



Full length article

Cashless Payment System: A Study on Perception of Small and Medium Retailers

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ABSTRACT

The cashless payment system has been prevailing strongly in every business field because of its unique and convenient nature. All the financial transactions have been made easier through this system. It has reduced the hassle of carrying physical cash and also the trepidation of losing money. Innovative technologies such as UPI, E-wallets, Mobile banking, Smart cards, etc., have encouraged digital transactions in businesses. Cashless payment system plays a crucial role in retail business due to the higher activity of transactions in the retail business. It helps the retailers in sustaining transparency and accountability of their business transactions. Due to digital illiteracy and security issues, many retailers and customers are still preferring the traditional cash payment system. Many initiatives have been taken up by the Indian government to promote digital transactions and subside the flow of black money to some extent which leads to the economic development of the country. The research study aims to understand the perception of the retailers of medium and small businesses in Andhra Pradesh. The study focuses on the awareness among the retailers towards cashless payment system and also the problems faced by them through this system. The primary data was collected from 100 respondents who were small and medium business retailers in the Kadapa district of Andhra Pradesh. The study concluded that most of the retailers have adopted and are using cashless payment system in their business.

1. Introduction

Cashless payment is any type of monetary transaction that is conducted without the use of physical cash. In simple words, cashless payments are business activities done without the usage of hard cash. Cashless payments are also known as digital payments. Due to transparency and accountability, this system is considered better compared to the cash payment system. With cashless payments, the need to count and carry physical cash resolves which helps in eliminating the time barrier and errors in counting and maintaining accounts. Promoting the usage of cashless payments in an economy elevates and facilitates the flow of money and business activities all over the world. Despite its exemplary nature, this system is dawdling to survive in society due to the conservative thoughts of people.

Digital payments play a crucial role in the retailing industry. As the retail industry continues to evolve, so do retail transactions. The shift from cash transactions to cashless transactions is due to the rise in E-commerce and advancements in technologies. The COVID-19 pandemic has also accelerated the adoption of cashless transactions because of the fear of transmission. This has led to an increase in demand for cashless payments. The enhancement of cashless payments in the retail business is the result of its innovative nature of providing services with

- Speed and convenience
- Safety and security
- Increased efficiency
- Flexibility

2. Literature Review

Muyiwa. et.al (2013) have highlighted in their study that digital transaction brings more transparency and accountability and it is more convenient as people no longer need to carry cash, or even line up for ATMs. Chat-topadhyay. et.al (2018) have highlighted in their study that despite knowing cashless transactions, the majority of small retailers are not eager to participate in cashless transactions. They find cash-based transactions convenient and easier. So, they prefer cash transactions over cashless transactions. Yuvaraj S & Eveline. N Sheila. (2018) have highlighted that the majority of consumers prefer credit/debit cards as the convenient mode for cashless transactions. They revealed that privacy, security and convenience are the key factors that influence consumers towards cashless transactions. C.E Rudresha. (2019). in his study found that cybercrime and illegal access to customers' accounts are some serious concerns for cashless transactions. He has suggested to strengthen the internet security in this regard. Lele, U. (2019) in his study concluded that 82% to 87% of the small retailers in Pune City are allowing cashless payment options to their customers. S Sukhadeve, V., & Sharique, M. (2024) have found out that People fear making payments by using online way because of a deficiency of awareness and suggested that Governments must arrange free workshops, therefore, people will become aware and use digital payments. Retailers should give discounts on making payments online so customers are encouraged to use it.

Objectives of the Study

1. To study about the awareness of retailers towards the cashless payment system.
2. To know whether the retailers of the Kadapa district are adopting digital payment system or not.
3. To ascertain the benefits and opinions regarding the cashless payment system from the retailers.
4. To analyze the obstacles faced by the retailers in adopting the cashless payment system.

3. Research Methodology

➤ Research design

The research is concerned with the perception of small and medium retailers towards cashless payment system in Andhra Pradesh. A purposive random sampling technique is used to collect the data.

➤ Area of study

The study is undertaken in the Kadapa district.

➤ Sample size

The sample size for the study is 100 respondents, who are the retailers of small and medium businesses in Kadapa district.

➤ **Data sources**

Primary Data- The primary data is collected using a structured questionnaire from the retailers.

Secondary Data- The secondary data is collected from various sources like books, journals, magazines, websites and other related projects.

➤ **Statistical tools used**

Simple Percentage Analysis

Rank Analysis

4. Data Analysis

The data collected from the respondents was analyzed and interpreted through various tables.

