A Study on Effective use of Mobile Applications for formation of "Cashless and Less Cash Society"

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Abstract: *8th November 2016 is a landmark in the economic history of India. This is the day on which demonetization of Rs 500 and Rs 1000 currency notes by Hon'ble Prime Minister of India Narendra Modi were announced. The government, at present, making its best efforts for transforming India to a CASH-LESS or LESS CASH economy to achieve its ultimate objectives of demonetization for Tackling black money, terrorism, cutting cost, digital economy, bringing transparency etc. Technology is greatly helping in shaping the policy for cashless or less cash society.*

Keywords: Demonetization, Cashless, Digital Economy, Less Cash economy

1. Introduction

India is a country where 98 per cent of total economic transactions by volume are done through cash. However, this may no longer be the case in future as the government has already steered the country towards cash less society with the perception to make India corruption free.

Report of Trading Economics revealed that out of top 10 least corrupted countries, 7 countries are cashless in the world. A cashless economy is an e-payment system where there is little or very low cash flow in a given society, thus every other purchases and transactions will be made by electronic channels, examples of which are payment through debit card and credit card, electronic funds transfer, mobile payments, multi-functional ATMs, internet banking etc.

According to law and IT minister Ravi Shankar Prasad, digital transactions have increased to the tune of 400 per cent - 1,000 per cent since November 8. But, do we have the infrastructure and capacity to handle such online traffic?
According to the latest Akamai report, India is at the 105th position in the world in average internet speed. This rank is still the lowest in the entire Asia-Pacific region. Mobile connectivity is yet to reach more than 50,000 villages, and fiber networks, which offer broadband connections, have only reached 56,000 of the 2.5 lakh gram panchayats targeted by the IT department.

Consumers today have more ways to complete transactions than ever before, from tried-and-tested methods like credit and debit cards to more recent innovations such as contactless and mobile wallets. Amongst all this, there's old-fashioned cash – a form of payment that has its drawbacks, but remains highly popular. It's not uncommon to hear that we're moving towards a cashless society, with countries like Sweden leading the way, but with so many consumers still relying on and valuing the benefits of notes and coins, it's been suggested that a 'less-cash' society could be the way to go, without eliminating it altogether.

Kenneth Rogoff, professor of economics and public policy at Harvard University, stressed that, while he doesn't advocate going cashless, a 'less-cash' society would be "a fairer and safer place". He pointed out that an over-reliance on cash has some very serious disadvantages, such as facilitating crime through anonymity and allowing unscrupulous employers to pay undocumented workers.

2. Literature Review

Kutzman (1993)[1] stated that money in the traditional sense no longer exists, he went further to say; it died two decades ago when Richard Nixon, forever abolished the gold standard. Therefore, money as we knew it then had value that was backed by the intrinsic value of the gold standard, thereafter; the value of money has been based on an unstable new global medium of exchange that is called "megabyte money".

Smith (1994)[2] said that an effective and beneficial use of the e-payment system requires functional education, and an age difference that appreciates the value of computer for electronic banking. He averred that nothing suits better to derive maximum benefit from electronic banking than majority of user of electronic banking (both individual and corporate bodies) having access to computer systems and the other accessories enabling one to sit in the comfort of his or her home in front of a personal or organizational computer system, transfer funds from one's account to the account of others and transact all other banking facilities through your own computer.

Ayo (2006)[3] investigated the prospects of e-Commerce in Nigeria based on ability, motivation and opportunities (AMO) model and observed that virtually all companies in Nigeria have online presence. The paper reported the motivation and opportunities for e-Commerce as low based on lack of e-Payment infrastructure and access to ICT facilities.

According to the Economist Intelligence Unit's (2007)[4] said government e-Payment adoption, Nigeria was ranked 42nd among the 43 countries that were investigated. Nigeria scored poorly in all six categories – consumer to government, government to consumer, business to

government, government to business, infrastructure, and the educational, economic and political context.

Babalola (2008)5 noted that today there are up to seven different electronic payment channels in Nigeria: Automated Teller Machines (ATM), Point of Sales terminals, mobile voice, web, inter-bank branch and kiosks. E-payment initiatives in Nigeria have been undertaken by indigenous firms and have been stimulated by improvement in technology and infrastructure.

Ezumba (2011)[6] studied in Nigeria, under the cashless economy concept; the goal is to discourage cash transactions as much as possible. The CBN had set daily cumulative withdrawal and deposit limits of N150, 000 for individuals and N1, 000,000 for corporate entities (now reviewed to N500, 000 and N3million respectively). Penalty fees of N100 and N200 respectively (now reduced to 3% and 5% respectively) are to be charged per extra N1000. It should be noted that as at now there are already some forms of cashless transactions that are taking place in Nigeria.

