



# A STUDY ON DIGITAL CURRENCY AND ITS IMPACT ON COMMERCE IN CHENNAI REGION

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## Abstract:

Digital currency has emerged as a revolutionizing agency in the financial sector, changing the way consumers and businesses engage in economic transactions. This research takes into account the increasing adoption of digital currency and its far-reaching implications for Chennai businesses, a cosmopolitan city with a rich mix of traditional retail and new-generation e-commerce companies. The research takes into account both digital payment mechanisms (like UPI, mobile wallets, and QR codes) and the increasing desire to explore cryptocurrencies, though speculative and unregulated in India. Drawing conclusions from primary data obtained from 100 business companies and consumers, and secondary data from other genuine financial institutions, the research concludes that an increasing reliance on digital transactions has been observed, especially after the demonetization drive and the COVID-19 pandemic. It was found that digital currency expedites transaction speed, improves transparency, and reduces operating costs. However, issues regarding cybersecurity attacks, digital illiteracy, infrastructural weaknesses, and resistance to change still hinder universal adoption. This paper attempts to provide meaningful insights to policymakers, financial institutions, and business companies to understand the spread, benefits, and limitations of digital currency in a regional context. The research concludes that digital currency has become an inseparable part of Chennai's commerce, but inclusive growth requires continuous digital awareness, improved infrastructure, and regulatory transparency.

**Keywords:** Digital Currency, Digital Payments, Cryptocurrency, Fintech, E-commerce, Chennai, Commercial Sector.

## Introduction:

With the arrival of the digital revolution era, the financial industry has transformed dramatically, with digital currency at the center of today's business. By digital currency here is referred to money that exists only in digital or electronic format and includes mechanisms such as UPI (Unified Payments Interface), mobile wallets (such as Paytm, PhonePe), net banking, NEFT/IMPS, and in certain contexts even cryptocurrencies such as Bitcoin and Ethereum. While cryptocurrencies are not regulated in India, digital payment mechanisms have witnessed exponential growth, particularly in the urban cities such as Chennai. Being part of one of India's largest urban economies with a strong retail, manufacturing, and services presence, Chennai has experienced unprecedented adoption of digital payments. With increasing use of smartphones, internet penetration, and initiatives such as Digital India and cashless economy after demonetization (2016), the city has witnessed considerable behavioral changes in the way of transacting by businesses and consumers. Despite such developments, issues such as unawareness, cybersecurity risks, low internet connectivity, and hesitation by conventional businesses still exist. This research study examines how digital currency is changing the commercial landscape of Chennai, to what extent various sectors of businesses have embraced it, and what can be done to enhance inclusivity and security of digital transactions.

## Review of Literature:

- *RBI Reports (2022, 2023)*: Emphasize increased UPI adoption in urban India.
- *Economic Times (2021)*: Reports on digital payment growth in tier-1 cities.
- *Prasad et al. (2020)*: Discuss the shift in consumer behavior post-COVID.
- *Kumar & Reddy (2021)*: Analyze cryptocurrency awareness and legality issues in India.

## Objectives:

1. To study the awareness and adoption of digital money in Chennai's commercial centers.
2. To examine the impact of payments made online on business efficiency and income.
3. To establish whether customers prefer electronic transactions.

4. To identify difficulties in utilizing digital money.

**Research Methodology:**

- **Research Design:** Descriptive method is used for this research.
- **Sampling Technique:** Random Sampling
- **Sample Size:** 100 respondents (business owners and consumers)
- **Data Collection Tools:** Structured questionnaire, interviews
- **Area of Study:** Chennai, Tamil Nadu

**Data Type:** Primary and Secondary.

**Primary Data**

- 78% of business owners use at least one digital payment platform.
- 67% believe digital payments improved transaction speed.
- 40% report increased sales due to digital payment acceptance.
- 55% faced technical or cyber-related challenges.

**Secondary Data**

- UPI transactions in Chennai increased by 124% between 2020 and 2023 (Source: NPCI).
- 80% of retail stores in T. Nagar and Anna Nagar accept QR-based payments.
- Tamil Nadu ranks 4th in digital transaction volume in India (Source: RBI, 2023).

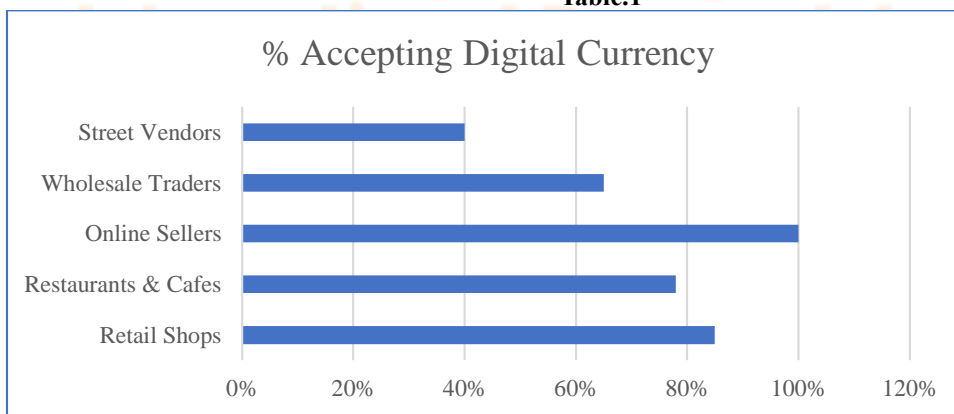
**Data Analysis and Interpretation:**

**1. Business Adoption of Digital Currency**

Table.1: The below table shows that percentage of business types accepting digital currency.

