



CONSUMERS' PREFERENCE TOWARDS MODES OF CASHLESS PAYMENTS WITH REFERENCE TO KRISHNAGIRI DISTRICT

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Abstract

Indian Economy has witnessed certain reforms from time to time. The recent economic reform took place in the country is cashless economy. The consumers are encouraged to select the cashless modes of payments in the digital era. The need for cashless payments has increased in the recent past, particularly after the announcement of demonetization of higher denominations of currency in the country. The consumers have realized the importance and advantages of using cashless payments and started using the same. There are various payment gateways available for making cashless payments. In this study, an attempt has been made to examine the most preferred mode of cashless payments by the consumers in Krishnagiri District of Tamil Nadu. For this purpose, 230 respondents have been selected and data collected from them were analyzed using percentage analysis, chi square test and Henry Garrett ranking test. The results showed that Paytm was the most preferred mode of cashless payment. Male consumers preferred Net banking, UPI payments and Debit cards while female consumers preferred Paytm, Google Pay and other modes. The major factors influencing the preference modes of cashless payments were found to be 'Quick' and 'Safe and secure'.

Keywords: *Cashless Payments, Modes, Preference, Consumers.*

Introduction

Cashless payments have been started using by the consumers in the recent past. It is advantages for consumers in several aspects. The cashless payments provide ample benefits to the consumers. Through the cashless payments, the fund transfer is made easily to anywhere at any place with reliability, safety and security. The procedure for transfer of funds or making payments through cashless modes is very simple and easy to understand use so that it could be used by the youngsters as well as old age people. The cashless transactions are encouraged by the Government also, particularly after the demonetization people are familiar with the cashless transactions. Accordingly, several modes of cashless payments have been introduced both by the Government as well as the private service providers. The Government has sanctioned permissions for payment gateways for cashless payments.

Statement of the problem

The cashless payments have become popular among the consumers for the past few years. The cashless payments can be made in different modes of payments. The preference of particular of mode would be influenced by several factors. Since the concept of cashless payments is introduced in the country recently, there have been no much studies on the preference of modes of cashless payments. Under these circumstances, it is considered necessary to examine which mode of cashless payments the consumers prefer the most and why the particular mode of cashless payment is preferred. Therefore, the following questions have been probed in this study:

1. Which is the mode of cashless payments preferred the most by the consumers?
2. What are the factors influencing the preference of mode of cashless payments?



Objectives of the Study

The following are the objectives of the study:

1. To examine the mode of cashless payments preferred by the consumers in Krishnagiri District.
2. To analyze the factors influencing the preference of mode of cashless payments and
3. To offer suitable suggestions to the service providers to make their payment gateway preferred by the consumers.

Scope of the Study

Krishnagiri is one of the developing districts in Tamil Nadu. It is surrounded by the States of Karnataka and Andhra Pradesh. The state capitals of Tamil Nadu and Karnataka (Chennai and Bengaluru) are geographically and commercially connected with this district. Therefore, the people in this district have cultural impact of those cities. Consumers in this district have been using different modes of cashless payments. The present study has been undertaken to study the modes of cashless payments preferred by the consumers and the factors influencing such preference.

Research Methodology: The present study is conducted on the basis of primary data. The data required for the study has been obtained by administering the structured questionnaire among the sample respondents. For the purpose of this study, 230 respondents have been selected from the consumers of Krishnagiri District. The data collected from the sample respondents were analyzed using percentage analysis, chi square test and Henry Garrett ranking method.

Analysis and Interpretation

In this study, the modes of cashless payments such as Paytm, Google Pay, Net Banking, UPI payments, Debit card and others have been considered for analysis. The respondents have been categorized according to their age, gender and monthly income. The modes of cashless payments preferred by each of these groups and sub-groups have been analyzed. The respondents using the selected modes of cashless payments have also been analyzed with reference to age group, gender and monthly income for each mode of cashless payments separately. The relationship between these demographic variables and mode of cashless payments preferred and the factors influencing the preference of mode of cashless payments have also been analyzed in this study.

