



**Research Article**

**PEOPLES' ATTITUDE TOWARDS CASHLESS TRANSACTION: AN EMPIRICAL STUDY OF SOLAN TOWN OF HIMACHAL PRADESH**

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**ABSTRACT**

The study conducted on a random sample of 75 respondents selected from Solan Town of Himachal Pradesh in order to determine their attitude towards cashless transaction revealed that a majority of the respondents (57.33%) had Neutral attitude towards cashless transaction. Only 27 percent of the respondents were found to have Favourable Attitude towards cashless transaction. Flexibility in payment followed by quick mode of payment, privacy of information, convenience/ Comfortability, ease of use in payment and rebate / discount on cashless transaction etc. were found to be the prominent aspects while taking decision for making cashless transaction. Regarding association of respondents' selected socio-personal traits with their Attitude on cashless mode of payments, it has been observed that there was no significant association of respondents' Age, Gender, Educational Status and Occupation with their Attitude on cashless mode of transaction indicating, thereby, that the Attitude on cashless mode of transaction was independent of these four variables. Hence, the study implies that sincere and concrete steps need to be taken by the Government authorities for promoting cashless transaction among the people, through the use of short duration training programmes and mass media approach.

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**INTRODUCTION**

The cashless transaction means to buy or sell the products and services by using electronic forms instead of paper currency and excluding the cash based transaction from all the marketing activities. In India, generally a large segment of people make cash payment in their day to day life. While according to World Bank Development report 2013, electronic payments can save over one per cent of India's gross domestic product (GDP). Similarly, as per the multi-lateral agency, the rising use of payment by electronic medium can help to save 1.6 per cent of India's GDP. Cash payment has certain disadvantages in the form of transportation costs, risks of theft, loss, and counterfeiting etc. hence, the Indian government has taken a good step to move towards cashless environment. The Government aimed at promoting cashless transactions among the people and in all the sectors of economy. The Digital India programme is a flagship programme of the Government of India with a vision to transform India into a digitally empowered society and knowledge economy hence, the program gives more emphasis on cashless economy. But, what the people think about cashless mode of payment was the burning question for which the present study entitled,

“Peoples’ Attitude towards Cashless Transaction: An Empirical Study of Solan Town of Himachal Pradesh” was undertaken with the following specific objectives:

**Objectives**

1. To study people’s attitude on cashless transaction.
2. To find out the factors/aspects influencing cashless mode of transaction.
3. To study the association between the respondents’ selected socio-personal traits and their attitude towards cashless mode of transaction.

**RESEARCH METHODOLOGY**

The methodological procedures followed in the study have been discussed as under:-

**Location of the study**

The study was conducted in purposively selected Solan city of Himachal Pradesh.

**Sampling procedure**

For the purpose of present investigation, the respondents were classified into three categories viz; Small Businessmen/ Shopkeepers, Servicemen and College / University Students. A random sample of 25 respondents was taken from each category to make the total sample size as 75. The data were

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collected with the help of well structured and pre-tested interview schedule by personally interviewing the respondents.

**Measurement of variable**

**Dependent Variable**

**Attitude on cashless mode of transaction**

In order to measure the Attitude on cashless mode of transaction, a scale was developed consisting of 15 statements as per the criteria laid down by Edwards and Kilpatrick (1948). It was ensured that the scale should contain both negative and positive statements. The attitude of the respondents on cashless transaction was obtained on five point continuum scale viz; Strongly agree, Agree, Undecided/Don't know, Disagree and Strongly disagree with respective score of 5, 4, 3, 2, and 1 for positive statements. The scoring was reversed in case of negative statements. The frequency under each column of five point continuum scale was multiplied with its respective score in order to get total score of the respondent on all 15 statements. The total score of respondents ranged from 15 to 75. Mean score and standard deviation (SD) were also computed. On the basis of mean score and standard deviation, the respondents were classified in to the following three categories:-

Favourable: > ( $\bar{x}+SD$ )

Neutral: = ( $\bar{x}\pm SD$ )

Unfavourable: < ( $\bar{x}-SD$ )

The total score under each statement of all the respondents was also computed and divided by the total number of respondents in order to determine the Mean Attitude Score on cashless transaction.

