CHAPTER-I

INTRODUCTION TO THE STUDY
1.1 Introduction

In the present economic environment, there is significant growth in the cashless transaction. Cashless transactions are way of making payments without the use of physical cash, a gateway to technological advancement in the field of world economy. A cashless payment is a behavioral change in the people where people eliminate usage of money as a medium of exchange for goods and services by allowing electronic transfer payments or non-electronic payment via cheques. Our economic environment has been characterized by continual technological advancement, especially since the last decade of the 20th century; moreover, not only have these changes been abundant, but they have also occurred at break-neck speed, causing significant alterations to the way in which we carry out our day-to-day lives. Without having to look exhaustively or in the farthest places of the globe, one could find any number of middle-aged individuals who can still remember the ordeal implied by telecommunications not so long ago. Just for illustration purposes, allow us to refresh your memory by mentioning a couple of examples: we were subjected to either very expensive telephone calls of below par quality that would disconnect without any warning, or we were supposed to print, cut and paste documents together so that they could be photocopied and later faxed to their destination. The almost incredible speed at which not all these changes are being thrown at us has allowed us yet to take a step back to try to understand and comprehend the whole picture implied by them. Nowadays, we have virtual games that create virtual realities and need virtual currencies to function, together with digital goods that are traded electronically, as opposed to the standard physical environment with traditional brick-and-mortar stores that we are used to dealing with in the Arrow-Debreu economies. On top of that, we also have many kinds of electronic purses and a variety of accounts that are needed in order to transact directly or indirectly in these virtual worlds or with digital goods. We must not forget to mention either the quickly expanding social networks, which create new necessities as well. Overall, we can hardly keep up with the pace of these innovations, and so we also struggle when trying to define these many newly created objects from the beginning of the payment system, we use some Transaction system. The first system of Transaction barter was changed by the time to cash or ornaments after the invention of cash system barter system become weak and slowly remove from the society, just like that present cash system will be a week and once it will remove from the society.
In the last few years, the Transaction system moves to be a cashless system we pay our day-to-day Transaction by card. Nowadays as the world become digitalized our marketing view also change we ordered the products online and for that, we use Internet banking service. Major two factors which affecting more the cashless Transaction system one is mobile and second one web (internet). The ATM (automated teller machine) change the banking system now banks are open 24 hours for Transactions. The main banking work like deposit and withdraw can accessible at 24 hours.

The RTGS and NEFT were the revolutionary change the banking system. This has increased consumer convenience and today we can transfer money from one account to another. For this, we have not to go to the bank instead we use the online banking system. The credit card was a dynamic invention, which changes society payment system it is a little plastic card issued to clients as an arrangement of installment. It permits its holder to purchase merchandise and administrations in view of the holder's guarantee to pay for these products and administrations. The banker of the card makes a rotating record and gives a credit extension to the purchaser (or the client) from which the client can obtain cash for the instalment to a shipper or as a loan to the client.

The electronic banking system is the new pattern fundamentally adopted by banks by keeping money segment worldwide because of its more benefited for the clients as well as for the banks. Different items have been issued by the banks, which help them to meet the fundamental necessities of their clients. A credit card is one of the budgetary items held by family units in the nation. Laws were made for clients to guarantee that the insurances and data they have to utilize cards generally and worldly.

In spite of the fact that the moneyless society has been predicted for decades, but paper-based currency system dominant in the society, people believe on paper money system while in Indian system instead of Transaction by the internet they often issued a cheque for their payment. Nowadays a great change observed instead of using draft on application from fees all government as well as private organization collecting fees online this will help for participants and save time and money. Akin to the proverbial fish that has no idea of what water is, we swim in an economy built on money in the
form of currency notes and coins, a monetary system that only a few of us are fully able to comprehend.

We see a change in almost every sphere of life surrounding us. Trade and exchange of goods and services have also come a long way from the times of the barter system to the modern currency system. Despite the fact that a Transaction to a cashless society is already happening, there is reluctance among the high echelons of power to switch over to the completely cashless economic system as it decentralizes the power from their hands. However, big banks and credit card companies are likely to be ardent supporters of this revolutionary idea.

1.2 Consumer Motives of Moving Cashless from Cash economy

The cashless transaction and cashless economy has witnessed a phenomenal growth over the last decade. This sharp rise of cashless transactions has not grown only in the developed countries but also in many of the developing countries. Today most of the market is passing through a transition phase. The presence of cashless transaction can be experienced from each segment of the market like grocery stores, hypermarkets to electronic markets and other advanced market serving products and services. The extensive use of plastic cards, online shopping and electronic payments are gathering momentum surpassing the tradition payment system. The initiative of government in providing the high-tech services in coordination with other institutions are motivating consumer to move from cash-based to a cashless system and thus increasing efficiency and decreasing the process costs. This has led to the idea of a futuristic, cashless society. The consumer motivation is the key driver to develop the cashless society. Presently this is progressing because of the worldwide internet availability with user-friendly software and hardware.