Table1:Age and Modes of Cashless Payments

Age	Paytm	Google Pay	Net Banking	UPI payments	Debit Card	Others	Total
20to30 Years	23	24	17	19	9	4	96
	28.80%	44.40%	63.00%	57.60%	56.30%	20.00%	41.70%
30to40 Years	35	17	7	2	3	8	72
	43.80%	31.50%	25.90%	6.10%	18.80%	40.00%	31.30%
40to50 Years	12	11	3	8	4	5	43
	15.00%	20.40%	11.10%	24.20%	25.00%	25.00%	18.70%
Above 50years	10	2	0	4	0	3	19
	12.50%	3.70%	0.00%	12.10%	0.00%	15.00%	8.30%
Total	80	54	27	33	16	20	230
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%



Table 1 reveals that out of 80 consumers using Paytm, 43.8 per cent of them belonged to the age group of 30 to 40 years while 12.5 percent of them were above 50 years of age. Among 54 consumers using Google Pay, 44.4 per cent of them were pertaining to the age group of 20 to 30 years while 3.7 per cent of them were above 50 years of age. It is evinced that out of 27 consumers using net banking 63.0 per cent of them were in the age group of 20 to 30 years and none of them were belonging to the age group of above 50 years. It could be understood that out of 33 consumers using UPI payments mode 57.6 per cent of them belonged to the age group of 20 to 30 years whereas 6.10 per cent of them belonged to the age group of 30 to 40 years. Among 16 consumers using debit card, 56.3 per cent of them were pertaining to the age group of 20 to 30 years and none of them were pertaining to above 50 years of age. Out of 20 consumers using other modes of payment, 40 per cent of them were belonging to the age group of 30 to 40 years and 15 per cent of them were belonging to the age group of above 50 years.

With a view to understand the relationship between age of the consumers and the modes of cashless payments preferred by them the following hypotheses have been framed and tested: Null Hypothesis H_0 : There is no significant relationship between age of the consumers and the modes of cashless payments preferred by them.

Alternative Hypothesis H_1 : There is a significant relationship between age of the consumers and the modes of cashless payments preferred by them.

Table 2: Age and Modes of Cashless Payments–Chi square Test

Factors	Chi square value	DF	p value	Result
Age	34.661	15	0.003	Significant@1%

It could be realized from the Table 2 that the chi square value indicating the relationship between age of the consumers and the modes of cashless payments was computed to be 34.661 and the related p value was 0.003. Since the p value is less than 0.01, it falls in the rejection region. Hence, the null hypothesis is rejected and the alternative hypothesis is accepted. It could be concluded that there the preference of modes of cashless payment differs with reference to age of the users.

Table 3: Gender and modes of Cashless Payments

Gender	Paytm	Google Pay	Net Banking	UPI payments	Debit Card	Others	Total
Male	19	18	16	20	9	6	88
	23.80%	33.30%	59.30%	60.60%	56.30%	30.00%	38.30%
Female	61	36	11	13	7	14	142
	76.30%	66.70%	40.70%	39.40%	43.80%	70.00%	61.70%
Total	80	54	27	33	16	20	230
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Table 3 depicts that 23.8 percent of the consumers using Paytm was male consumers and 76.3 per cent of them were female consumers. In the case of Google Pay, 33.3 per cent of them were male consumers and 66.7 per cent of them were female consumers. Among 27 consumers using net banking 59.3 per cent of them were male consumers and 40.7 per cent of them were female consumers. Out of 33 consumers using UPI payments mode, 60.6 per cent of them were male respondents and 39.4 percent of them were



female respondents. In the case of debit card users, 56.3 per cent of them were found to be male respondents and 43.8 per cent of them were female respondents. Out of 20 consumers of other mode of cashless payments, 30 percent of them were female respondents and 70 per cent of them were female respondents.

With a view to understand the relationship between gender of the consumers and the modes of cashless payments preferred by them the following hypotheses have been framed and tested:

Null Hypothesis H₀: There is no significant relationship between gender of the consumers and the modes of cashless payments preferred by them.

Alternative Hypothesis H₁: There is a significant relationship between gender of the consumers and the modes of cashless payments preferred by them.

Table4: Gender and modes of Cashless Payments

Factors	Chi square value	DF	p value	Result
Gender	22.471	5	0.000	Significant@1%

Table 4 divulges that the computed value of chi square stating the relationship between gender of consumers and the modes of cashless payments preferred by them was 22.471 and the p value was 0.000. The null hypothesis has been rejected as the p value was less than 0.01. It is inferred that there exists a significant relationship between gender of the consumers and the modes of cashless payment preferred by them.

