

Despite the wide adoption of cashless payment options, the retailers face certain issues with them. The common issues reported by 200 respondents are presented below.

Chart 1 common issue with cashless payments
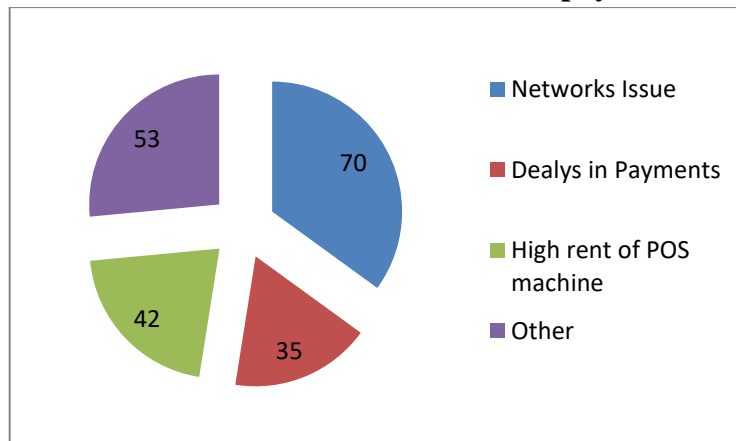
it is seen that mobile network connectivity is the biggest issue, followed by delays in getting payment acknowledgement from the Bank servers. However, with the ongoing investments and improvements in infrastructure, these issues may reduce eventually.

Availability of Mobile Apps:

Wide availability of Smart phones and cheaper internet data packs mobile apps seem to be becoming increasing popular as a preferred tool for cashless payments. The study revealed that the following 5 Mobile Apps are now widely available in retail stores. This is based on the responses of 450 retailers who allow cashless payments.

| Table 5– Availability of Mobile Apps for payments on retailers shops			
Mobile App	Available	Not Available	Availability in %
Paytm	40	25	8.9
BHIM UPI	42	20	9.3
Bhart Pay	43	15	9.6
Google Pay	50	15	11.1
PhonePe	75	25	16.7
Total	250	100.00	
Percentage	55.56	22.22	

From the above data its is observed that out of 250 respondents of available percentage 55.56% and not available 22.22%

Perceived impact of cashless transactions on Retail business

The study also tried to understand the underlying impetus on the retailers for adoption cashless payments. The initial cash crunch due to demonetization might have resulted in customers to prefer those retailers who allowed non-cash payment options. This might have resulted in loss of business in some cases where the retailer did not offer cashless payment options. In order to assess this phenomenon, the retailers were asked about their perception of increase in business after adoption of cashless payments as compared to the earlier scenario. Responses from 450 retailers indicated 63% increase in the business to adoption of cashless payments.

Reasons for non-acceptance of cashless payments:

sWhile a majority of retailers have welcomed cashless payments, the retailers are responses from 450 there are some issues adopted cashless payments. There were 200 respondents who were not yet offering cashless payment options to their customers. The major reasons of non-acceptance of cashless transactions are observed to be the following:
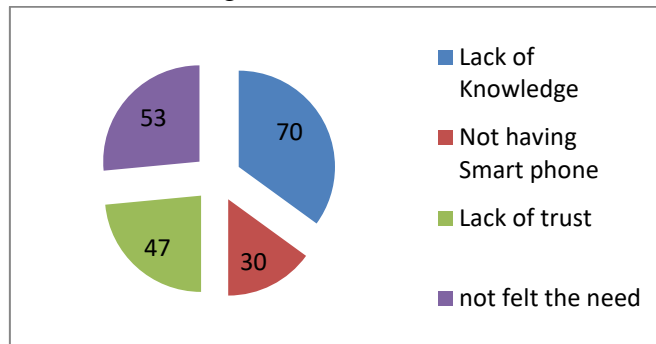
It was observed that 53% retailers did not still feel the need for cashless payment options. Lack of knowledge 70% and lack of Trust in the new technologies 47% are the next two important reasons for non-acceptance of cashless options. It might be interesting to see how these perceptions change with increasing awareness and pressure from customers for these convenient payment options.

Hypotheses Testing: For testing hypotheses statistical test were used to prove hypothesis and know significance level.

Chi- square Test

Observed (O)				Expe (O)			
Age	**Male**	**Female**		**Age**	**Male**	**Female**	
15-25	184	139	323	15-25	188	135	323
25-35	107	70	177	25-35	103	74	177
		0	0		0	0	0
	0	0	0		0	0	0
			0				
Total	291	209	500		291	209	500
						X2	0.5712

					C-1, r-1		df	2
							P-Value	0.752

The Calculated value of chi-square less than tabulated value so here null hypothesis accepted.

Conclusion:

sCashless payment users are spread throughout the length and breadth of the country though mainly concentrated in the urban areas. As it is not humanly possible to collect the acceptance and adoptions factors of billions of Indians, the scope of the study will cover Bangalore Cosmopolitan City. The sample for the study for the purpose of collecting first hand information is restricted to identified demand sides such as consumers and retailers. Cashless payment users are spread throughout the length and breadth of the country though mainly concentrated in the urban areas. As it is not humanly possible to collect the acceptance and adoptions factors of billions of Indians, the scope of the study will cover Bangalore Cosmopolitan City. The sample for the study for the purpose of collecting first hand information is restricted to identified demand sides such as consumers and retailers.

It is concluded that payments made by using mobile apps is very easy and now a day's mobile has become integral part of life so there is no need to teach how to use it, by installing mobile apps, add bank account a person can gain benefits if it and sometimes win rewards. Even after making payment we have proof for future evidence.

Findings: After study the given research topic, following are some importance findings:

- People fear to make payment by using online way because of deficiency of awareness.
- Most of the retailers use phone-pe as they consider it directly settle amount directly a bank account
- By making payments through online it reduced the tensions of carrying money physically.

Suggestions and Recommendations:

- Governments must arrange free work shop therefore people will aware and use digital payments.
- Retailers should give discount on making payments through online so customers encourage to use it.
- There must be improved security by using tools of AI link Cloud-Computing, block chain.

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