The respondents were asked which aspects were considered important by them while making cashless transaction, the response was obtained on four point continuum scale viz; Very Important, Important, Can't say and Not Important with a

respective scoring of 4, 3, 2, and 1. Total score on each aspect of decision making was computed and ranked accordingly in order to find out the degree of importance of each aspect before taking decision for cashless mode of payment. The data were tabulated, analyzed and interpreted by applying suitable statistical tests like percentage, frequency, chi-square test etc. and the results are presented in different tables.

**RESULTS AND DISCUSSION**

The main findings of the study are given as under:

**Attitude towards cashless transaction**

The attitude of respondents on cashless transaction was obtained on 15 statements under five point continuum scale, that is, Strongly Agree, Agree, Undecided, Disagree and Strongly Disagree and displayed in Table 1.

It has been revealed from the data that all the respondents perceived that there was 24\*7 services facility for transaction in cashless mode of payment, similarly more than 85 percent of the respondents were agreed that there is benefit of discount through online transaction (90.6%), Cashless mode of payment is useful in high volume transaction (89.4%), and that the payment through mobile is on increase (89.3%). However, there were certain respondents who were critical on cashless mode of payment and reported that Cost associated with cashless mode of payment is higher (76%), and Personal information is shared in cashless transaction (57.3%), those who reported that there is risk of not getting reimbursement of money (in case order is cancelled) were found to be 60 percent. However, those who were undecided on the statements that Cashless system eliminates the need to carry money, 'In a few years people will hardly use cash to make transaction' and 'Mobile apps can help in balance inquiry and further in budgeting' were found to be 41.3, 34.7 and 26.7 percent respectively.

**Table 1** Respondents' Attitude towards cashless transaction. (n=75)

S. No	Statements	SA		A		UD		DA		SDA		MPS OAMS
		F	%	F	%	F	%	F	%	F	%	
1.	I prefer cashless mode of payment after the implementation of demonetization	2	2.7	25	33.3	1	1.3	37	49.3	10	13.3	2.63
2.	Personal information are shared in cashless transaction	1	1.3	42	56.0	0	0.0	22	29.3	10	13.3	3.03
3.	Cashless mode of payment is difficult to operate due to lack of technical knowledge	5	6.7	18	24.0	5	6.7	44	58.7	3	4.0	2.71
4.	Cashless mode of payment is useful in high volume transaction	32	42.7	35	46.7	2	2.7	6	8.0	0	0.0	4.24
5.	Costs associated with cashless mode of payment are higher	19	25.3	38	50.7	3	4.0	15	20.0	0	0.0	3.81
6.	Cashless system eliminates the need to carry money	14	18.7	8	10.7	31	41.3	20	26.7	2	2.7	3.16
7.	The payment through mobile is on increase	46	61.3	21	28.0	5	6.7	3	4.0	0	0.0	4.47
8.	In a few years people will hardly use cash to make transaction	8	10.7	9	12.0	26	34.7	24	32.0	8	10.7	2.80
9.	Credit & debit cards are the most preferred payments methods by the people	9	12.0	27	36.0	12	16.0	25	33.3	2	2.7	3.21
10.	Mobile apps can help in balance inquiry and further in budgeting	9	12.0	27	36.0	20	26.7	18	24.0	1	1.3	3.33
11.	Transaction through mobile is more convenient as compare to cash	10	13.3	17	22.7	10	13.3	33	44.0	5	6.7	2.92
12.	Payment through digital wallet is not safe and secure	0	0.0	14	18.7	22	29.3	27	36.0	12	16.0	2.51
13.	Sometimes there is risk of not getting reimbursement of money, in case order is cancelled	10	13.3	35	46.7	9	12.0	19	25.3	2	2.7	3.43
14.	There is 24*7 services facility for transaction in cashless mode of payment	24	32.0	51	68.0	0	0.0	0	0.0	0	0.0	4.32
15.	There is benefit of discount through online transaction	19	25.3	49	65.3	2	2.7	5	6.7	0	0.0	4.09

\*Overall mean Attitude score = 3.31

Overall mean Attitude score on all the 15 statements were found to be 3.31 which indicate that the respondents had Neutral attitude/Attitude towards cashless mode of payment. In other words, it implies that the respondent were neither in favour nor against cashless system in the study area. Saini (2015) in his study on 'Demonetization – Metamorphosis for Cashless India also concluded that cashless transaction will lead to e –transactions. There has been a drastic improvement in electronic transactions which may boost cyber crime and so we should make people aware about the ways to keep credit, debit cards safe and teach them to take measures to keep their transactions hassle free.