Gender of the respondents

Table 1.1: represents the gender of the respondents

Gender	No. of respondents	(%) of respondents
Male	78	78
Female	22	22
Total	100	100

Source: Field Study

Table 1.1 depicts the gender classification of the respondents which shows that 78% of respondents are male and 22% of respondents are female. It is evident from the table that the number of female retailers is low when compared to male retailers due to the lack of support for females in society.

Age group of the respondents

Table 2.1:Table represents the age group of the respondents

Age	No. Of Respondents	(%) of Respondents
18-25 Years	05	05
26-30 Years	14	14
30-35 Years	26	26
35-40 Years	23	23
40-50 Years	23	23

50-60 Years	06	06
Above 60 Years	03	03
Total	100	100

Source: Field Study

Table 2.1 represents the age group of the respondents which shows that the respondents from the age group of 18-25 years are 5%, 26-30 years are 14%, 30-35 years are 26%, 35-50 years are 23% and from the age group of 50-60 years are 6% and 3% from the age group are above 60 years. The respondents are highest from the age group of 30-35 years at 26% and lowest at 3% from the age group above 60 years which shows that the middle age group is more interested in business compared to young and old age group people.

Business type of the respondents

Table 3.1: Table represents the Type of Business of the Respondents

Type of Business	No. Of Respondents	(%) of Respondents
Small	68	68
Medium	32	32
Total	100	100

Source: Field Study

Table 3.1 represents the type of business of the respondents which is small and medium businesses. 68% of respondents are from small businesses and 32% of the respondents are from medium businesses. It shows that there are more small businesses compared to the medium businesses. The small businesses include gift shops, flower shops, sweet shops, small grocery stores etc., and the medium businesses include supermarkets, textile stores, automobile stores etc.,

Retailers' preference towards type of payment

Table 4.1: Table represents the retailer's preference towards type of payment

Preference of payment	No. Of respondents	(%) of respondents
Cash	04	04
Cashless	12	12
Both	84	84

Total	100	100
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Source: Field Study

Table 4.1 represents the preference of retailers towards payment type. Out of 100 respondents, 04% of respondents prefer cash and 12% of respondents prefer cashless system due to its benefits whereas 84% of the respondents prefer both cash and cashless payment system according to their convenience. Mostly age group below 60 years is not comfortable using cashless system.

Retailer's response on awareness of cashless payments

Table 5.1: Table represents the response on awareness of cashless payments

Aware of Cashless Payments	No. Of respondents	(%) of respondents
Yes	91	91
No	09	09
Total	100	100

Source: Field Study

The above table represents the percentage of aware and unaware respondents with regard to cashless payments. Most of the respondents are aware of the cashless payment system which is a result of updated technical knowledge. However, very less respondents are unaware of the cashless payments due to lack of literacy and ignorance. Only 7% out of 100 respondents are unaware and the remaining 91% of respondents are aware of the cashless payments.

Retailer's response on adoption of cashless payments

Table 6.1: Table represents the response on the adoption of cashless payments

Adopted Cashless Payment system	No. Of respondents	(%) of respondents
Yes	89	89
No	11	11
Total	100	100

Source: Field Study

The above table shows the percentage of respondents who have adopted and not adopted cashless payment system in their businesses. 89% of the respondents have adopted the cashless payment system in their businesses because of its unique features and easy to use nature but still 11% of the respondents have not adopted the cashless payment system although being aware of the cashless system due to lack of knowledge on how to use it. Most of the respondents who have not adopted the cashless system belong to the age group of above 50 -60 years due to their unadaptable nature.

Retailer's response on modes of cashless payments

Table 7.1: Table represents the modes of cashless payments

Modes of Cashless Payments	Total responses	Rank Analysis
Phonepe	87	I
Paytm	72	II
Googlepay	66	III
PoS (Card system)	54	IV
Net banking	42	V
Mobile wallets	29	VI
Cheques	14	VII

Source: Field Study

The above table represents the modes of cashless payments preferred and used by the respondents for business transactions. After Rank Analysis it is evident that most of the respondents are using Phonepe and the least mode of payment used by the respondents is Cheques as they are time consuming and need a physical presence in the bank which is time consuming. Phonepe has become more popular in usage for business purposes by the respondents due to the features of time saving and easy to operate.

Retailer’s response on factors of cashless payments

Table 8.1: Table represents the retailer’s response on factors of cashless payments

Factors of cashless Payments	Total responses	Rank Analysis
Convenient	72	I
Time-saving	70	II
Easy to use	68	III

No fear of theft	61	IV
Accurate payments	54	V
Low petty cash maintenance	53	VI
Secured payments	52	VII
Accountability	43	VIII

Source: Field Study

The above table represents the factors of cashless payments. Cashless payments are preferred and are mostly being used due to their attractive factors. Payments are done smoothly and promptly with one click and one swipe. All the factors of cashless payments are in no way underestimated. Each and every factor is unique and important in its own way. The respondents find cashless payments more convenient and time-saving. Though the transactions are recorded the respondents think that the accountability is lagging due to unethical techniques.

