

See discussions, stats, and author profiles for this publication at: <https://www.researchgate.net/publication/349588555>

# Impact of Cashless Payment Mode Among University Students

Article in *Journal of Interdisciplinary Cycle Research* · February 2021

CITATIONS

2

READS

17,325

2 authors:



Jisa Shaji

Indian Institute of Management Bangalore

3 PUBLICATIONS 2 CITATIONS

SEE PROFILE



Calida Ashel Mathias

Christ University, Bangalore

2 PUBLICATIONS 3 CITATIONS

SEE PROFILE

# IMPACT OF CASHLESS PAYMENT MODE AMONG UNIVERSITY STUDENTS

*\*Jisa Shaji, Department of Economics, CHRIST (Deemed to be University), Bangalore*

*\*\*Calida Mathias, Department of Mathematics, CHRIST (Deemed to be University), Bangalore*

## ABSTRACT

With the advancement of technology and after a flurry of panic and confusion of Demonetisation, India has also moved towards a cashless economy. The emphasis on online transactions and other digital cash payment methods provide convenience and additional benefits to the consumer. To incentivize the citizens in moving towards a cashless economy, the Government and also the digital payment companies have come up with attractive discounts, offers and freebies on online transactions. Their easily targeted audience is the younger generation, especially the students, who love to get anything for free regardless of its economic value. The very thought of getting something for zero cost increases their willingness to spend more for the free good just because they receive more than what they actually paid for.

Through this study we intend to study the preference patterns of University students from South Bangalore for digital payment methods over cash in their average daily spending trends, their attraction towards giveaways, to understand the issues of digital transactions faced by students within the campus and also suggest some possible measures for the same.

## KEYWORDS

Digital Payment, University students, Cashless Economy

## INTRODUCTION

Digital transactions in India have undergone an exponential growth in volume as well as value with the increased rate of internet and smartphone penetration in the lives of many across the nation. The 'Digital India' is one such flagship programme of the Modi Government. It started with the vision to completely transform the nation of India into a "Faceless, Paperless, and Cashless" economy. (Vally & Divya, 2018)

The great Demonetization reform of November 2016 provided for the creation of a unique platform which helped bring about the endorsing of digital payments throughout the nation of India. The term demonization is the term that describes the situation when a currency note of a particular denomination ceases to be a legal tender and accepted in the market. Demonetization has a plethora of positive side-effects on the advance of digital payment schemes throughout India; this is due to the fact that it encourages cashless transactions. It does so because of the fact that the amount of money printed by the Reserve Bank of India directly factors into the adoption of novel methods of payment - primarily digital means. A cashless economy is an economy whose transactions are done solely through digital means of payment. The transactions are done through the use of three different modes - Mobile Wallets, Plastic Money, and Net Banking. With increasing adoption of these electronic payments, e-commerce and m-commerce has greatly increased. (Kumar, n.d.)

The spending behaviors of the young individuals and the way that they manage their finances are likely to determine their financial status in the near future. An individual's spending behavior is greatly influenced by his or her family and friends. Family members play a key role in the usage and consumption of certain goods and products. Moreover, the lifestyle of an individual also directly

influences the manufactured products that he or she spends on. Lifestyle refers to the person's ways of living in the society that is expressed through the things he or she buys or consumes. Moreover, attitude makes up one's interest towards spending. (Khalid et al., 2019) Knowing what to spend and why you spend the way you do is a way to better understand your finances. Furthermore, this helps you keep track of your budget and your expenses. This is a way of keeping your spending habits on the right track. The study looked at the factors affecting the spending behavior of college students in terms of attitude, family background, lifestyle and financial knowledge. (Bona, 2018)

The primary objective of this study is to analyze the factors that motivate the young individuals to choose digital payment systems over the age-old paper currency. It is a known fact that the trend towards digital payment systems is mostly prevalent among the students of higher educational institutions. They are attracted by these methods of payment due to their simplicity, offers, cheaper, and faster methods of payment. It is safe to assume that the educational institutes themselves play a major role in training the young generation to adopt the mindsets required for the complete adoption of a truly cashless and digitally empowered society. The current study "Impact of Cashless Payment among University Students" also intends to understand the advantages and disadvantages of implementing digital transactions in full force within University campuses in South Bangalore.

