

Influence of Demonetization on Mobile Payment Adoption & Cashless Transaction

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Abstract

Demonetization has brought a lot of transformations in the Indian history. The government of India has been brought a different kind of digital initiatives to convert our society into cashless one. The emergence of technology, growth of smartphones and digital payment made the online transaction easier. The recent study conducted in the year 2017 shows that in India the total number of smartphones users is estimated to reach about 300 million people. Different kinds of digital platforms of payment like payment apps, net banking, mobile banking etc were brought changes among citizens of India, especially young people. But still, in India people from the rural area and senior citizens are hesitant to use mobile payment. Immediately after demonetisation, digital transactions have raised significantly. Certainly, disturbances in the digital space have not only brought revolutionary changes but also made the people to practice cashless transactions through e-payments and mobile wallets to handle with the cash crunch.

Key words: Cashless transaction, Demonetization , Digital payments ,Mobile payments

Introduction

In India, the demonetization policy of the government eliminated nearly 86% of the currency in circulation an estimated 98% of all transactions were in cash. Demonetization was a huge government transformation which will have a positive impact on the Indian economy and digital India in the forthcoming years. The Indian government has encouraged all citizens to have compulsory bank accounts and encouraging them to use digital mobile payment technologies (e.g. BHIM, AEPS, and UPI). But In India, only 17% of the population are having smartphones and just 50% of them have bank accounts. According to RBI reports, digital transactions have raised 13.5 percent from Rs 109.82 trillion in August to Rs 124.69

trillion in September; the peak was in March at Rs 149.59 trillion. After demonetization lot of people are practiced to use wallets on a daily basis for a various services comprising online recharges, online payments, travel bookings and movie ticket etc. Before motivating the people to adopt digital mode, the awareness about security mode of transaction is important. The prevalent of Frauds may affect the success of online transaction and the trust of the people on digital payment.

Literature Review

Rigopoulos and Askounis(2007) explored a model to observe users' attitude on accepting online payments and planned for assessing consumers' acceptance of future technology thereby revealing perceived usefulness, perceived ease of use, and intention to use as each having positive association by means of consumers' actual usage of online payments. Harshita Bhatnagar (2017)., The author discussed that demonetization in India on November 2016 has bring wider change in adopting new technology. From cash to digital cashless dramatically change the living pattern of people. Banks and other financial institution are upgrading towards digitalization. By adopting new technology people face various risks like account hacking, security, cybercrime and more. Government should initiate stronger security in order to use digital cash. More awareness should be given to rural and illiterate people how to adopt and use new cashless technology. By conducting workshop, advertisement and giving training on how to use Smartphone will give a way to follow the change. Demonetization has spin into digital India and cashless transaction all around.

Balaji, K. C., & Balaji, K., (2017)., They studied that due to demonetization change in 500 and 1000 rupees currency occurred in November 2016, Cashless payment reached its height. People are forced to adopt new method of paying without using paper cash. Many retailers, small business and people are highly affected where day to day cash exchange cannot be done without using new technology. Cyber crime is the one of the major risk involved in following new payment mode. The vital point of demonetization was to eradicate black money, strong action to be taken against cyber crime and impose wider awareness about how to use cashless technology. Electronic wallet, Unified Payments Interface (UPI), Plastic money such as Debit and Credit cards, Net Banking and Aadhaar Card are the cashless payment mode currently available in India. To be noted is yet the card is increases the actual sales is decreases. People shifted from cash wallet to mobile wallet and digitalization as a result increase the electronic banking sector.

Radha Gupta (2017), The author found that Demonetization leads to technology progression. The author discuss by following cashless payment people are benefitted by not visiting bank often for the exchange of cash. Cashless transactions are done using internet and mobile phone. Cashless payment are made by using E-wallets, Debit or Credit card, RTGs, AEPS and many more available wide services. She concluded that to be successful in adopting the new technology government should take necessary steps in educating people how to use technology and get benefitted.

Manpreet Kaur (2017).The author discussed that Demonetization in India take place after 36 years on November 2016. Usage of E-Wallet, Debit and credit card, Aadhaar Card enabled payment system, NET banking and Unified Payment Interface are increased and bring back the positive impact in adopting and entering cashless economy. He said people are free from carrying large amount in cash wallet instead they can carry Smartphone with mobile wallet app and make payment freely by linking the debit and credit card details.

Ms.Pranjali A. Shendge et al (2017) They discussed that E-Banking provide easier service to its customer. The mobile internet access and card related payments are charged by the bank which is the major obstacle faced by user. Cashless payments signify making cash transaction by adopting and using electronic technology. The survey conducted by Cash-karo India after November 2016 Demonetization resulted that 59 percent chosen to adopt E-wallet for their cash transaction, Net banking 23 percent, debit and credit card 18 percent and 1 percent cash payment. The corruption is reduced as all cash transaction is recorded digital. Amoroso and Hunsinger (2009) advanced a model for healthier understanding of the determinants which are pivotal for the prediction of consumers' behavioral intention to purchase through Internet. The study inflates the unique TAM by integrating further constructs such as trust, privacy, perceived risk, prospects of Internet information and Web site quality, e-satisfaction, and e-loyalty. The outcome exhibited noteworthy relationship with determinants inertia, convenience, perceived value, and e-loyalty all prejudiced the e-satisfaction construct with regard to mobile applications. credibility, did not have noteworthy impacts on consumer's behavioral attitude toward mobile banking.

J. Lu, J. Yao, and C. S. Yu (2005) UTAUT2 supports the belief that behavioural intention has a extensive influence on technology use(Venkatesh et al., 2003)Consumers in individualist cultures are probable to be more troubled with themselves than with the group. consumers who holds collectivist values are more troubled to maintain group cohesiveness, and will reveal more interest in others' opinions about a technology (Zakour, 2004). In

collectivistic countries like Mozambique consumers are more likely to adopt a new technology or service (Hofstede, 1980).