Indian Banking Sector has witnessed a number of changes. It has undergone a huge transformation in the years since Independence. The rate of transformation was particularly high in the 1990s and 2000s, when a number of innovations changed the way banking was perceived and it was the result of autonomous and induced necessities of the environment. Banks began to use technology to provide better quality of services at greater speed. Information technology has made it convenient for customers to do their banking from geographically diverse places which earlier remain uncovered. The technology effects and diverted from cash to cashless in India.
As on today the growth of Retail Electronic Payment in India is as given in the table below:

Table 1.1 Retail Electronic Payment in India (Nov 2016- April 2017)

<table>
<thead>
<tr>
<th>Payment System</th>
<th>Percentage Per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debit Card</td>
<td>21</td>
</tr>
<tr>
<td>Credit Card</td>
<td>26</td>
</tr>
<tr>
<td>EFT/NEFT</td>
<td>28</td>
</tr>
<tr>
<td>ECS</td>
<td>15</td>
</tr>
<tr>
<td>Prepaid Payment Instrument</td>
<td>6</td>
</tr>
<tr>
<td>Mobile Banking</td>
<td>4</td>
</tr>
</tbody>
</table>

Source-RBI Data 2016

Electronic Payment through From November 2016 to April 2017 can be seen at a glance from the following table:-

Table-1.2 Electronic Payment Systems - Representative Data
(Updated as on May 9, 2017)

<table>
<thead>
<tr>
<th>Data for the period</th>
<th>RTGS</th>
<th>NEFT</th>
<th>CTS*</th>
<th>IMPS*</th>
<th>UPI*</th>
<th>Debit and Credit Cards at POS</th>
<th>PPI*</th>
<th>Mobile Banking</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov-16</td>
<td>8</td>
<td>78479</td>
<td>123</td>
<td>8808</td>
<td>123</td>
<td>87</td>
<td>5419</td>
<td>36</td>
<td>325</td>
</tr>
<tr>
<td>Dec-16</td>
<td>9</td>
<td>84096</td>
<td>166</td>
<td>11538</td>
<td>130</td>
<td>6812</td>
<td>53</td>
<td>432</td>
<td>2</td>
</tr>
<tr>
<td>Jan-17</td>
<td>9</td>
<td>77486</td>
<td>164</td>
<td>11355</td>
<td>118</td>
<td>6618</td>
<td>62</td>
<td>491</td>
<td>4</td>
</tr>
<tr>
<td>Feb-17</td>
<td>9</td>
<td>74219</td>
<td>148</td>
<td>10878</td>
<td>100</td>
<td>5994</td>
<td>60</td>
<td>482</td>
<td>4</td>
</tr>
<tr>
<td>Mar-17</td>
<td>13</td>
<td>123376</td>
<td>187</td>
<td>16294</td>
<td>119</td>
<td>8063</td>
<td>67</td>
<td>565</td>
<td>6</td>
</tr>
<tr>
<td>Apr 2017 Total</td>
<td>10</td>
<td>88512</td>
<td>143</td>
<td>12156</td>
<td>95</td>
<td>6991</td>
<td>65</td>
<td>562</td>
<td>7</td>
</tr>
</tbody>
</table>