Retailer’s response on obstacles to use cashless payments

Table 9.1: Table represents the retailer's response on obstacles to use cashless payments

Obstacles in using Cash-less Payments	Total responses	Rank analysis
Digital illiteracy	80	I
Cyber crimes	67	II
Internet traffic	66	III
Identity theft	52	IV
Trust issues	50	V
Transaction cost	48	VI

Source: Field Study

The above table depicts the responses of the retailers regarding the obstacles in using the cashless payment system. Most of the respondents consider digital illiteracy as the top obstacle in using cashless payments. Due to the technological revolution many people find it difficult to understand technical terminologies. To decline digital illiteracy and facilitate the usage various implications are being done by the cashless payment networks such as QR code scanners and smart speaker options etc., Identity theft, cyber crimes, internet and trust issues are also becoming very common now.

Retailer's response on cashless system in effective economic development

Table 10.1: Table represents the retailer's response on the cashless system in effective economic development

Cashless system in effective economic development	No. Of respondents	(%) of respondents
Strongly disagree	04	04
Disagree	07	07
Neutral	15	15
Agree	34	34
Strongly agree	40	40
Total	100	100

Source: Field Study

The above table shows that 74% of respondents strongly agree and agree that the cashless system helps in effective economic development. 15% of respondents are neutral in this opinion as they feel that the balanced and proper use of cashless system will lead to effective economic development otherwise it will drag it into loss. 11% of the respondents disagree and strongly disagree with this opinion which shows a non-risk bearing ideology towards cashless payment system.

Retailer's response on the factors of cashless system contributing to economic development

Table 11.1: Retailer's response on the elements of cashless system contributing to economic development

Elements of cashless system contributing to economic development	Total responses	Rank Analysis
Corruption control	86	I
Depletion in the flow of black money	50	II
No fake currency	66	III
No chance for tax elimination	65	IV

Source: Field Study

The above table shows the elements of the cashless system contributing to economic development which are corruption control, depletion in the flow of black money, no chance for fake currency and tax elimination. Most

of the respondents opined that corruption control will be the element of the cashless payment system which will contribute to effective economic development.

Retailer's response on suggesting the usage of cashless payments to others

Table 12.1: Retailer’s response on suggesting cashless payments to others

Suggest usage of cashless payments to others	No. Of respondents	(%) of respondents
Yes	92	92
No	08	08

Source: Field Study

The above table shows the responses of the retailers on suggesting the usage of cashless payments to others. It is very clear from the table that 92% of the respondents have no problem suggesting it to others with the intent of energizing the cashless payment system. 08% of the respondents are not ready to suggest it to others due to traditional thinking.

Findings

- The Majority of 78% of the respondents are Male.
- The Majority of 26% of respondents are of 30-35 age group.
- The Majority of 68%of respondents are small business retailers.
- The Majority of 84% of respondents prefer both cash and cashless payment systems.
- The Majority of 91% of respondents are aware of the cashless payment system.
- The majority of 89% of respondents have adopted cashless system in their businesses.
- Phonepe is the most selected mode of cashless payment.
- Digital illiteracy is the major obstacle in using cashless payments opined by the respondents.
- The corruption control element of the cashless payment system is mostly effective in economic development as opined by the respondents.
- The majority of 40% of respondents strongly agree with the opinion that the cashless payment system will contribute to effective economic development.
- The majority of 92% of respondents are willing to suggest the usage of cashless payment system to others.

5. Conclusion

As per the analysis, the study concludes that most of the retailers in the Kadapa district are aware of and have adopted the cashless payment system. Most of the retailers opined that the collaborative use of cash and cashless methods facilitates the flow of their business transactions. Opting for a single method of payment will create confusion and disorder among customers. Due to the sudden innovation of digital payment system in India, many people are finding it difficult to adopt the new techniques while some are hesitant to use this system because of security issues. Age factor and lack of interest are also the reasons for the non-adoption of this system.

The study has also observed that digital illiteracy, cybercrimes and identity theft are the major obstacles in using cashless payment system. The respondents strongly agree with the opinion that cashless payment system encourages and motivates effective development of an economy. The major contributing element of the cashless system in effective economic development is corruption control. In conclusion, the small and medium retailers in the Kadapa district of Andhra Pradesh are aware of the cashless payment system and have also adopted this system in their businesses.

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