## **LITERATURE REVIEW**

A few researchers have assessed the impacts of different methods of digital payment systems. Davies (2017), in his work, tried to investigate how developing technology has impacted the changes in transactions over time. In addition to this, he attempted to explore the attitudes and perspectives of university students regarding cashless transactions and examined the disadvantages of cashless

transactions. The results that arose out from the primary research proved that the favored technique of payment in society is deemed to be card payment with the use of contactless payment. The study uncovered the particular inclination for the specific preference of payment methods was due to convenience, ease of use and efficiency. The paper composed by Dahlberg and Öörni (2007) explores if the technology adoption models are adequate to clarify factors consumers consider when they decide whether to adopt new payment services. They developed two models in the payment context. One of them demonstrates the factors of the mobile payments' services adoption while the other models the determinants of electronic invoicing adoption. Ghosh and Gupta (2018) attempted to address the particular issue through their study on the recurrence of usage of digital wallets among the university students of South Kolkata and analyze the monthly spending of different age groups of students. They have also studied the impact of demonetization on the utilization of digital modes of payment. Sagayarani (n.d.), in her research on "Digital Payments in India," has tried to estimate the status, potential, and importance of a cashless economy in a country, the study targeted at analyzing the significance and advantages that a cashless economy presents to a country. The study on the "Analysis of the use of plastic money" (Bisht et al., 2015) extensively examined the mindfulness and utilization of plastic cash among purchasers. Besides, she has likewise investigated the purposes behind picking plastic cash over hard cash. The research showed that most shoppers utilized and favored plastic cash over paper cash. They felt that the eventual fate of plastic cash is brilliant and as per them, the following thing to come using innovation would be the utilization of advanced marks. Furthermore, Rajanna (2018), in her study, has analyzed the development of cashless transactions in India. She has aimed at uncovering the difficulties in a cashless transaction. Finally, she additionally proposed the possible measures that can be taken to mitigate the observed problems. That is, to create

a culture of saving and confidence in the monetary framework among the poor and to increase the awareness of digital transactions in India.

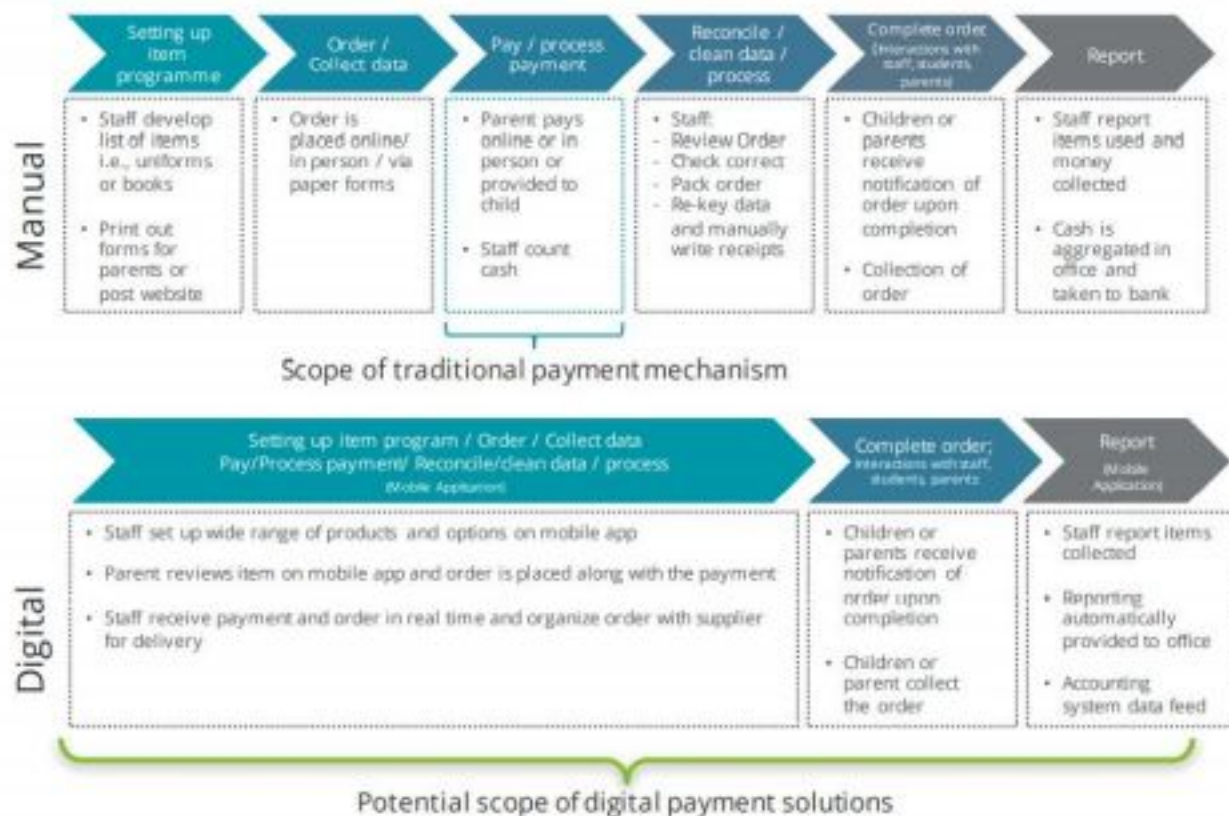
Complementing the other studies in this review, Jacob (2018) has uniquely studied a group of students in Pathanamthitta district and observed the factors involved in replacing currency with digital cash and its effects on customers. She has also inquired into the ability of the students to access e-banking transactions and usage of digital cash when and where required. The recommendations from the study were that the government and banks should give proper awareness about safety and security in digital currency among customers. As per the study, the larger part of respondents confronted non-cooperation from their banks. The majority of respondents are satisfied with digital currency because of its 24\*7 assistance. Vally and Divya (2018) in their study have also analysed the positive impacts of digitization on the payment system as a whole. It has also investigated the impact of a customer's age, education, and income status on the adoption of digital payment methods. The entire study gives emphasis to banks all over India in taking effective measures; they have done this as banks have much more scope in terms of creating awareness on the great benefits of adopting digital methods of payment. Lastly, Prelec and Simester (2001) in their paper on "Always leave home without it" presents proof supporting the proposition that buyers are willing to spend more for an item when using a credit card.

