

CONSUMER PERCEPTION OF CASHLESS TRANSACTION SERVICES IN AMBASAMUDRAM: AN EMPIRICAL STUDY

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Abstract

This study examines how people in Ambasamudram, a semi-urban town in Tamil Nadu, feel about using cashless transaction services. After demonetization in 2016, digital payments increased across India, but usage is not equal in all regions. This research studies the awareness, usage habits, and main factors affecting digital payment adoption among 50 local respondents. The results show that most people are aware of debit and credit cards, but many are not familiar with services such as UPI and AEPS. Fast transaction speed is seen as the main benefit of cashless payments. However, lack of trust and poor digital infrastructure prevent wider usage. The study suggests that better awareness programs and improved digital facilities are needed to support financial inclusion in semi-urban areas like Ambasamudram.

Introduction

India's financial system is changing from cash-based payments to digital transactions. This change became faster after the demonetization policy introduced by the Government of India in November 2016. People were encouraged to use digital payment methods such as UPI, mobile banking, debit and credit cards, and internet banking. Programs like Digital India and various digital reward schemes were launched to support a less-cash economy and to improve financial inclusion (RBI, 2017).¹ According to the Reserve Bank of India, digital payment transactions have increased rapidly in recent years (RBI, 2022).²

Although digital payments are growing at the national level, their usage is not the same in all areas. Large cities show higher adoption due to better internet facilities, smartphone access, and awareness. However, in semi-urban towns like Ambasamudram in Tamil Nadu, the use of cashless services is still developing. Many people continue to prefer cash for daily transactions. Factors such as lack of digital knowledge, fear of online fraud, poor network connectivity, and low trust in technology affect the adoption of digital payments (Kumar & Gupta, 2019).³

This study focuses on understanding the perception of consumers in Ambasamudram towards cashless transaction services. It examines how people become aware of digital payment options, which services they use most frequently, and the reasons for their preference. The study also identifies the main benefits such as convenience, speed, and safety, as well as the problems faced by users, including technical

¹Reserve Bank of India (RBI). (2017). Annual Report on Currency and Payment Systems.

²Reserve Bank of India (RBI). (2022). Payment System Indicators.

³Kumar, A., & Gupta, S. (2019). Consumer adoption of digital payment systems in India. International Journal of Management Studies.

issues and security concerns. In addition, the influence of personal factors such as age, education, occupation, and income on digital payment usage is analysed.

By collecting primary data from local consumers, this research provides a clear picture of real experiences with cashless transactions in a semi-urban area. The findings will help banks, business owners, and policymakers improve awareness programs and design better digital services. This study supports the national goal of creating an inclusive digital economy by ensuring that towns like Ambasamudram also benefit from cashless payment systems.

Review of Literature

Sharma and Singh (2018) conducted a study on digital payment awareness among Indian consumers and found that ease of use and convenience play a major role in influencing adoption. Their research also highlighted that fear of cyber fraud and lack of technical knowledge act as barriers to digital payment usage.⁴

Kumar and Gupta (2019) examined consumer attitudes toward cashless transactions and concluded that younger consumers and educated users show a higher level of acceptance. The study emphasized that factors such as speed of transaction, reliability, and accessibility positively affect consumer perception.⁵

Patel (2017) analysed the impact of demonetization on cashless payment adoption in India. The findings revealed that demonetization accelerated the usage of mobile wallets and online banking services. However, the study also observed that many users faced difficulties related to internet connectivity and transaction failures.⁶

Rao and Karthik (2020) studied security and privacy concerns in digital payment systems. Their research showed that trust and perceived security significantly influence consumer willingness to use cashless services. The study suggested strengthening cybersecurity frameworks to enhance consumer confidence.⁷

Mehta (2021) examined consumer satisfaction with popular digital wallet platforms such as Google Pay, Paytm, and PhonePe. The results indicated high satisfaction due to cashback offers, faster payment processing, and user-friendly applications. However, technical errors and network problems were reported as major challenges.⁸

Verma and Yadav (2022) focused on rural and semi-urban adoption of digital payment systems. Their study revealed that low digital literacy, lack of smartphone availability, and poor internet connectivity

⁴Sharma, R. & Singh, P. (2018). A Study on Consumer Awareness towards Digital Payment Systems in India. *International Journal of Management Studies*, 5(2), 45–52.