Type of Business	% Accepting Digital Currency
Retail Shops	85%
Restaurants & Cafes	78%
Online Sellers	100%
Wholesale Traders	65%
Street Vendors	40%

**Table.1**



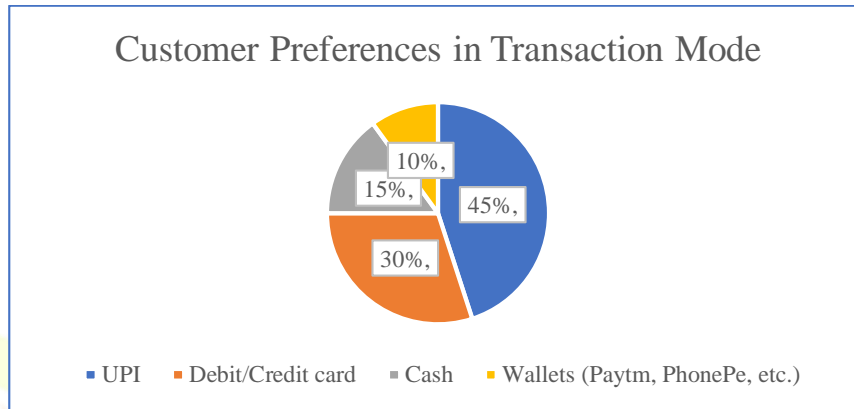
**Interpretation:** Online sellers show complete adoption while street vendors lag behind.

**2. Customer Preference in Transaction Mode**

Table.2: The below table shows that percentage of Customer transactions in Transaction mode.

Transaction Modes	%
UPI	45%
Debit/Credit card	30%
Cash	15%
Walleets (Paytm, PhonePe, etc.)	10%

**Table.2**



**Interpretation:** UPI is the most preferred method, followed by cards.

**3. Benefits Experienced by Businesses Using Digital Currency**

Table.3: The below table shows percentage showing businesses using Digital currency

Benefit	% Reporting Benefit
Faster Transactions	67%
Better Customer Satisfaction	55%
Reduced Cash Handling Risk	48%
Easier Bookkeeping & Reports	43%
Increased Sales/Revenue	40%

**Table.3**



**Interpretation:**

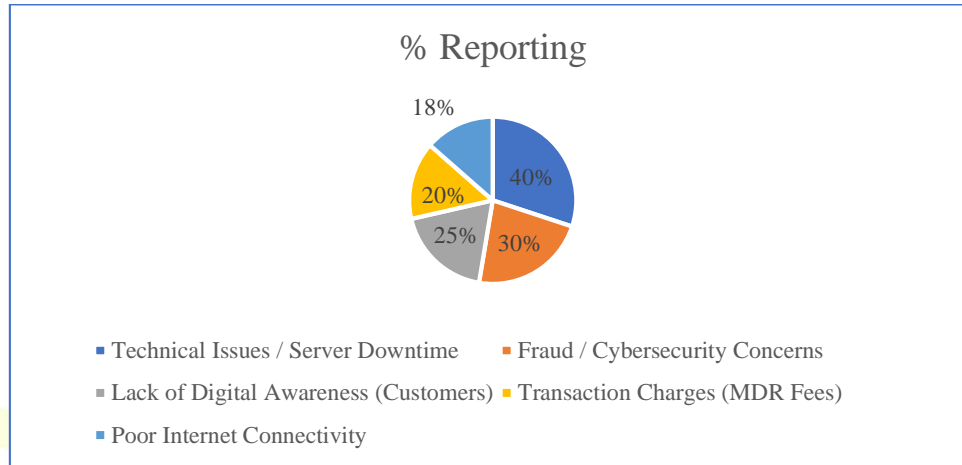
Majority of businesses cite faster and safer transactions as top benefits. The administrative advantage of better record-keeping is also notable.

#### 4. Challenges Faced by Businesses Using Digital Payments

Table.4: The below table shows challenges faced by businesses using Digital payments.

Challenge	% Reporting
Technical Issues / Server Downtime	40%
Fraud / Cybersecurity Concerns	30%
Lack of Digital Awareness (Customers)	25%
Transaction Charges (MDR Fees)	20%
Poor Internet Connectivity	18%

Table.4



#### Interpretation:

Technical and cybersecurity issues are the most common challenges. There is a need for improved infrastructure and education, especially in Tier-2 zones within Chennai.

#### Findings:

- Low digital payment usage in business districts.
- UPI is the most popular electronic payment mode.
- Digital money boosts efficiency but requires strong internet and cybersecurity.
- SMEs benefit more from digital currency adoption than large businesses in terms of reduced transaction costs.

#### Suggestions:

1. Conduct awareness programs in suburban and semi-urban Chennai.
2. Strengthen cybersecurity education and fraud protection for small business owners.
3. Government subsidies on digital infrastructure for SMEs.
4. Support grassroots digital literacy initiatives.

#### Conclusion:

Use of digital money has impacted Chennai business in a positive manner by improving the speed of transactions, better record-keeping, and doing away with cash dependency. Yet, problems in infrastructure and literacy need to be overcome to ensure complete take-up, particularly among small businessmen and local hawkers.

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