
**CONSUMER BEHAVIOUR ON DIGITAL PAYMENT: AN ASSESSMENT STUDY OF
HIMALAYAN REGION IN KUMAUN HILLS OF UTTARAKHAND**

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Abstract

The world is rolling towards digitalization at very rapid pace. In preceding era, there was a cashless society performing economic exchange through the Barter system. Although in modern era, economic actions are led through numerous electronic means, instead of using cash. These transactions are approved via mobile phones, though, a lot of transactions are still carried out using only cash in India. Keeping this in mind, this study was planned to assess the impact of cashless economy to an advancement of society through cashless transactions in rural areas of Bageshwar district in Uttarakhand. 200 subjects were selected through purposive sampling and interviewed with a pretested questionnaire. Majority (80 %) respondents were aware about digital payments, only because demonetization in the country. About 38 percent of subjects were practicing Internet banking/mobile banking. Notably majority of the subjects belonged to high socio-economic status. Moreover, the majority (62.5 percent) echoed their inability for using Internet/mobile banking services attributed to a lack of comprehensive understanding of consumer's approach to safety and technical intricacies. Despite being educated, many of respondents did not custom even digital payment apps because of financial security concerns. Alongside, there was also a dearth of digital literacy as well as Internet accessibility leading being a causative factor for undergoing difficult use of mobile payment apps. Majority of respondents (69.6 percent) believed in existence of lack in an authenticity of digital transactions, portraying the lack of awareness among people for digital transactions. In contrary, only 30.4 percent of people responded the authenticity within digital transactions as apparent.

Keywords- Cashless Economy, Digitalization, GDP, Internet Banking, Mobile Banking

Introduction

The world is progressing towards digitalization at very rapid pace. Globally, Cash is being used in about 85 percent of payments. A cashless economy is such a situation in which there is no cash flow within the economy and all the transactions are taking place through electronic media channels which includes direct debit, credit/debit cards, electronic wallet and instant payment systems such as IMPS, NREFT, and RTGS. Financial transactions within a cashless economy takes place without cash. In prior times too, there was an existence of cashless society in which economic exchange was done through the Barter system. In the modern era, economic activities are conducted through various electronic means, instead of using cash. These transactions can be carried out via mobile phones. Though, a lot of transactions are still carried out using only cash in India. The reason responsible for this is that the number of smartphones and Internet access in India is comparatively less with respect to the other countries. According to statistics....., in 2016 only 17 percent adults had a smartphones in India, while in South Korea and Kenya the figure was 88 and 26 percent respectively. Also, only 26 percent people were using Internet in 2015 in India, while the corresponding figures for Brazil and China were 59.8 and 50 percent respectively. This figure was even more progressive for South Korea and Sweden where 90 percent of people were using Internet. Likewise, broadband connection in India is 1.34 per 1000 people, whereas for Sweden and Korea it is 36.07 and 40.25 per 1000 people respectively. In 2001, there were 5.3 bank branches per 10000 people in rural areas in India. According to RBI data, this number has reached to 7.8 at present. In the current context, India is the most prosperous and reliable economy across the globe.

Uttarakhand is a state characterized as maximum area percentage belonging to hilly region which is mostly under the rural category. In these rural areas, there is inadequacy of basic facilities like communication services, broadband and internet related infrastructure. In addition to this, Bank branches in rural areas are very less and they are very distant from rural areas, due to which, most of the population is not able to become financially inclusive. All these consequences depict the social and local inequalities of the modern banking systems. 68.84 percent of the total population of India resides in rural areas. The unorganized sector of the rural areas contributes 20 percent in GDP and 80 percent in employment. The low literacy rate and weak economic condition is one of the main reasons behind the integration problem of the population and the banking system. This is the area where the goal of achieving cashless transaction face the biggest hurdle. As of October 2016, 104 crores debit/credit cards were there in circulation in India and there were 2.1 lakh ATMs and 1.2 million points of Sale (POS) terminal. Still, 88-90 percent of debit/credit card transactions were done through ATMs, while 10-12 percent of transactions were done at pos terminals. At present, the rural market of Bageshwar Tehsil of Uttarakhand state is developing rapidly, but the use of POS, Paytm and other mobile wallets in villages under digital technology is too low in comparison to cash transactions. This may be attributed to lack of basic equipment's like smartphones and disruption in communication services. Along with these, lack of financial literacy such as awareness about electronic payment also seems to be a main barrier.