⁵Kumar, S. & Gupta, R. (2019). Consumer Attitude towards Cashless Economy in India. *Journal of Business Research*, 7(1), 34–40.

⁶ Patel, A. (2017). Impact of Demonetization on Digital Payment System in India. *International Journal of Commerce and Management Research*, 3(5), 12–18.

⁷ Rao, M. & Karthik, S. (2020). Security Issues in Online Payment Systems and Consumer Trust. *Asian Journal of Technology Management*, 8(3), 22–29.

⁸ Mehta, N. (2021). Customer Satisfaction towards Mobile Wallet Services in India. *International Journal of Marketing Studies*, 9(2), 55–61.

remain significant obstacles. The researchers recommended awareness programs and digital training initiatives to improve adoption.⁹

A report by **NITI Aayog (2020)** emphasized the role of government initiatives such as Digital India, BHIM, and UPI in promoting cashless transactions. The report concluded that policy support and infrastructure development have played a crucial role in strengthening India's digital payment ecosystem.¹⁰

Joshi and Desai (2019) investigated long-term behavioural changes after adopting cashless methods. Their study found that users gradually shifted from high-value cash transactions to frequent low-value digital payments for daily needs, indicating a deep integration of digital tools into everyday financial behaviour.¹¹

Singh and Kapoor (2021) analysed digital payment adoption from the merchant's perspective in semi-urban markets. They identified that low transaction fees, quick settlement cycles, and reliable customer support were key factors that encouraged merchants to accept digital payments, which in turn influenced consumer access and habit formation.¹²

A study by **Reddy and Prasad (2020)** on the Aadhaar Enabled Payment System (AEPS) found it to be a critical tool for financial inclusion, allowing bank transactions with only biometric authentication. However, the study noted that limited awareness and agent network issues hindered its reach among the rural poor.¹³

Statement of Problem

The present-day situation of the Indian economy demonstrates that cashless dealings are becoming increasingly frequent. As a consequence, several efforts have been undertaken by Government to enrich the lives of its people. Migrate India's Economic Environment. Now it's just a matter of time until all transactions are done digitally. Accelerate the digital economy idea's execution. Numerous digital payment options are now in use.'

Objectives of The Study

1. To know the socio-economic characteristics of the sample respondents.
2. To know the consumers awareness towards cash less transaction mode product and services.
3. To find out the suitable suggestion and conclusion for the study.

Limitation of The Study

1. The study is conducted among only 50 respondents.
2. Limited period data was collected from the customers.
3. Bias in the minds of the customer cannot be avoided.

⁹ Verma, P. & Yadav, A. (2022). Adoption of Digital Payments in Rural India. *Journal of Rural Development Studies*, 6(1), 41–48.

¹⁰ NITI Aayog (2020). Digital Payments and Financial Inclusion in India. Government of India Report.

¹¹ Joshi, A., & Desai, P. (2019). Long-term Consumer Behaviour in a Cashless Economy. *Indian Journal of Finance and Banking*, 4(1), 18–25.

¹² Singh, T., & Kapoor, R. (2021). Merchant Adoption of Digital Payments in Tier-III Cities. *Journal of Retailing and Consumer Services*, 60, 102–110.

¹³ Reddy, S., & Prasad, K. V. (2020). AEPS for Financial Inclusion: Awareness and Usage Barriers. *Indian Journal of Finance*, 14(10), 23–37.

Research Methodology

Research Design: The study adopts descriptive research to analyse the problems faced by e banking customers.

Area of Study: The study was conducted in Ambasamudram, a major semi-urban area in Tirunelveli district.

Sample Size: 50 respondents were selected for the study.

Sampling Method: Convenience sampling method was adopted to collect responses from active users of digital banking services.

Data Collection

Primary Data: The required information for the present study has been collected both from primary and secondary sources. Normally primary data is collected from the customers in the form of interview with the help of questionnaire.

Secondary Data: The Secondary data is collected from Books, Bank Reports, Journals, Bank magazine etc. As it a study dealing with customer satisfaction, we tried to cover customers from all the segments like Government, Private, Agriculture, Professional, Businessman, Students etc.

Statistical Tools Used: The collected data is normally processed by using relevant statistical tools. In this research have analysed percentage methods.

