

CONSUMER'S PREFERENCE TOWARDS MODES OF CASH LESS PAYMENTS WITH REFERENCE TO KRISHNAGIRI DISTRICT

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Abstract : Background of the study: Before November 8, 2016 Indians were not much familiar with cash less payments and transitions. On the day when demonetisation was declared by our honourable prime minister, the trend was completely forced to change. People are compelled to go in to cash less transactions and gradually it become practice. Now a days there are so many modes of cash less payments from contactless paymet to QR canning. This paper attempted to study the mode of preference in cash less payments. This study aimed to studying the preference in mode of payment and the reason behind the choice were the motive of this study. Since the size of population is not accurately definable, the researcher has followed judgemental sampling from non-probability sampling technique. Totally 120 samples were collected through structured questionnaire. The results stated that, QR code, Google pay and Paytm were the most commonly used cashless payment modes. Similarly, usage of each cashless payment mode has different usage ranging from bill payment to online shopping. Regarding customer's perception, respondents felt good on safety, convenience and accessibility aspects and bit disappointed on rewards. Even though, the usage of cashless payment is inevitable, still users are worried about the security of their money. If the security system is strengthened, more transactions will be done through cashless modes.

IndexTerms – Cashless Payments, Google Pay, Paytm, PhonePe, BHIM, QR code, Contactless Payment

I. Introduction

The history of digital payments was emerging from early 2000s, with significant advancements and transformations over the years and it has become intense after the declaration of demonetization in 2016 (Trivedi & Chauhan, 2022).

1.1 Here's a timeline highlighting the major milestones of cashless payment:

1. Introduction of Electronic Funds Transfer (EFT) - The Reserve Bank of India (RBI) introduced Electronic Funds Transfer in 1994, allowing banks to facilitate interbank transactions electronically (Adeoti et al., 2012).
2. Credit/Debit Cards - In the late 1990s, credit and debit cards gained popularity in India. Companies like Visa, MasterCard, and RuPay entered the market, enabling card-based payments at merchant outlets.
3. Online Banking - Internet banking gained traction in the early 2000s, allowing users to access their bank accounts, transfer funds, and make payments online. This marked a significant shift towards digital payments.
4. Mobile Wallets - Around 2010, mobile wallets emerged as a convenient payment option. Companies like Paytm, MobiKwik, and PhonePe introduced mobile wallet services, enabling users to store money digitally and make payments using their smartphones.
5. Unified Payments Interface (UPI) - The game-changer in India's digital payment landscape was the introduction of UPI by the National Payments Corporation of India (NPCI) in 2016. UPI allowed users to link their bank accounts to a single app and make instant, seamless payments using unique virtual payment addresses (VPAs).
6. Demonetization - In November 2016, the Indian government implemented a sudden demonetization policy, withdrawing high-denomination currency notes from circulation. This move aimed to promote digital payments and reduce cash dependency.
7. Bharat Interface for Money (BHIM) - In December 2016, the government launched BHIM, a UPI-based app, to further promote digital transactions and financial inclusion.
8. Aadhaar Enabled Payment System (AEPS) - AEPS was introduced in 2017 to facilitate banking services using Aadhaar biometric authentication. It allowed people to make payments, check balances, and withdraw cash using their Aadhaar-linked bank accounts.
9. Digital Payment Platforms - Companies like Google Pay, PhonePe, and Amazon Pay entered the Indian market, offering digital payment platforms that integrated multiple payment methods, including UPI, wallets, and cards.
10. QR Code Payments - QR code-based payments gained popularity, allowing users to scan QR codes and make payments instantly using UPI or wallets. This mode of payment became widely accepted at merchant outlets and online platforms.

11. Contactless Payments - With the advancement of Near Field Communication (NFC) technology, contactless payments using smartphones, smartwatches, and cards gained prominence. Tap-and-pay transactions became increasingly popular, especially during the COVID-19 pandemic.
12. Government Initiatives - The Indian government launched various initiatives like Digital India, Jan Dhan Yojana, and Pradhan Mantri Jan-Dhan Yojana to promote digital payments, financial inclusion, and the adoption of digital banking services across the country.

The history of digital payments in India has witnessed remarkable growth, driven by technological advancements, government initiatives, and the evolving needs and preferences of consumers. Today, digital payments have become an integral part of the Indian economy, with millions of transactions being conducted daily through various digital platforms.

1.2.1.2. Following are the top 5 payments applications according to Google play store ratings were considered for this study.

Application	Google play store rating
Google Pay	4.0
Paytm	4.6
PhonePe	4.3
BHIM	4.5
Amazon Pay	4.5

Google Pay

Google Pay, formerly known as Google Wallet and Android Pay, is a mobile payment service that allows users to make payments using their smartphones. It is available for both Android and iOS devices. It enables users to send and receive money, make in-store and online purchases, pay bills, and even transfer money to their bank accounts. Google Pay supports international transactions and is available in several countries worldwide. It allows users to make payments in local currencies and supports various regional payment methods. Along with these facilities it provides offers and rewards to the users (Vidhya Lakshmi et al., 2023).