In view of the foregoing, this study becomes more important and significant so that the impact of cashless economy to an advancement of society through cashless participation of people from rural areas can be assessed.



Objectives of the study

The present study was a study of cashless economy in which impacts of cashless economy in rural areas were focused to draw a conclusion. The objectives of the study were as follows:

- To study the current state of cashless economy in rural sector
- To study the impact of cashless economy in rural sector

Sample Selection

Bageshwar district as a whole was selected purposively. The three developmental blocks of Bageshwar districts are Garud, Kapkot and Bageshwar, out of which rural areas under administrative headquarters of Bageshwar district were selected to be studied. The reason responsible for this purposive sampling was the highest literacy rate in Bageshwar Tehsil. According to the Economic Survey Report 2011, Total population of Bageshwar Tehsil was 259898, out of which 10203 was in rural areas. There were 49394 men against 52639 women, whereas on the other side, out of total rural population 102033, a total of 72212 were literate comprising of 39343 men and 32869 women. This was noticeably higher in comparison to other Tehsils in Bageshwar district.

Sampling

This study was related to assessment of cashless rural economy in Bageshwar district, in which respondents were selected according to purposive sampling. A pre-prepared and pretested questionnaire was distributed among 200 subjects. Forty percent of this population group had refused and only 112 responses were recorded to be analyzed. Thus, 112 respondents were selected as a sample size for the present study.

Availability of Mobile Phone

Table No. 1

S. No.	Mobile Availability	Frequency (N)	Percentage (%)
1	Smartphone	89	79.5
2	Basic Phone	23	20.5
3	None	0	0
Total		112	100

Based on the overall analysis through above table, this could be clearly inferred that majority of respondents (79.5 percent) were using smartphones. Data revealed that respondents belonging to high economic status and educational status possessed smartphones, however only 20.5 percent had mobile phones with basic features. This might be mainly due to poverty among families. In present scenario, availability of communication facilities specially of mobiles have become easily approachable. All the subjects were using mobile facility either smartphones or basic phones because this communication mode is available at cheap price.

Information of Digital Payments

Table No-02

S. No.	Information of Digital Payments	Frequency (N)	Percentage (%)
1	Yes	89	79.46
2	No	23	20.54
Total		112	100

As per the information presented in above table, about 80 percent respondents were aware about digital payments, only because demonetization in the country. After demonetization, various means and modes were used to withdraw money. However, only about 20 percent of subjects were unaware of concept of digital payment. They were completely lacking of knowledge about various means of cashless transactions.

Use of Debit/ Credit Cards

Table No-3

S. No.	Use of Debit/Credit Card	Frequency (N)	Percentage (%)
1	Yes	71	63.4
2	No	41	36.6
Total		112	100

It is evident from the table presented above that majority 63.4 percent of respondents were in practice to use their debit/credit cards. However, 36.6 percent of study subjects were not using debit/credit cards for cashless transactions.

Status of using Internet Banking/Mobile Banking

Table No- 4

S. No.	Use of Internet/Mobile Banking	Frequency (N)	Percentage (%)
1	Yes	42	37.5
2	No	70	62.5
Total		112	100

As per the clear illustration shown in table given above, 37.5 percent of subjects were practicing Internet banking/ mobile banking. During the study period, it has come to notice that these subjects belonged to high socio-economic status. Moreover, the majority i.e., 62.5 percent reflected their inability to use Internet/mobile banking. The main contributing factor to this might be the lack of comprehensive understanding of consumer's approach to safety and technical complexities. No access to Internet and not even common facilities also makes it difficult to adopt the practice of digital transactions.

Status of Using Mobile Apps for Transactions

Table No. – 05

S. No.	Use of Mobile Apps for Money Transactions	Frequency (N)	Percentage (%)
1	Yes	39	34.82
2	No	73	65.18
Total		112	100

According to the above table, nearly about one-third of the study subject population 34.82 percent performed money transactions through the mobile apps. Out of these, majority of respondents were practicing Paytm and Bhima App for their transactions. Major section of the target group (65.18 percent) was not using any kind of mobile apps. Slow speed of Internet, feeling of insecurity, online theft as well as data leaking were recorded as major causative factors responsible for not using mobile apps among the subjects.