Echekoba and Ezu (2012)[7] researched in Nigeria and observed that 68.2% of the respondent complained about long queues in the bank, 28.9% complained of bad attitude of teller officers (cashiers) while 2.89% complained of long distance of bank locations to their home or work places. Likewise, in her 24th NCS national conference in December 2011, CBN data shows that 51% of withdrawal done in Nigeria was through automated teller machine (ATM), while 33.6% was through over the counter (OTC) cash withdrawals and 13.6% through Cheques. Payment was also done through point of sales machine (POS) which accounted for 0.5% and web 1.3%. We can say, if the introduction of ATM in Nigeria cash withdrawals system reduced OTC withdrawal then it will imply that introduction of cashless policy supported by application of information technology can reduce over dependency on cash payment in Nigerian economy system.

Dorathy (2013)[8] has studied the impact of cashless economy in Nigeria, focused on the three major categories by which Nigerians can be divided – traders, students and civil servants. More number of traders was sampled, compared to students and civil servants because they are more into business and financial transactions. More so, a higher number of respondents within the age bracket of 18 and 25 years show that apart from students, quite a number of Nigerian youths are also into trade. This study shows that the introduction of cashless economy in Nigeria can be seen as a step in the right direction. It is expected that its impact will be felt in modernization of Nigeria payment system, reduction in the cost of banking services as well as reduction in high security and safety risks.

Emeka (2014)[9] concluded that cashless is an emerging trend prevailing in most modern economies in the world although that does not necessarily mean that one would be without cash at all. But it is the extensive use of computer technology in carrying out transactions in the financial system. The cashless policy in Nigeria is in line with Nigerian vision 2020 goal of being one of the top 20 economies by the year

2020. This vision will also enhance the realization of Nigerian millennium Development Goals (MDGs) especially on the areas of global partnership for development and collaboration. Despite the challenges of Nigerian vision 2020 regarding the above, the cashless economy is a veritable tool in subverting money laundering, tax evasion, inflation, poor balance of payments and also increased efficiency and effectiveness in financial statement reporting.

3. Research methodology

3.1 Objective of the Study

1) To know people's preference about cashless economy.
2) To know the purpose for using E- transaction tools.
3) To get the idea about how they are adjusting with Demonetization.
4) To check people's readiness in making E–Transactions.

3.2 Sources of data

The present research is based on primary data. Here the researcher has used questionnaire method for collecting information from the respondents by distributing questionnaire to the people and also used google forms. The researcher has made reasonable inquiry by using the descriptive methods to reach to the closest results. This method is useful for collecting more accurate information from the respondent in limited time.

3.3 Sample Size

Sample size for the present research work is 163. Data are collected from the different areas of Ahmedabad (Gujarat). We have considered different age group, occupation, Income & gender.

3.4 Tools and Techniques

For the present study, the following techniques have been undertaken:
(i) Cross Tabulation Method
(ii) Weighted Average Score

4. Limitations of the Study

1) People feel insecure in sharing their account details.
2) Limited statistical tools have been used to carry the research.
3) Data have been collected from Ahmedabad city only because of time limitation.
4) Questionnaires have been distributed to literate group of people.

5. Data Interpretation

In order to interpret the data Cross Tabulation Method has been undertaken.

5.1 Cross Tabulation Method

1. Age factor: This is one of the significant factors to determine adoptability status of different users of technology. This factor is useful to understand awareness, readiness and utility of technology for monetary transactions.

Age wise preference in making E-Transaction

Age Group	Yes	No	Total
Below 20	7	6	13
20 To 30	111	15	126
30 To 40	13	0	13
40 To 50	8	0	8
More than 50	1	2	3
Total	140	23	163

From the above cross tabulation, we can say that respondents of age group 20 – 30 are the one who makes maximum E – payments, people belong to this category are working people, their dependency level is quite less and they are using technology before demonetization. Out of 6 people (Below 20) 4 people are not making E – Transactions because they don't have any source of income, they are dependent on their guardians. People above age of 50 are not comfortable in making E – Payments because of non-familiarity and they feel insecurity in using E - Wallets so they prefer to use traditional methods for making transactions.

So, we can conclude that, young people are more techno-savvy, they are making E – Payments, before adoption of government policy.

2. Occupation: Occupation plays very significant role in checking people's preference regarding how often they are making E- Transactions.