Paytm

Paytm, short for "Pay Through Mobile," is a mobile wallet and digital payment service. It was launched in 2010 and has since become one of India's leading payment solutions providers. It allows users to make payments, send and receive money, pay bills, recharge mobile phones and DTH accounts, book tickets, and shop online. It supports various payment methods, including credit cards, debit cards, net banking, UPI (Unified Payments Interface).

PhonePe

PhonePe was launched in 2016 as a UPI-based digital payment platform in India. It allows users to make seamless and secure payments using their smartphones. It has expanded its services beyond payments and offers investment options such as mutual funds and gold, as well as insurance products (Vidhya Lakshmi et al., 2023). Users can invest in mutual funds and purchase insurance policies through the app.

BHIM

BHIM (Bharat Interface for Money) is a mobile payment platform developed by the National Payments Corporation of India (NPCI). It is an initiative of the Government of India to enable fast, secure, and reliable cashless payments through mobile devices. BHIM is based on the Unified Payments Interface (UPI) system, which allows users to link their bank accounts to the BHIM app and make seamless transactions (Mahesh Kumar & Astle Antony, 2022).

Amazon Pay

Amazon Pay is a digital wallet and online payment service provided by Amazon, the multinational technology company. It enables users to make online payments on various websites and mobile apps by using their Amazon accounts. Amazon Pay aims to provide a convenient and secure payment experience for customers and offers several features and benefits.

1.3 Following are other modes of cashless payment

Online banking

Online banking refers to the electronic platform provided by financial institutions that enables customers to access and manage their bank accounts remotely through the internet. It offers a convenient and secure way for individuals and businesses to conduct various banking activities without the need to visit physical bank branches. It enables cashless payment to other account holders.

QR Scanning

QR scanning, also known as QR code scanning, refers to the process of using a mobile device or a QR code scanner to capture and interpret Quick Response (QR) codes. QR codes are two-dimensional barcodes that contain information encoded within a pattern of black and white squares. It helps to make payments without disclosing account details.

Contactless payment

Contactless payment refers to a secure and convenient method of making transactions without physical contact between the payment device (such as a credit card, smartphone, or smartwatch) and the payment terminal. It utilizes near-field communication (NFC) technology or radio frequency identification (RFID) to enable fast and easy payment. Contactless payment transactions typically have a maximum transaction limit set by card issuers or payment networks. These limits are in place to mitigate the risk of unauthorized or fraudulent transactions. Most of the people don't prefer this because of risk involved.

II. Review of Literature

Nancy Sahni (2018), has made an empirical study on Customer Preference towards Cashless Payment, she mentioned that, doing cashless transactions has become trend after demonetization. And the trend change was supported by accessibility of smart phones, less service charges in cashless transactions and bank's ban to customers to visit bank branches. With these things in mind, researcher studied the assess the usage of different cashless payment platforms and determine the factors affecting usage of digital payment platforms. 300 samples were collected through questionnaire and the results stated that, respondents prefer using cashless transactions and debit/ credit cards, mobile wallets were the most preferred modes. The most pointed out reason for preferring cashless transactions was "easy to use" and "less time consuming".

ArshveerKaur (2018) has made a study titled "The - Cashless Society Consumer Perceptions of Payment Methods" with the objective of investigating consumer attitudes towards both cash and cashless payments in India. The required data for the study was collected from 100 respondents who were familiar with cashless transactions. The findings pointed out that, more than half of the respondents were frequently doing cashless transitions in their daily routine and their preference was mobile wallets rather than net banking.

Maheshkumar and Astley Antony (2022) have made a comparative study on Paytm and Google pay. Researchers mentioned that, the cashless payments have become tremendous and it has become inevitable in today's scenario. Hence it is necessary to study the perception of mobile wallets among the users. The analysis of 100 samples collected from the respondents revealed that, both the users of Paytm and Google pay were satisfied on the services provided by the respective wallets. Both were considered as safe and easy to use.

2.1 Objectives

1. To study the customers preference on mode of cashless payments
2. To analyse the purpose of using cashless payments
3. To analyse the customers perception on cashless payments

III. Research Methodology

The descriptive research on study the customer preference and perception on cashless payments was conducted with primary and secondary data. The required primary data was collected through questionnaire, that was divided in to four parts. The *first part* has questions related to demographic factors; the *second part* has questions on customers preference among available cashless payment modes. The *third part* consist questions on purpose for which cashless payments are used. The *final part* has questions on perception on cashless payments. Based on judgemental sampling, 150 questionnaires were distributed among respondent who were already familiar with cashless payments. 134 questionnaires were received back, out of that 14 questioners were found incomplete and 120 questionnaires were taken for analysis. The required secondary data was collected from RBI website and other websites.