**Overall Attitude towards cashless transaction**

On the basis of total score, Mean score and Standard Deviation, the respondents were classified into three categories viz: Favourable, Neutral and Unfavourable and the results are shown in Table 4.7

**Table 2** Respondents' overall Attitude towards cashless payment

Attitude Status	Frequency	Percentage
Favourable	20	26.67
Neutral	43	57.33
Unfavourable	12	16.00

It is clear from the data that 57 percent of the respondents had Neutral Attitude and only 26.67 percent had Favourable attitude towards cashless payment, about 16 percent of them were found to have Unfavourable Attitude towards demonetization therefore, the study implies that 84 percent of the respondents had Neutral to Favourable attitude towards cashless mode of payment. These findings were found in consonance with those of Kumari (2016) who concluded that Government is trying to aware its people for cashless transaction by various kinds of advertisement methods but still a large number of people are awaiting for the introduction of cashless transaction.

**Relationship between respondents' socio-personal traits and cashless transaction**

The relationship between the respondents' selected socio-personal traits and their Attitude on cashless mode of payment was studied by applying chi-square test and the results are depicted in Tables 3 to 6.

**Table 3** Respondents' Age Vs Attitude on cashless transaction

Age	Level of Attitude			$\chi^2 = 6.23^{NS}$
	Favourable (%)	Neutral (%)	Unfavourable (%)	
20-25	10 (13.33)	18 (24.00)	2 (2.67)	
25-30	3 (4.00)	11 (14.67)	4 (5.33)	
30-35	2 (2.67)	7 (9.33)	4 (5.33)	
Above 35	5 (6.67)	7 (9.33)	2 (2.67)	
Total	20 (26.67)	43 (57.33)	12 (16.00)	

It has been clearly observed from the data that percentage of those who had Neutral Attitude was maximum in the age group of 20-30 years (39%), though, in all, 27 percent respondents in all the age groups were found to have Favourable and 16 percent had Unfavourable attitude towards cashless mode of payment. However, it was quite disappointing to note that 57 percent of them had Neutral attitude towards cashless mode of payment.

The calculated value of chi-square indicated that there was no association of significant level between the respondents' age and their Attitude on cashless mode of payment.

**Table 4** Respondents' Gender Vs Attitude on cashless transaction

Gender	Level of Attitude			$\chi^2 = 1.83^{NS}$
	Favourable (%)	Neutral (%)	Unfavourable (%)	
Male	16 (21.33)	29 (38.67)	10 (13.33)	
Female	4 (5.33)	14 (18.67)	2 (2.67)	
Total	20 (26.67)	43 (57.33)	12 (16.00)	

A perusal of the data in Table 4 has revealed that there was no significant association between the gender and the Attitude on cashless mode of payment, that is, Attitude on cashless mode of payment was found to be independent of respondents' gender. However, the percentage of the male respondents who had Favourable attitude towards cashless mode of payment was more than female counterparts. A substantial percentage of them (57.33%) were found to have Neutral Attitude towards cashless mode of payment which requires immediate attention of the administrators and policy makers to find out the reasons for this Neutral attitude towards cashless mode of payment. Still there were 16 percent of the respondents who had Unfavourable attitude towards cashless mode of payment.

**Table 5** Respondents' Educational status Vs Attitude on cashless transaction

Gender	Level of Attitude			$\chi^2 = 3.81^{NS}$
	Favourable (%)	Neutral (%)	Unfavourable (%)	
Metric	1 (1.33)	1 (1.33)	0 (0.00)	
Secondary	2 (2.67)	5 (6.67)	0 (0.00)	
Graduate	5 (6.67)	9 (12.00)	5 (6.67)	
Post Graduate	12 (16.00)	28 (37.33)	7 (9.33)	
Total	20 (26.67)	43 (57.33)	12 (16.00)	

It was observed from the data in Table 5 that there was no significant association between the respondents' educational status and Attitude on cashless mode of payment ( $\chi^2 = 3.81$ ). However, those who were graduates and post graduate and having Neutral and favorable attitude towards cashless mode of payment were 49 and 23 percent respectively.