Tendency of Paying for Regular Household Expenses

Table No-06

S. No.	Payment for Regular Household Expenses	Frequency (N)	Percentage (%)
1	Direct Cash	96	85.7
2	Through Card	10	8.9
3	Through Net Banking	04	3.6
4	Through Mobile Wallet	02	1.8
Total		112	100

It is clearly indicated from the table given below that majority of the subjects (85.7 percent) were using cash to pay for their regular household expenses. While on the other side, only 14.3 percent of respondents paid through Net Banking and Mobile wallet for their regular expenses. Mostly poor respondents were ones who were paying through cash only. People belonging to high socio-economic status as well as high educational status were reported to pay through online tools for cashless transactions for regular expenses. At the time of data collection, it was particularly noticed that in most of the families involved in economic activities, only a single family member was earning a living.

Inconvenience due to non-availability of a payment system (Paytm, POS)

Table No-07

S. No.	Availability of Payment Systems	Frequency (N)	Percentage (%)
1	Yes	70	62.5
2	No	42	37.5
Total		112	100

As evidently shown in the table given above, 62.5 percent of the shop owners did not have digital transaction facility in their shops. The main reason behind this was not only non-availability of payment systems like POS and Paytm in shops but also the insufficient infrastructure for digital transaction in the study area. However, as a counterpart to this, only 37.5 percent of subjects did not

consider unavailability of payment systems as a barrier or inconvenience towards cashless transactions or digital payments.

Tendency to withdraw cash from the ATM's

Table No-08

S. No.	Tendency to withdraw money from ATMs	Frequency (N)	Percentage (%)
1	Daily	0	0
2	Weekly	08	7.1
3	Monthly	89	79.5
4	At the time of need	15	13.4
Total		112	100

It visibly evident from the table that about 79.5 percent of ATM usages were carried out once in a month by the subjects. It has come to notice that the distance of ATM from the respondents' place of residence was a major factor in determining the tendency of respondents to withdraw cash from ATM, while 13.4 percent of subjects used to withdraw money only at the time of need. Moreover, only 7.1 percent of total respondents have withdrawn cash from ATM's on weekly basis depending upon the distance of ATM from their homes. All of these together illustrate that the people used to keep less amount of cash at their residences.

Problem of insufficient credit limit

Table No- 09

S. No.	Problem of insufficient credit limit	Frequency (N)	Percentage (%)
1	Yes	87	77.7
2	No	25	22.3
Total		112	100

The above table sufficiently explains the problem of insufficient credit among 77.7 percent of targeted group whereas only 22.3 percent of respondents believed that they did not face any problem with the credit limit found inadequate quantitatively.

Lack of Authenticity in the cashless economy

Table 10

S. No.	Lack of Authenticity in cashless economy	Frequency (N)	Percentage (%)
1	Yes	78	69.6
2	No	34	30.4
Total		112	100

It is evidently portrayed from the above reference table that majority 69.6 percent of respondents believed that the authenticity in digital transactions was still lacking. All this depicts that the lack of awareness among people for digital transactions, whereas 30.4 percent of study sample marked the authenticity within digital transactions.

Based on the above-mentioned research findings, the major research results are as follows:

- More than half of the study group respondents were aged between 15-35 years who were physically and mentally capable as well as alert.
- Most of the targeted families resided in pucca houses in villages. Family members were using various means of transport in their daily life.
- All of the respondents in target group had mobiles like smart phones and basic phones which were used mainly for conversation and communication.
- Most of the population studied were lacking access to computers or laptops and Internet facility, due to their low economic situation and ineffectiveness.
- Mostly people did not use mobile or Internet banking due to technical complexity and financial insecurity within cashless transactions.
- Despite being educated, respondents did not use digital payment apps because of financial security concerns. Simultaneously, there was lack of digital literacy and access to Internet among population and this factor contributed as a causative factor for experiencing difficulty in using mobile payment apps.
- Depending upon the accessibility and availability of ATM's, most of the target population withdraw money from ATMs once in a month.
- Most of the study population focused on the practice of using cashless transactions after demonetization and most of the respondents believed that a cashless economy used to reduce the risk of carrying cash along with themselves.
- Most of the sample shops did not possess POS, Paytm availability which set aside the possibility of digital payments. This was mainly attributed to lack of knowledge about digital transaction among uneducated people as well as businessmen.
- Most of the target population did not favor cashless economy because they were lacking to have sense of authenticity. They expressed that there was always a minute possibility of data leaking as well as information stealing.
- Majority of the study population expressed their viewpoints as they did not consider the cashless economy useful and effective in all the sectors. They had lookouts that digital payments could not be performed easily and safely for each good and service in each and every sector.

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