## **THEORETICAL SUPPORT**

The adoption of new digital methods of payment is now making it easier for financial institutions as well as new companies in the market to develop services that significantly reduce the effort in financial transactions. Paytech refers to those technologies that are associated with the initiation,

processing, and smooth carrying out of financial transactions. While the conventional methods of conducting financial transactions were centered around the trading of significant worth, the newer digital means of transactions combine a plethora of capabilities that lead to a better focus on providing an end-to-end solution for larger-scale businesses. The scope of such digital solutions is illustrated below in Figure 1:

Figure 1: Manual and digital solutions scope



Source: *Digital Payments in Education* . Deloitte. (2017).

With the influx of a huge number of students into the education platform, adopting methods that prove to increase efficiency and effectiveness is vital towards establishing schools and institutions

that work towards a better future. The set of schools and universities that have adopted the digital methods of payment much ahead of other institutions have been motivated by a plethora of challenges and hurdles associated with the manual procedures of paper payment such as obsolete hard-copy record keeping, chances of theft or fraud, as well as the poor customer experience for both, the students and the parents. Furthermore, the total transaction amounts in schools is huge, even crossing billions of dollars. Some typical examples of payments processes that can be digitised are provided below in Figure 2:

*Figure 2: Example of school transactions*



*Source: Digital Payments in Education . Deloitte. (2017).*

## OBJECTIVES

The prime objective of this study is:

1. To analyze the factors motivating individuals to choose digital payment system over currency
2. To understand the advantages and disadvantages of implementing digital payment systems within University campuses in South Bangalore.



## **METHODOLOGY**

This is a quantitative analysis to examine the preferences of University students from South Bangalore in using digital payment systems over currency in their daily transactions. Primary data was collected using convenience sampling methods which included focused group discussion and random sampling with the help of a 10-item questionnaire among 93 participants. The purpose of using the questionnaire was to learn their preferences and extract necessary data from the respondents. This is an exploratory study to understand the advantages and disadvantages of implementing a digital payment system in universities and to suggest some recommendations for the problems currently faced within the campus.

## **LIMITATIONS**

The limitations faced in the process of this study are as follows:

- Due to time constraint the sample size is limited.
- The sample size is not the true representation of the entire population

## **ANALYSIS & DISCUSSION**

Among the respondents, 44% were males and 56% were females (Table 1). It was observed that gender does not play a significant impact on the preference of choosing digital payment over cash in their average daily consumption.

*Table 1: Gender*

Gender	Number of respondents	Percentage
Male	41	44%
Female	52	56%
Total	93	100%

*Source: Primary Data*

85% of them prefer digital payment systems in their daily transactions, while only 15% of them use cash in their daily consumption (Table 2). The majority of the respondents use Google Pay and Paytm for digital transactions while some other apps used are PhonePe, UPI app, BHIM (Bharat Interface for Money) app, debit card, and bank transfers.