Tanya Sanatani (2017) discussed about the impact of Demonetization on various mode of payments system in India. The study concluded that demonetization has opened an avenue for people to get involved in online transaction and they will be comfortable with the digital world in future. **M.Angel Jasmine Shirley(2017)**,the study explains the impact of demonetization in Indian economy.. The study highlighted that the objective of demonetization is good, but only 4% of black money is kept in the form of cash the remaining things are inform of assets

Deepika Kumari (2016), the study reveals the methods, application and challenges due to Cashless Transaction. The findings reveals as since Government has insisted on Cashless transaction they should try to create more awareness by various kinds of advertisement method but still a large number of people are awaiting for the introduction of cashless transaction. This paper is about a study of cashless transaction its different methods, advantages and challenges. This paper will help to understand the basic of the cashless transaction.

Ms.Pranjali A. Shendge1, Mr. Bhushan G. Shela(2017), The Research paper emphases on influence and prominence of cashless policy in India. According to the plans of Government Cashless transaction will boost up the employment opportunities in the country, cash related robberies or bribing people can be reduced, Risk of carrying cash in hand can be avoided. Due to cashless transaction investment can be expanded to foreign countries in turn attracts more foreign investors. It is very transparent when an individual adopt digital transaction, no way of circulating black money.

Objectives of the Study

To review literature on demonetization and to analyse Influence of Demonetization On Mobile Payment Adoption & Cashless Transaction

Research Methodology

The study is based on descriptive in nature .The research is based on both primary and secondary data. The Survey is conducted in Chennai city. The primary data are collected through survey method. Survey is conducted using well formulated Questionnaire. Judgment

sampling is adopted for the study. Samples were selected systematically and 380 respondents were chosen for the study. The data has been collected through questionnaire survey

Analysis & Interpretation

Table. 1. Different mode of transaction

	Frequency	Percent
Net Banking	164	42.1
credit/Debit	128	32.8
Cash	62	15.9
Mobile App	31	7.9
Cheque	5	1.3
Total	390	100.0

From the above table it is clear that 42 percentage of the respondents are using net banking and 15.9 percentage of them are using cash transaction

Table 2. Increased usage of Mobile payment after Demonetization

Opinion	Frequency	Percent
Yes	273	70.0
No	117	30.0
Total	390	100.0

The above table indicates that 70 percentage of them said there is increased usage of Mobile payment after Demonetization

Hierarchal Regression

Ho: There is no moderation effect of demonetization between behavioural intention and mobile payment adoption on continuance of cashless transaction

Table 3.1. Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	MPA, BI ^b		Enter
2	Demonetization		Enter

a. Dependent Variable: Cashless transaction

b. All requested variables entered.

This above table shows variables entered in each step – Behavioural Intention & Mobile payment Adoption in model1, and Demonetization in model 2.

Table 3.2. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics
					R Square Change
1	.608 ^a	.370	.366	.519	.370
2	.609 ^b	.371	.367	.519	.002

a. Predictors: (Constant), Behavioural intention ,Mobile payment adoption

b. Predictors: (Constant), Behavioural intention ,Mobile payment adoption , I

From the above table it is clear that in the model 2 Demonetization accounted for significantly variance than just behavioural intention and Mobile payment adoption R^2 change = .002, $p = .000$, on cashless transaction. So there is a moderation of effect of Demonetization between variables Behavioural intention, Mobile payment adoption The change in R^2 shows how much predictive power was added to the model by the addition of another variable. In this case, the enter of demonetization leads to percentage of variability increased from 36.6 % to 37.1% which is not much of an increase

Table 3.3. ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	61.061	2	30.531	113.446	.000 ^b
	Residual	104.149	387	.269		
	Total	165.210	389			
2	Regression	61.367	3	20.456	76.037	.000 ^c
	Residual	103.843	386	.269		
	Total	165.210	389			

a. Dependent Variable: CT

b. Predictors: (Constant), MPA, BI

c. Predictors: (Constant), MPA, BI, Demonetization

Table 3.4. Co-efficient

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.758	.216		3.507	.001
	BI	.458	.057	.385	8.072	.000
	MPA	.386	.060	.307	6.440	.000
2	(Constant)	.667	.232		2.870	.004
	BI	.460	.057	.387	8.103	.000
	MPA	.388	.060	.308	6.460	.000
	Demonetization	.061	.057	.043	1.066	.040

a. Dependent Variable: Cashless transaction

The above table shows that in the model-1 predicted scores on the dependent variables are statistically significant.

In the model 2 The coefficient value of demonetization is 0.061. The coefficient beta value of demonetization indicates the positive influence on continuance of cashless transaction, every unit increase in demonetization would increase the continuance of cashless transaction score would increase by 0.061, with t value 1.066 and significant level of 0.04, which indicates significance at one percent level

Discussion and conclusion

The research findings shows that 42 percentage of the respondents are using net banking and 15.9 percentage of them are using cash transaction. 70 percent of the respondents felt after demonetization mobile payment transaction has been increased. Hierarchal regression shows that demonetization accounted for significantly variance on cashless transaction. So there is a moderation of effect of Demonetization between variables Behavioural intention, Mobile payment adoption Demonetisation has given the much necessary drive to digital transactions. But still long way to go to achieve cashless economy. Post demonetisation a lot of innovations can be seen in usage of new digital wallets which were launched in the market and the excellent performance of the existing ones in the market have been performing

exceptionally well. The inclusion of millions of small merchants to the financial system make the economy developed one

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