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IV. Analysis

4.1 CUSTOMERS PREFERENCE ON MODE OF CASHLESS PAYMENTS

Table 4.1: Frequency distribution of no of users for mode of payments

Mode of cashless payments	No of Users	Percentage	Rank
Google Pay	102	16.9	II
Paytm	85	14	III
PhonePe	80	13.2	IV
BHIM	75	12.4	V
Amazon Pay	64	10.6	VI

Online Banking	55	9.1	VII
QR scanning	118	19.5	I
Contactless Payment	24	3.9	VIII
Total	603	100.0	

Table 4.1 explains the multiple response of respondent’s rank on various cashless payment modes. Respondents mentioned that, they are mostly using QR code and the next most used one is Google pay followed by Paytm. The least used was Contactless payment, due to security reasons respondents were hesitating to use. The next least used is online banking, as it requires account number and IFSC code respondent felt it is time consuming and the possibilities for making payment to other accounts is quite possible.

4.2 PURPOSE OF USING CASHLESS PAYMENTS

Table 4.3: Purpose of using cashless payments

Mode of cashless payments	For Bill Payment	For fund transfer	For Ticket Booking	For Online Shopping	Total
Google Pay	39 (38.2%)	51 (50%)	33 (32.3%)	45 (44.5%)	102
Paytm	32 (37.6%)	12 (14.1)	15 (17.6)	36 (42.3)	85
PhonePe	32 (40%)	08 (10%)	12 (15%)	28 (35%)	80
BHIM	04 (5.3%)	40 (53%)	17 (22.6)	14 (18.6)	75
Amazon Pay	06 (9.3)	15 (23.4)	-	43 (67.1)	64
Online Banking	8 (14.5%)	43 (78)	4 (7.5)	-	55
QR scanning	73	-	12	33	118
Contactless payment	16 (66.6%)	-	8 (44.4%)	-	24

Table 4.2 describes the purpose of using the various modes of cashless payments. Out of 102 respondents using Google pay, 50 per cent are using that for fund transfer, 44.5 per cent are doing online shopping and a considerable proportion was used for paying bills, ticket booking also. In case of Paytm 42.3 per cent are making online shopping through Paytm and 37.6 per cent are paying bills through Paytm. Out of 80 PhonePe users, 40 per cent are used for bill payment and 35 per cent are used it for online shopping. The respondents familiar with BHIM mostly used it for fund transfer, whereas Amazon pay users prominently used it for online shopping. It was reported that, online banking was mainly used for fund transfer and QR scanning and contactless payment was used for bill payment.

4.4 CUSTOMERS PERCEPTION ON CASHLESS PAYMENTS

Table 4.5: Customers perception on Cashless Payments

Factors of perception	Level of perception					Chi Square Value	P value
	HDS	DS	N	SA	HSA		
Safety Aspect	4 (3.3%)	5 (4.1%)	12 (10.0%)	41 (34.1%)	58 (48.3%)	668.36	0.001
Accessible	5 (4.1%)	4 (3.3%)	11 (9.2%)	47 (39.1%)	53 (44.1%)		
Rewards	12 (10%)	18 (15%)	10 (8.3%0)	32 (26.6%)	48 (40%)		
Convenience	9 (7.5%)	11 (9/1%)	8 (6.6%)	41 (34.1%)	51 (42.5%)		

Table 4.3 indicated, the association of perception factors and perception on modes of cashless payments. Since the p value is less than 0.01, the null hypothesis assuming no relationship between perception factors and level of perception was rejected at 1 per cent level of significance. Hence there is significant association between foresaid factors. In case of safety feature, majority of the respondents were felt satisfied and highly satisfied. Similarly, more respondents were satisfied on accessibility, rewards and convenience. On the other hand, respondents were bit dissatisfied about the rewards from cashless transitions.

V. Findings

From the detailed analysis the researcher has given the following findings; The analysis on customers mode of preference on cashless payments stated that, respondents mostly prefer using QR code, as it is safe and need not to share account details to anyone. The second most priority goes to Google pay since the respondents considered it as safe and fund can be transferred even to phone number and need not to disclose account details. The third rank was given to Paytm, respondent consider it as convenient and felt good about the Paytm rewards (Adeoti et al., 2012). When analysing the purpose of using different cashless payment modes, each mode has some different application. Google pay is mainly used for fund transfer, Paytm is prominently used for online shopping, PhonePe is mainly used on bill payments, BHIM is for fund transfer, Amazon Pay is used for online shopping, Online Banking is for fund transfer, QR scanning for bill payment and contactless payment is also for bill payments. In case of, customer's perception on cashless payments, respondent expressed their satisfaction on safety, accessibility and convenience. On the other hand, they expect more on rewards aspect.

VI. Conclusion

Transforming to cashless payment is imperative of time. Government is also insisting and taking steps to get into the practice of cashless transactions. Even though, Public find little bit difficult to adopt, gradually their perception changed gradually people are comfortable in doing cashless transactions. Even though, the possibility to hack the account details and insufficient security system in money transfer still fears the common man to do cashless payments. Government has to take steps to strengthen the security system and should ensure the safety of people's money.

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