Table 5: Monthly Income and Modes of Cashless Payments

Monthly Income	Paytm	Google Pay	Net Banking	UPI Payments	Debit Card	Others	Total
Up to Rs.20000	13	15	13	15	8	5	69
	16.30%	27.80%	48.10%	45.50%	50.00%	25.00%	30.00%
Rs. 20001 to Rs. 40000	35	22	7	8	5	6	83
	43.80%	40.70%	25.90%	24.20%	31.30%	30.00%	36.10%
Rs. 40001 to Rs. 60000	20	12	2	7	3	6	50
	25.00%	22.20%	7.40%	21.20%	18.80%	30.00%	21.70%
Above Rs.60000	12	5	5	3	0	3	28
	15.00%	9.30%	18.50%	9.10%	0.00%	15.00%	12.20%
Total	80	54	27	33	16	20	230
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

From the Table 5, it is evinced that the highest proportion of Paytm users (43.8 per cent) were earning a monthly income of Rs.20001 to Rs.40000 while the lowest proportion of Paytm users (15 per cent) were earning a monthly income above Rs. 60000. Among 54 users of Google Pay mode, the consumers earning a monthly income of Rs.20001 to Rs.40000 constituted the greatest proportion (40.7 per cent) while the consumers earning income above Rs. 60000 were the lowest proportion Google Pay mode. On the other hand, net banking mode has been highly used by the consumers earning a monthly income up to Rs. 20000 (48.1 per cent) and least used by the consumers having a monthly income of Rs.40001 to Rs.60000. In the case of UPI payment mode, the highest users (45.5 per cent) were earning a monthly income up to Rs.20000 and the lowest users (9.1 per cent) were



earning a monthly income above Rs. 60000. It is to be noted that debit card has been mostly used by the consumers earning a monthly income up to Rs. 20000 while the consumers having a monthly income above Rs. 60000 have not used debit card. Other modes of payment have been widely used by the consumers having a monthly income of Rs.20001 to Rs.40000 and Rs.40001 to Rs.60000 while these modes have been used less by consumers earning a monthly income above Rs. 60000.

With a view to understand the relationship between monthly income of the consumers and the modes of cashless payments preferred by them the following hypotheses have been framed and tested:

Null Hypothesis H_0 : There is no significant relationship between monthly income of the consumers and the modes of cashless payments preferred by them.

Alternative Hypothesis H_1 : There is a significant relationship between monthly income of the consumers and the modes of cashless payments preferred by them.

Table6: Monthly Income and Modes of Cashless Payments

Factors	Chi square value	DF	p value	Result
Monthly Income	24.789	15	0.053	Not Significant

According to the Table 6, the relationship between monthly income and modes of cashless payments preferred has been measured in terms of chi square value of 24.789 and the p value of 0.053. Since the p value was greater than 0.05, it falls in the acceptance region. Hence, the null hypothesis is accepted and it is concluded that there is no significant relationship between monthly income and modes of cashless payments preferred by them.

Factors Influencing Preference of Modes of Cashless Payments

The brand preference or product preference is influenced by various factors. In the present study, an attempt has been made to identify the factors influencing preference of modes of cashless payments. For this purpose, the following factors have been identified and the respondents were asked to rank these factors in their order of preference:

1. Simple and Easy– The procedure for using this mode of cashless payments is simple and easy to understand and use.
2. Genuine–The service is provided by the genuine service provider
3. Reliable– The details of the users are strictly confidential and reliable
4. Cashback offer–the users are provided with certain percentage of their payments as cash back offer
5. Safe and Security– This mode of cashless payment is fully safe and secured
6. Quick–The transactions are processed quickly and the fund transfer is made at great speed.

