



## “STUDY ON CONSUMER PREFERENCES TOWARDS CASHLESS PAYMENT AT PATAN CITY”

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### ABSTRACT

Money as medium of exchange and its use for transaction on a daily basis. Use of digital mode instead of hard cash makes the economy cashless. Available cashless modes of payments are Mobile wallet, plastic money, and net banking. Though, digital payment has both the pros and cons but digital revolution and reforms of banking sectors, must be needed to learn about the use of digital payment modes. However, the system of cashless payment is not free from any challenges. So consumer's preferences about cashless payment need research. Consumers have alternatives for transaction from different merchants, organisations, banks, Government etc. It is an attempt to find which modes and purposes have emerged as topmost for making payment and highlighted factors affect consumers and their preferences for digital payment. Primary data of 100 respondents collected using structured questionnaire and carried out different types of statistical analysis.

**KEYWORDS :** Preferences; Cashless payments; Payment Mode; digital payment.

### 1. INTRODUCTION

Payment which is carried out without using hard cash is known as cashless payment. That doesn't mean cash (money) is not used but it transfers digitally from buyer's account to seller's account.

#### 1.1 Availability of different modes of payment methods are as follows:

**Banking Cards:** Banking cards like Credit and Debit cards are issued by the bank by providing the KYC (know your customer) information to the bank. Applying for a card and getting a pin for the same. Both are plastic cards that are used for cashless payment. (Using POS, AEPS)

**Internet Banking:** Bank's all facilities are used by account holder via digital mode. To take benefit of online service individual can do the cashless payment through his account. (Other options like IMPS, NEFT, RTGS etc...)

**Mobile Wallets:** Alternative to open a zero KYC or a full KYC wallet along with mobile number and the respective wallet application to be downloaded to smart phone. E wallets are linked with bank account.

#### 1.2 Purpose of using cashless Payment services.

- Money transfer
- Online shopping
- Utility bill payments like electricity bill, insurance, gas charges, telephone bill etc.
- Pay for transportation like bus, Train, Flight etc.
- For Entertainment like movie ticket, funfair ticket etc.
- For Purchasing food and beverages etc...

#### 1.3 Advantages of making cashless transactions:

- Saves time:
- Ease of use:
- Security:
- Convenient and information stored less than one roof:
- Fringe Benefits: Attractive discounts, Offers, Rewards

### 2. LITERATURE REVIEW

**Bamasak (2011)** he carried out study in Saudi Arabia found that there is a bright future for cashless payment through smartphones. Security of mobile payment transactions and the unauthorized use of mobile phones means privacy were the major concerns for the consumers.

**Padashetty, D. S. & Kishore, K. S. (2013)** “An empirical study on Consumer Adoption of mobile payments” research found that factors which affect the preference are trustworthiness, expressiveness and ease of use.

**Dr. Hem Shweta Rathore (2016)** in her research paper “Adoption of digital wallet by consumers” found that due to technology on hand its

saves time and more convenient to payment. Expressed that advanced installment utilizing wallet was profoundly helpful for shoppers in buying items through online without physical developments across places.

### 3. RESEARCH METHODOLOGY

**3.1 Research Design:** The Descriptive Research Design is used for this research paper.

#### 3.2 Objectives

- To find out the preferred mode and different purposes of payment for cashless transaction.
- To study the factors that most affect consumers for Cashless Transaction.
- To identify impact of demographic variable on consumer preferences regarding cashless payment

#### 3.3 Research Hypothesis

H01: There is no significant difference between Education qualification and preferred uses pattern of transaction.  
H02: There is no significant difference between Education qualification and preference for factors to do cashless payment.

**3.4 Data Collection:** The primary data is collected through survey and the secondary data is collected from the newspapers, magazines, websites etc.

**3.5 Sampling Method:** The Random sampling method is used to collect the data from the respondents.

**3.6 Sample Size:** The sample size is 100 respondents from Patan city.

**3.7 Data Analysis tools:** The collected data analysed by frequency distribution, reliability statistics and ANOVA analysis.