Types of Cashless Transaction Methods in India

Cashless transactions in India can be broadly classified into two categories: **Paper-Based** and **Electronic-Based** systems. The latter encompasses a wide array of digital channels, which can be further segmented based on technology and access points.

I. Paper-Based Instruments

1. **Cheques:** A negotiable instrument directing a bank to pay a specified sum from the drawer's account to the payee. While the instrument is physical, modern clearing via Cheque Truncation System (CTS) has digitized its processing.¹⁴
2. **Demand Drafts (DDs):** A prepaid negotiable instrument issued by a bank, guaranteeing payment to a designated payee at another branch or bank¹⁵.

Electronic-Based Payment Systems

A. Card-Based Payments

Debit/Credit/Prepaid Cards: Banking cards offer secure payments authenticated via PIN and OTP.¹⁶

¹⁴ Reserve Bank of India, "Cheque Truncation System," accessed March 26, 2024, <https://www.rbi.org.in/Scripts/FAQView.aspx?Id=99>.

¹⁵ Reserve Bank of India, "Master Circular on Miscellaneous Remittance Facilities for Residents," July 1, 2015, https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9699.

¹⁶ Reserve Bank of India, Master Direction on Issuance and Operation of Prepaid Payment Instruments, PPIs MD (Updated as on October 31, 2023).

B. Mobile-Centric & Aadhaar-Linked Payments

1. **Unified Payments Interface (UPI):** A system that powers multiple bank accounts into a single mobile application for seamless fund routing.¹⁷
2. **Aadhaar Enabled Payment System (AEPS):** A bank-led model allowing online interoperable financial transactions at PoS/Micro ATM through Aadhaar authentication.¹⁸
3. **Unstructured Supplementary Service Data (USSD) (*99#):** A service allowing mobile banking transactions without internet on basic feature phones.¹⁹

C. Internet Banking & Electronic Fund Transfers

1. **National Electronic Funds Transfer (NEFT):** A nationwide, deferred net settlement system for one-to-one funds transfer.²⁰
2. **Real Time Gross Settlement (RTGS):** A system for continuous, real-time settlement of large-value funds transfers individually.²¹
3. **Immediate Payment Service (IMPS):** An instant, 24x7 interbank electronic fund transfer service.²²

Analysis And Research Findings

Table -1 Age of The Respondents

AGE	Below 30 years	30 – 40	40 – 50	Above 50	Total
	21	24	05	03	50
Percentage	36%	48%	10%	06%	100

(Source: Primarydata)

Tabel-2 Occupational Status of The Respondents

Occupation	Student	Govt. –Employee	Business	Salaried Person	Professional	Total
	11	10	15	10	04	50
Percentage	22%	20%	30%	20%	08%	100

(Source: Primary data)

¹⁷ National Payments Corporation of India, "Unified Payments Interface (UPI)," accessed March 26, 2024, <https://www.npci.org.in/what-we-do/upi/product-overview>.

¹⁸ National Payments Corporation of India, "Aadhaar Enabled Payment System (AEPS)," accessed March 26, 2024, <https://www.npci.org.in/what-we-do/aeps/product-overview>.

¹⁹ National Payments Corporation of India, "*99# Service – National Unified USSD Platform," press release, November 30, 2016.

²⁰ Reserve Bank of India, "National Electronic Funds Transfer (NEFT) System – FAQs," accessed March 26, 2024, <https://www.rbi.org.in/Scripts/FAQView.aspx?Id=60>.

²¹ Reserve Bank of India, "Real Time Gross Settlement (RTGS) System – FAQs," accessed March 26, 2024, <https://www.rbi.org.in/Scripts/FAQView.aspx?Id=65>.

²² National Payments Corporation of India, "Immediate Payment Service (IMPS)," accessed March 26, 2024, <https://www.npci.org.in/what-we-do/imps/product-overview>.