Table7: Factors Influencing Preference of Modes of Cashless Payments

Factors	First	Second	Third	Fourth	Fifth	Sixth	Total Score	Mean Score	Rank
Score	77	63	54	45	36	23			
Simple and Easy	59	44	32	35	32	28			
	4543	2772	1728	1575	1152	644	12414	53.97	II
Genuine	16	14	15	29	130	26			
	1232	882	810	1305	4680	598	9507	41.33	VI
Reliable	24	9	97	41	16	43			



	1848	567	5238	1845	576	989	11063	48.10	III
Cash back offer	13	19	57	50	47	44			
	1001	1197	3078	2250	1692	1012	10230	44.48	V
Safe and Security	14	83	17	47	3	66			
	1078	5229	918	2115	108	1518	10966	47.68	IV
Quick	104	61	12	28	2	23			
	8008	3843	648	1260	72	529	14360	62.43	I

It is revealed that the first ranked factor influencing the preference of modes of cashless payments was 'Quick' with the total score and the mean score of 14360 and 62.43 respectively. 'Simple and Easy' has been the second ranked factor to motivate the consumers for preferring mode of cashless payments. The total score of 'Simple and Easy' was 12414 while the mean score was 53.97. The consumers ranked 'Reliable' as the third ranked factor influencing preference of modes of cashless payments with the total score of 11063 and theme an score of 48.1. With the total score of 10966 and the mean score of 47.68, 'Safe and Security' has been ranked by the consumers as the fourth reason for preference of mode of cashless payments. The fifth factor influencing the preference of mode of cashless payments was 'Cash back offer' as indicated by the total score of 10230 and the mean score of 44.48. It is understood that 'Genuine' was the sixth factor ranked by the consumers as the factor influencing the selection of mode of cashless payments. The total score and the mean score of this factor were found to be 9507 and 41.33 respectively.

Findings of the Study

It is found that Paytm was mostly preferred by the consumers pertaining to the age group of 30 to 40 years. It was least preferred by the consumers in the age group of above 50 years. From the analysis, it is observed that the Google Pay and Net Banking were most preferred by the consumers in the age group of 20 to 30 years whereas these modes were least preferred by the consumers above 50 years of age.

UPI payment mode was most preferred by the consumers belonging to the age group of 20 to 30 years while it was least preferred by the consumers in the age group of 30 to 40 years. The results revealed that the preference of modes of cashless payments has been influenced by the age of the consumers.

It is found that Paytm and Google Pay modes of payment are popular among female consumers while Net Banking is highly used by male consumers. UPI payment mode is widely used by male consumers. Debit card is used more by male consumers than female consumers. Male consumers have not shown much interest in using other modes of cashless payments.

It is observed that male consumers preferred the UPI mode payment while the female consumers preferred the Paytm than other modes of cashless payments. The study proclaims that the preference of modes of cashless payments differs in accordance with the gender of the consumers.

The results showed that the low income earners preferred Google Pay and UPI mode of payment. The most preferred mode of cashless payment for the middle income earners was Paytm. It is fact that the higher income group of consumers were also using Paytm mode of cashless payments.

It is understood that the mode of cashless payments preferred by the consumers does not vary in accordance the monthly income earned by them. It could be understood from the analysis that



‘Quick’ and ‘Simple and Easy’ factors have attracted the consumers more towards the preference of mode of cashless payments.

Suggestions

The following suggestions have been offered for making the modes of cashless payments preferred by the consumers:

1. Paytm should introduce regional languages widely for the use of old age consumers pertaining to the age group of above 50 years.
2. The procedure to be followed for making cashless payments through Google Pay and net banking should further be simplified.
3. The service providers should enhance the safety and security of the payments in order to keep the consumers using the mode of cashless payments.
4. It is recommended that the reliability should be ensured by the service providers with a view to make the customers feel that their details are kept confidential.
5. The consumers felt that the payment or the transaction should be made quickly. Therefore, it is suggested that the service providers should reduce the transaction processing time as maximum as possible.

Conclusion

Cashless transactions are encouraged across the countries and welcomed by the payers and the payees for many reasons including speed, safety and security. In a developing country like India, the concept of cashless payments has gained the momentum recently. The consumers have started using cashless payments. The study has revealed that cashless payments are more popular among the youngsters than the old age consumers. The selected modes of cashless payments are widely used by the middle-income consumers than the low income and high income groups. Quick, safe and secured modes of cashless payments are highly preferred by the consumers. Among the modes of cashless payments examined in this study, Paytm has been the most preferred mode of cashless payment.

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