**3.8 Research Instrument:** The data collected through structured questionnaire.

#### 3.9 Limitations of the study

- The study is carried out in Patan city only.
- Consumer's preferences change as time changes and technology changes.
- Respondent may hide or give bias responses due to financial matters.

**4. Data Analysis and Interpretation:** The data is analysed and interpreted using SPSS.

**4.1 Reliability Statistics:** Cronbach's Alpha value is more than 0.7 which shows reliability and validity of collected data.

**5. Hypothesis testing: ANOVA test:** As per table no 5.1 There is significant difference between Education qualification and preferred uses pattern of transaction, so the researcher rejects Ho1 Null hypothesis. As per table no 5.2 there is significant difference between Education qualification and preference for factors to do cashless payment, so the researcher reject Ho1 Null hypothesis.

**Table 5.1**

Usage pattern/purpose of transaction	Education		Decision
	F	Sig.	
Transfer of money	11.877	0.000	Reject null hypothesis
Pay utility bills	7.32	0.000	Reject null hypothesis
Transportation	5.176	0.001	Reject null hypothesis
Entertainment	3.518	0.01	Reject null hypothesis
Shopping	5.062	0.001	Reject null hypothesis
Food and beverages	5.153	0.001	Reject null hypothesis

**Table 5.2**

Factors affect to do cashless payment	Education		Decision
	F	Sig.	
Easy to use	4.610	.002	Reject null hypothesis
Time saving	2.600	.041	Reject null hypothesis
No restriction	3.308	.014	Reject null hypothesis
Discount /offer	7.012	.000	Reject null hypothesis
Record/ history of transaction	3.269	.015	Reject null hypothesis
Free to carry cash	2.514	.047	Reject null hypothesis
Economical	4.343	.003	Reject null hypothesis
Digital revolution	1.516	.204	Reject null hypothesis
Govt support	7.690	.000	Reject null hypothesis
Demonetization	3.822	.006	Reject null hypothesis

Hence, we can say the education qualification plays an important role to cashless payment. higher education qualification higher rate of using cashless payment. Educated people are using cashless payment mode for different purposes.

**6. FINDINGS**

1. Most of the respondents are male (86%) and they are having age between 31 to 40 (42%) and 21 to 30 (36%) years, Maximum respondents are student (32%), doing service (27%) and having own business (27%).
2. Most of the respondents are graduate (40%) and having education qualification up to HSC (33%) and their earnings per month is up to 10000 (23%) and 20001 to 30000 (22%).
3. Respondents are mainly using E wallet and Net banking method (mean score 58 & 56 respectively) for cashless payment.
4. Respondents mainly carryout their cashless transaction once in a week (mean score 52) to transfer money and pay their utility bills (mean score 77 & 72 respectively) and further to pay their shopping bills and transportation cost (mean score 64 for both).
5. Factors leads Respondents to use cashless payment are demonetization and Govt support and furthermore its economical and keeping record of transaction as well as its provide some discounts and offers.

**7. CONCLUSION:**

- Study carried out to know preferences regarding cashless payment. Cashless payment system was used from long time in form of plastic money but the preference of using internet banking and E wallets payment methods are high because after the demonetization and Government push ups towards cashless payment system its adoption is increasing day by day. It shows that Dream of "Digital India" is moving step ahead with getting positive response and going to fulfil soon.
- Use of internet, Smart phones and advancement of technology is creating most favourable environment for customers and on other hand for all kinds of producers and service providers like Banks, E- wallet service providers, vendors, sellers, educational institutes etc to prefer cashless payment system.
- Preference for cashless payment is increasing significantly and E-wallets are emerging as a most proffered mode of cashless payment which shows that it will be the taking place as substitute of cash payment.
- Study found and proves through ANOVA computation that education qualification makes significant deference to use of

cashless payment so educated people are using cashless payment extensively to carry out their transactions. Consumer's education qualification is the key factor for preference of cashless payment system in India. In India still there is scope for development in cashless payment system and for that it is necessary to put efforts for awareness programmes and educate people with all important information regarding cashless payment system.

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