Source-RBI Data

In the last few years, Government has taken multiple steps to promote adoption of cashless payments but the progress has been slow especially in rural areas. The traditional culture, the lack of technological knowledge, and poor skill and slow adaption as well as rigid attitude can be some of the reasons of not moving towards cashless economy. Generally consumer attitude are defined as evaluative effect of
individuals’ positive or negative feelings in a particular behavior performing (Fishbein and Ajzen, 1975). According to (Tan and Teo, 2000) attitude is linked to behavioural intention of people because they form their intentions to execute a particular behavior in the direction of which they have positive upshot. According to a recent description of attitude by (Ajzen and Fishbein, 2000), it is the degree of favorableness as well as un-favorableness of feelings of persons concerning a psychological issue. These issues related to consumer attitude can be identified as important indicators that help adoption of the cashless system by different people. According to Grewal et.al (2000) attitude performs four functions such as Knowledge Function which acts as a source of organising beliefs or views about objects and activities like brands and shopping, and helps in determining subsequent behaviours. Another function is the Value-expressive Function which serves as the formation of attitudes to express and help in individual’s central values and self-concept. Third function is the utilitarian Function which based on classical condition theory, and reflects the concept that people tend to form positive attitudes with something which is rewarding and tend to form negative attitude towards other things. Fourth function is the Ego-Defensive Function which is based on the formation of attitude by people to defend their egos and self-images against threats and their shortcomings. Apart from these, there is other motivation that drives consumer to go far cashless. In one study, SanketDhanorkar(2017) indicated that 84% consumer moves from cash to cashless due to Convenience, 49% consumer moves from cash to cashless due to availing Discounts/cash back rewards, another 54% respondents indicated that they moves from cash to cashless due to Easy tracking of spends, and 34% indicated that they move towards cashless transaction die to shortage of currency notes. Apart from these many researchers have found consumer motives such as government compulsion, transparency in the transaction, enhanced security measure to ensure transaction safety, growing consumer confidence in the digital transaction system, growing digital literacy, peer pressure, technological innovation and extension of services to the masses in rural as well as urban area, growing consumer trust in the cashless transaction, saving time and fatigue, secure payment system, convenient and all information are stored under one roof as well as attractive discount like Cash back and discounts are being offered by most of the players along with providing offline wallet balance top up known as ’Cash Pickup’ service are some of the key driver moving consumer from cash to cashless transaction system.
1.3 Cashless Transaction System and Its Influences towards Consumer Behaviour

Australia was the first who develop the plastic note, which has a longer life but after war, they are recycled for further utilizing. The plastic notes also secure the government for copying because paper note easily copied, but plastic note cannot be copied. The plastic note is same as paper, but the only difference is that they are made of plastic and more secure but in traveling and shopping people used to carry huge cash which was very unsecured and also increasing the crime rate. Then the cards are introduced in the world to resolve the issue of carrying huge cash. Then the cards are known as Plastic Money. The usage of plastic money(Cards) has increased in the mode of payment of huge amount and time by time there are lots of different types of plastic money has introduced which enhanced the features of Cashless Transaction System like we can use it to anywhere in the world etc. Now the world is becoming globalize so every card is accepted everywhere with the power of VISA which interconnects the different countries. As we have the different type of card as listed below:

a) Credit Card
b) Debit Card
c) Charge Card
d) Amex Card
e) MasterCard & Visa
f) Smart Card
g) Dinners Club Card
h) Photo Card
i) Global Card
j) Co-branded Card
k) Affinity Card
l) Add-on Card.

These cards are performing the function of money with different ways. These cards are accepted worldwide, in which you can utilize your own money and bank’s money. The card through which you spend your own money is known as a debit card. The card through which you spend the amount of bank as the loan is called credit card. Plastic money is the
alternative to the cash or the standard 'money'. Plastic money is used to refer to the credit cards or the debit cards that we use to make purchases in our everyday life. Cashless Transaction System is much more convenient to carry around, as you do not have to carry a huge sum of money with you. It is also much safer to carry it along or to travel with it as if it is stolen one can consult the bank whose service you are using and get it blocked hence saving your money from getting stolen or even lost.

1.4 Technology Issue of cashless transaction system:-

The RBI classifies every mode of cashless fund transfer or transaction using cards or mobile phones as 'prepaid payment instrument'. These can be issued as smart cards, magnetic stripe cards, Net accounts, Net wallets, mobile accounts, mobile wallets or paper vouchers. These are classified into three types:

**Closed:** Issued by an entity for purchasing goods and services only from it, these do not allow cash withdrawal or redemption.

**Semi-closed:** These are used to buy goods and services, including financial services, from merchants that have a specific contract with the issuer. These do not allow cash withdrawal or redemption and include wallets offered by service providers like Paytm and State Bank Buddy.

**Open:** These can be used to buy goods and services, including fund transfers at merchant locations, and permit cash withdrawals at ATMs. All Visa and MasterCard.