**Table 6** Respondents' Occupation Vs Attitude on cashless transaction

Gender	Level of Attitude			$\chi^2 = 8.18^{NS}$
	Favourable (%)	Neutral (%)	Unfavourable (%)	
Student/Self-employed	6 (8.00)	17 (22.67)	2 (2.67)	
Service	5 (6.67)	12 (16.00)	8 (10.67)	
Business	9 (12.00)	14 (18.67)	2 (2.67)	
Total	20 (26.67)	43 (57.33)	12 (16.00)	

It was revealed from the figures in Table 6 that there was no association of significant level between respondents' occupation and Attitude on cashless mode of payment ( $\chi^2 = 8.18$ ). The percentage of those who had Favorable Attitude was more (12%) in case of businessmen followed by Self employed/Students (8%) and Servicemen (6.67%). The percentage of those who had Neutral and Unfavorable Attitude towards cash less mode of payment was found to be more in service categories (26.67%) followed by self employed/students (25%).

Hence, it can be concluded from discussion of the above Tables that there was no association of significant level

between respondents' selected variables viz; age, gender, educational status and occupation and their Attitude on cashless mode of payments, that is, the cashless mode of payment was independent of these variables indicating no influence of these independent variable on cashless mode of payment.

**Factors affecting cashless transaction**

The respondents were asked which aspects/factors are considered by them before taking decision for cashless transaction. The main aspects were identified and on the basis of degree of importance they were ranked, the data are presented in Table 7.

**Table 7** Importance of aspects while taking decision for cashless transaction (n=75)

S. No.	Aspects	Degree of Importance				Total Imp Score (TIS)	Rank
		V. Imp	Imp	Can't Say	Not Imp		
1.	Flexibility in payment for different purposes	32	42	0	1	3.40	1
2.	Privacy of information/ Security	28	42	4	1	3.29	3
3.	Ease of use in payment	26	38	3	8	3.09	5
4.	Rebate/ Discount on payment	23	37	5	10	2.97	7
5.	Risk of fake money/ counterfeit currency	25	34	9	7	3.03	6
6.	Convenience/ Comfortability	30	34	3	8	3.15	4
7.	Quick mode of payment	34	36	1	4	3.33	2

It was observed from the data that flexibility in payment for different purpose was the most prominent factor (Rank-1) followed by quick mode of payment (Rank-2) and privacy of information/ security (Rank-3). Convenience/ Comfortability (Rank-4), Ease of use in payment (Rank-5), Risk of fake money/ counterfeit currency (Rank-6) and Rebate/ Discount on payment (Rank-7) were found to be some other important factors which were responsible for cashless transaction by the respondents. Kumar (2015) in his study on analysis of growth pattern of cashless transaction system concluded that the cashless system was not only requirement but also a need of today's society. All the online market basically depends on cashless transaction system and the cashless transition is not only safer than the cash transaction but also less time consuming. The author further added that it also helps in recording all the transaction done.

This seems to be natural as the people enjoy flexibility in making payment for different purposes like shopping, payment of bills etc. through cashless payment. Similarly cashless transaction being quick mode of payment and convenience is preferred by the respondents. It was also perceived by the respondents that ease of use in payment besides the No risk of fake/ counterfeit currency and benefit in rebate and discount on cashless transaction, the cashless transactions was perceived to be one of the best alternatives for them. These findings were in agreement with those of Al-Fahim (2013) who reported that adopters and non-adopters realized that internet banking (IB) has quite a lot of benefits and amenities. However, non adopters were concerned about some factors like trust, ease of use, awareness and security where as the adopters had positive influence on use of online banking and faced no problems with these factors because they had sufficient knowledge and experience in using online banking.

**CONCLUSION**

It has been concluded from the study that a majority of the respondents had neutral attitude towards cashless transaction. Flexibility in payment followed by quick mode of payment, privacy of information, convenience/ Comfortability, ease of use in payment, rebate/discount on cashless transaction etc. were found to be the prominent factors before taking decision for making cashless payment. Hence, the study implies that sincere and concerted efforts should be taken by the Government authorities for promoting cashless transaction among the people, through the use of short duration training programmes, newspapers and debates on mass media.

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