Occupation wise preference in making E – Payments

Occupati -on	Daily Once	Daily Several Times	Weekly Once	Weekly Several times	Monthly	Occasi - onally	Total
Job	5	2	10	26	4	8	55
Business	7	1	2	3	2	1	16
Student	4	2	13	13	20	19	71
House wife	1	1	1	1	1	1	6
Others	2	1	4	3	2	3	15
	17	7	30	45	29	35	163

From the above table, it was observed that students are making highest E –transactions on monthly basis. People who are doing job are making E – payments weekly several times. Businessmen are the one who make maximum E – Payments on daily basis which indicates that they are adopting cashless concept. Here we can conclude that Students are using technology not very often but on monthly basis.

3. Gender: This is one of the significant categories for checking the reasons for using technology. It helps us to know which factors drives them to make E – Payments.

Gender wise preference and reasons for making E – Payments

When the data was observed, it was seen that there are various reasons behind using E- Wallets. Males are using E – Wallets because it saves their time and discount benefits is also one of the reasons for it. Females have given more preference towards convenience. They think that without moving anywhere they are receiving better goods and services. |They also experienced that it saves their time as well. One more thing to ponder on is females are least bothered about product satisfaction. They are buying goods online because it is more convenient to them.

Gender	Discount Offers	Time Saving	Convenience	Satisfaction	Others	Total
Male	52	68	24	1	0	145
Female	29	39	29	0	0	97
Total	81	107	53	1	0	242

We may conclude that, males are more attracted with discount offers than females. Time saving is common reason for both categories of people and convenience can be one of the reasons for using technology.

5.2 Weighted Average Score

1) Respondent's Rating scale for using different mobile apps

Apps	Excellent	Good	Neutral	Poor	Very Poor	Total	Weighted Average Score
Paytm	58	37	20	10	14	139	3.82
PayU Money	18	29	29	12	5	93	3.46
Mobikwik	17	27	34	11	7	96	3.37
Payzapp	10	28	31	10	7	86	3.27
Freecharge	32	30	31	9	6	108	3.67
Total	135	151	145	52	39	522	

From the above table, we can easily identify that, now a day maximum people think that paytm is the best option for making online transactions. Use of paytm has been increased three times more after 8th November 2016. 58 respondents believed that services rendered by pay tm are better than other apps. Free charge is next choice of respondents. People are using free charge app for recharging their mobiles and for bill payments. Mobikwik app was founded in 2009 but after demonetization use of this app has been increased. Respondents are not much familiar with Pay U money app and least used app is payzapp, as respondents are not finding it user friendly.

2) Cashless society concept can reduce corruption?

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total	Weighted Average Score
58	58	19	7	11	153	3.94

From the above table we may conclude that, out of 153 respondent 116 people are agreed with this statement. They have perception that cashless society helps our country in becoming corruption free nation. Only 18 respondents are

not agreed with cashless society concept. 19 respondents didn't comment anything, as they are unable to decide it. The weighted average score is 3.94

3. Cashless Society concept would prevent money laundering?

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total	Weighted Average Score
39	61	33	8	9	150	3.75

From the observed data, it was seen that 100 people believe that cashless society concept can prevent money laundering which clearly indicates that people are in the favor of cashless society. Only 17 respondents are disagreeing with this statement. The weighted average score is 3.75.

We can conclude that, out of 163 respondents, 150 people have given their opinion regarding money laundering. And out of 150 people 100 respondents have perception that cashless society helps in preventing money laundering.

4. Cashless society concept can stimulate economic growth?

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total	Weighted Average Score
36	76	25	5	9	151	3.82

From the above table we may conclude that it is perception of respondents that cashless society concept can stimulate economic growth as 112 respondents are agreed with this statement. 14 people are disagreeing with this. Weighted average score is 3.82.

5. Cashless Society concept can increase internet fraud?

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total	Weighted Average Score
30	58	36	21	9	154	3.51

Nowadays, this is the biggest targeted question among people that cashless society will increase internet fraud???? So here we have responses for this. 58 people agreed with it and 30 people are strongly agreed with the same. As a result, we can conclude that E- transactions may increase internet frauds. Weighted Average Score is 3.51.

6. Findings and Conclusion

1) The first Objective of the study was, to know people's preference about Cashless Economy so here we come to know that youngsters are giving more preference for making E- payment options like PayTM, Freecharge, Mobikwik, Pay U Money, etc.
2) Second objective of the study was to know the purpose for using E transaction tools. So we found that Maximum people are using technology to save their time and they found it more convenient than using traditional techniques.
3) Another objective of the study was to check the people's readiness in making E- Payments. Out of 163 responses 140 respondents are making E – Payments which shows their readiness for using technology.
4) We may conclude that the awareness level should be increased among the people so that they divert towards mobile banking & E transaction. Still we find fear in the mind of the respondents towards using technology.
5) Out of 153 respondents, 88 people have perception that Cashless society concept can increase internet frauds; to overcome from this type of issues government should start some awareness program.

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