1.5 Problems faced by customers in adapting Cashless transaction

a) **Poor connectivity and Internet Support Service:** Not all Indians have mobile, leave behind connected. The most recent figures from the Indian medium regulator TRAI show that, as of thirty-first July 2016: India had a teledensity of 83 %, with Bihar, Assam, Madhya Pradesh and state with teledensity of under 70%. Whereas state-wise knowledge for wireless tele density isn't on the market, it won’t be completely different, since most connections in India are wireless. Note that these are variety of connections, not users, thus you'll need to discount this considerably, as a result of several users have multiple SIM cards. Proof: metropolis features a tele density of 234.77%.
Urban wireless tele density is 148%, and rural is fifty.72%. Even of the one, 034.23 million connections, 88.88% are active.

b) **Tendency of not using internet** – In India there is also a tendency of not using Internet regularly often people use Internet occasionally, so they do not have Permanent Internet connection.

c) **Availability of connectivity** - If people have Internet connection and mobile also but that a major problem cause due to availability of internet speed and connectivity many times connection reset and many places where no connectivity.

d) **Link Failure** - The online Transaction customers have always a problem of link Failure. When the time of payment the link is a failure, sometimes the amount was also deducted. Therefore, this is the major problem faced by customers adopting Cashless transaction.

e) **Frequent Breakdown of Machines** - The most of the ATM are out of service for the whole day due to electricity or internet problems. Sometimes people think that may be ATM is not working, so they carry a huge amount of cash with them.

f) **Slowness of Transaction** - The slowness of transaction is another basic problem faced by customers in adopting cashless transaction, while booking online tickets these problem is Omnipresent. So peoples go to the ticket window for booking tickets.

g) **Non-availability of Point of Sale (POS) services** - In India, it is very difficult to find Point of Sale (POS) in everywhere only a few shopkeepers provide a machine. Therefore, people think that carry cash for their day-to-day Transaction.

**1.6 Consumer Education and Cashless Transaction**

The dreams of digital India are still far-fetched! Seeing the current state of affairs, the dream for a digitally literate India appears like one of the first-world problems. Changing age-old norms and behavioral patterns are going to take a lot of effort than demonetizing currency notes. Indians are used to spending and saving in cash, for the simple reason of avoiding taxes and convenience.

Besides, keeping digital literacy aside, India’s literacy level cries for serious reforms, with almost one-third of the population still illiterate, unable to even sign, the same is
a huge challenge. The same section cannot, hence, enjoy access to a host of services necessary for digital India, including smart phones, mobile wallets, and online portals.

In addition, while we are at it, let’s discuss one of the most fundamental challenges blocking India’s transition to a cashless economy: access to banks! As per the report released by the PricewaterhouseCoopers in 2015, there were 233 million unbanked Indians. That is only just the beginning. Furthermore, the unbanked section again has no access to credit or debit cards, a section undergoing its own set of challenges. Even with 697 million debit cards in the circulation, their usage still is low. Furthermore, with Point of Sale terminals being only about 1.46 million, one can only expect so much of utility of debit cards.

The majority of Indians are still employed in the unorganized sector. As per certain industry estimates, as much as 90 percent of the workforce is employed in the organized sector, hence having to opt for cash-based transactions as default. While the section was adversely affected due to the sudden demonetization announcement, the Government is yet to take institutional and systematic steps towards organizing this sector.

The network infrastructure at present in India continues to also be a deterrent. India ranks 91 on the Networked Readiness Index 2016, released by the World Economic Forum. While urban cities still have a relatively developed networking infrastructure, the situation is further worse in rural India. At present, the internet penetration in the households lies low at 15 percent. The demonetization can only be a momentary steroid for cashless transactions, with the people falling back to their previous habit of cash transactions, given an absence of the proper infrastructure.

The government, of course, recognizes these challenges. It had launched the Digital India initiative prior to the demonetization drive. Therefore, nearly 1oo crore Indians, including 93 percent adults today have access to Aadhaar cards. Furthermore, the Jan Dhan bank accounts launched by the Indian Government have today reached to 24 crore Indians, further spreading financial inclusion and offering Direct Benefit Transfers (DBT). Although the accounts remained inactive for the long part of the year, the same has been actively used ever since the demonetization announcement.
To further support its demonetization drive, the government set up a committee meant to facilitate complete conversion of the Government-Citizen transaction to digital platforms. Users mean the committee to solve the crucial task of identifying digital payment systems and make the same more accessible and easy to use. Besides, in a bid to incentivize cashless transactions, the government further announced Lucky Grahak and Digi-DhanVyapariYojana, allocating a budget of Rs 340 crore.

Besides, we need to make the services more accessible to rural India, withstanding their unique behavioural patterns. When it was reported that 70 percent of internet usage in rural India happens for social media and emailing, ICICI showed real agility in responding, by enabling users to conduct banking through Facebook. The step has set precedents for other contemporaries to follow. By investing in UX and UI learning, the same services can be made more accessible for the majority.