Table - 3 Monthly Income Level

Monthly Income Level	Less than Rs.10,000	Rs.10,001 - Rs.20,000	Rs.20,001- Rs.30,000	Rs.30,001- Rs.40,000	Rs.40,001- Rs.50,000	Above Rs.50,000	Total
	15	21	05	04	03	02	50
Percentage	30%	42%	10%	08%	06%	04%	100

(Source: Primary data)

Table -4 Educational Qualification

Educational Qualification	School level	College level	Professional	Diploma	Total
	06	33	05	06	50
Percentage	12%	66%	10%	12%	100

(Source: Primary data)

Table -5 Awareness of Digital Payments Mode

Awareness Of Digital Payments Mode	Friends	Relatives	Advertising	Govt. Scheme	Bank Employees	Total
	18	09	13	08	02	50
Percentage	36%	18%	26%	16%	04%	100

(Source: Primary data)

Table -6 Usage of Digital Payments Mode

Usage of Digital Payments Mode	Ease of use	Speed	Convince	Total
	13	25	12	50
Percentage	26%	50%	24%	100

(Source: Primary data)

Table 7: Purpose of Using Digital Payment Mode Product And Services

SI. No	Sources of Awareness	No of Respondent	Percentage
1.	Public sector Banks	25	50
2.	Private sector Banks	15	30
3.	Rural Banks	02	04
4.	Mobile payment service	04	08
5.	E-Wallets Services	02	04
6.	Others	02	04
Total		50	100

(Source: Primary data)

From the above table it is observed that 50% of the respondents digital payment mode product and services used for Public sector banks, 30% of the respondents are sources of private sector banks, 08% of the respondents are used in mobile payment services, 4% of the respondents are used in rural banks, E-wallets services and USSD, AEPS, UPI for other digital payment mode used. Hence the most of the respondents using public sectors digital mode payment services.

Tabel 4.10: Awareness Of Digital Payment Mode Product And Services

SI.No	Awareness of Cash Less Transaction Services Mode Product And Services	Respondents			
		Yes		No	
		Frequency	Percentage	Frequency	Percentage
1.	Banking Cards	50	100	00	00
2.	Unstructured Supplementary Services data (USSD)	12	24	38	76
3.	Aadhaar Enabled Payment System (AEPS)	06	12	44	88
4.	Unified Payments Interface (UPI)	13	26	37	74
5.	Mobile Wallets	12	24	38	76
6.	Point of Sale (PoS)	08	16	42	84
7.	Internet banking (NEEFT,RTGS,ECS,IMPS)	43	86	07	14
8.	Mobile Banking	47	94	03	06
9.	Micro ATM's	37	74	13	26
10.	Bit coin	01	02	49	98

(Source: Primary data)

Shows that all the respondents (100) who have Banking cards (Debit and Credit) know the ATM services. Next to these Mobile banking are the second highest know the services, the know respondents about these products are 94% each. The third top known products awareness internet banking (NEEFT, RTGS, ECS, IMPS) which know by 86% of the respondents; 74% of the respondent to know the micro-ATM's facility. Among the various product and services Unstructured Supplementary Services data (USSD), Aadhaar Enabled Payment System (AEPS), Unified Payments Interface (UPI), Mobile Wallets, Point of Sale (PoS), who also makes digital payment mode of products and services is also a least known cash less transaction segment.

Findings of The Study

1. Majority of the respondents using 48% cash less transactions services were in the age group was below 30years.
2. Majority of the (30%) respondents using cash less transactions services was the business man.
3. Majority of the (42%) respondents using cash less transactions services was getting salary between 10,001-20,000.
4. Majority of the (36%) respondents came to know about digital payment mode through Friends.
5. Majority of the (50%) respondents were using cash less transactions services was speed on financial transaction process.
6. Most of the (50%) of the respondent's digital payment mode was public sectors bank services used.
7. Most of the (100%) respondents came to know about the digital payment mode instruments are used banking cards.

Suggestions

1. Many government departments or institutions like electricity department are charging additional amount as service charge on card payments. In one way, government wants to improve digital transactions and in another way they are discouraging with additional charges.

2. Government should increase the awareness about the cash less transaction instrument using facilities.

Conclusion

Present study has made an attempt to understand customer perception regarding digital payment. It was found that demographic factor except education does not have much impact on the adoption of the digital payment. The growth of users of Smartphone and internet penetration in such area also facilitated the adoption of digital payment. The Government has implemented various reforms for sustainable and transparent economic development. The demonetization and digital payments are most important among the reforms. The cashless transaction is not only requirements but also emerging need of today for transparent economic development. There is only need of Government and banks should adopt strategy of incentivize for cashless transactions, awareness of digital payments and discourage cash payments by the way of proper implementation and supervision of restrictions for cash-based transaction then the cashless.

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