1.7 Problem Statement-

Inspire of thought the cashless transaction and it uses pattern is limited in India. The different researcher have different opinion. Researcher have given most of the research Indicate that customer trust their confidence and problem restricting customer to go for cashless transaction. So the different promotional scheme of the bank as well as the government at different level influence the users to become cashless need to explore whether The pattern of Cashless Transaction System has been effective or not? If yes, then, these influence the target population or not?

In the light of introductory remarks above, the questions are Why Consumer is not attracted in a fast run towards Plastic and Card Money? What are the Benefits of using Cashless Transaction System?

1.8 Organisation of the Research

Chapter 1 – Introduction- This chapter determine the introduction from cash to Cashless Transaction System is a new and easier way of paying for goods and services. The amount of cash in an economy at any instant is guided by the market forces of demand and supply and the central authority in charge regulates the flow of cash into (or out of) the market. The cashless system is not only a requirement but also a need of today society. All the online market depends on Cashless Transaction
System. The cashless Transaction is not only safer than the cash transaction but is less
time consuming and not a trouble of carrying and trouble of wear and tear like paper
money. Cashless transaction system also given freedom of transaction at any time
anywhere and it gives a hassle free and convenient for everyone. The loss by theft is
very less and given more security from cash.

Chapter 2 - Cashless Transaction System - An Overview, Opportunity and
Challenges – In this chapter the cashless transaction system a brood way, its
opportunity, its challenges and a global VS Indian view of cash less transaction
introduced. In this chapter, discuss about the drawback of cash. Main interface for not
adopting cashless transaction. Government of India and RBI efforts for promoting
cash less transaction system. Main market for cashless transaction system. Different
modes of cashless transaction system . In this also discuss about the innovation
techniques, and customer adoption these techniques. This chapter also discuss about
the money laundering. In this chapter we will also discuss about Addhar based
payment system.in this chapter cashless transaction system model like PAYTM. In
this chapter, we will discuss also the impact of fully cashless society.in this also
discuss about the challenges of cash less society. In this discus about Current
Destination towards a Cashless Economy. Reason for promoting cashless transaction
also reveled in this chapter.

Chapter 3 - Review of Literature-It is important for every research to read the
previous study conducted on related topics. Therefore, researcher has review more
than 150 research Paper and prepared a study material. The literature review is further
divided into 4 section 1. Review on Motivation of cashless transaction system.
2.Review on present need of cashless transaction system.3.Review on Confidence and
satisfaction of cashless transaction system.4. Review on Uses pattern of cashless
transaction system. In motivation related review study is conducted the motivation
view of cashless transaction system. In present, need review the present need of
cashless transaction system studied. The consumer confidence and satisfaction studied
on review related to confidence and satisfaction related papers. Finally yet
importantly, the topic of use of cashless transaction system studied on uses related
study material.
Chapter 5 – Objective and research Methodology- The aim of this study is to assess the behavior of consumer towards Cashless Transaction System and how far they are adapted to this new world of cashless society. To know the importance of Cashless Transaction System as perceived by the customer of Lucknow City. To assess the customer trust and confidence in Cashless Transaction System. To assess the uses pattern and nature of transaction done by the customer for its different uses. To analyze the risk associated with Cashless Transaction System as perceived by the customer of Lucknow City. To identify the factors promoting Cashless Transaction System among the customer of Lucknow City. A research problem, in general, refers to some difficulty, which a researcher experiences in the context of either a theoretical or a practical situation and wants to obtain a solution for the same. There are two types of research problems. Those, which relate to states of nature and those, which relate to the relationship between variables.

Chapter 6 – Analysis and Discussion-This is the important part of any research to analysis the data collected and write down this discussion with the analysis.so in this we can interred in Data in SPSS.22 and analysis it . Basically mean, median mode and standard division used to analysis the data, hypostasis is test with Anova .

Chapter 7 - Suggestions and Conclusion-This is the main jest of all the research work done in the past by researcher. This chapter bring out some important finding and suggestions on the basis of empirical finding of the research. An attempt will also make to draw recommendation on the basis of finding of the study related to transformation from cash to cashless transaction. The limitation of the study and expected contribution of this study is also included in this chapter.

1.9 Conclusion

The Cashless Transaction System is reaching its growth day by day , as soon as the market become globalized and the growth of banking sector more and more the people move from cash to cashless system. The cashless system is not only a requirement but also a need of today society. All the online market depends on Cashless Transaction System. The cashless Transaction is not only safer than the cash transaction but is less time-consuming and not a trouble of carrying and trouble of wear and tear like paper money. It also helps in the record of the all the transaction was done. So, it is, without doubt, said that future transaction system is Cashless Transaction System.
References-


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