*Table 2: Preference of Payment Method*

<b>Payment mode</b>	<b>Percentage</b>
<b>Digital</b>	85% (79)
<b>Cash</b>	15% (14)

*Source: Primary Data*

The key factors that motivate these individuals to make digital transactions are convenience, saves time, attractive discounts and offers, a good amount of security restricts their spending patterns, avoid theft, can plan and keep a proper record of their expenditures, etc. Figure 3 indicates that 29% of the respondents prefer digital payment due to its ease of use and 22% because it's hassle-free and saves time. While 15% of them use them by looking at attractive discounts, cashback, coupons, and offers. It was observed from the study that students aged between 18-21 years prefer online payment apps to avail the attractive discounts and to make payments of large amounts, while for students above 21 years it is their general form of payment method in their daily transactions.

Furthermore, from Figure 3 we also see that 13% of the respondents prefer digital payment due to a good amount of security, 12% because it avoids thefts and 8% because it restricts spending patterns.

Figure 3: Reasons for choosing Digital Payment over Cash



Source: Primary Data

The respondents who prefer cash over digital payment systems are generally daily commuters and they use cash mainly for transport expenses, to purchase from small vendors, and also make purchases and payments within University campuses of South Bangalore. While these individuals make large amounts of payments using digital payment systems.

Around 60% of the respondents feel that using cash in their daily transactions can reduce their expenditure but still prefer to make payments using a digital system to avoid the pain of paying in cash as human beings tend to be loss averse. The non-availability of cash in ATMs, to avoid small unnecessary daily expenses, to avoid carrying wallets, etc are some of the other reasons to choose digital payment methods. It was found that the students withdraw and use cash only for transactions

within University campuses of South Bangalore.

The main issue faced by students in using the digital payment system within University campuses of South Bangalore is poor network coverage and non-availability of online payment options in the canteen and stores.

## **RECOMMENDATIONS**

From the above analysis, we can conclude that the preference and spending patterns of individuals vary from person to person. Most of the respondents choose to make digital transactions over cash in their day-to-day life for paying bills, rents, purchasing apparel, daily consumable goods and making Point of Sales (POS) purchases. It is suggested by all the respondents to fully implement a digital payment system within University campuses of South Bangalore to train the young minds to move towards a digitally empowered cashless nation. Few recommendations suggested by both the respondents and the researchers are as follows:

- The implementation of digital transactions in canteens and stores with an advanced network connection can also help in implementing the queue system and manage the crowd during the peak hours of the day i.e., systematic billing procedure.
- A prepaid card system (similar to Metro cards or Bus passes) can be introduced on the campus to make purchases in the canteens, stationery, and photocopy stores which is also a solution to the poor network issues faced within the campus.
- A fully digitized system will have a proper record of all the income and expenditure of

the students, faculty, shopkeepers as well as management. The students can plan their budgets and control their spending habits. They can also avoid any kind of theft both within and outside the campus.

- Cashless and contactless payments should be encouraged within college and usage of smart cards must be available in all stores. Few of the respondents suggested that there should be a payment app made solely for University students from South Bangalore.

## CONCLUSION

In the path of digital development, India is adding more smartphones, introducing Aadhar compliant devices with biometric authentication in mobiles and tablets, etc. The societal challenge in evolving India as a digitized economy is a slow process and can be addressed only with a combination of administrative humility and entrepreneurial determination. However, the usage of digital payment apps day by day is getting more familiar in our country. The fundamental step is to transform the higher educational institutions into a fully digitalized system that will train and educate the young generation towards a cashless economy, hence creating a digitally empowered nation. In general, the digital payment apps are an advantage to the users in terms of quick payment, save time, high secured payment, etc. This will in return make the economy very transparent and powerful.

## REFERENCES

1. Bisht et al. (2015). Analysis of the use of plastic money: A boon or a bane. *SIMS Journal of Management Research Vol. 1*.
2. Bona, J. T. C. (2018, May 21). *Factors affecting the spending behavior of college students*. Journal of Fundamental and Applied Sciences.

<https://www.ajol.info/index.php/jfas/article/view/171490>.

3. Dahlberg & Öörni. (2007). *Understanding changes in consumer payment habits*

- *Do mobile payments and electronic invoices attract consumers?* IEEE Xplore.

<https://ieeexplore.ieee.org/abstract/document/4076473>

4. Davies, A. E. (2017, May). To Study University Students' Perceptions Towards Their Cashless Financial Transactions. DSpace home.

<https://repository.cardiffmet.ac.uk/handle/10369/8654>

5. *Digital Payments in Education* . Deloitte. (2017).

<https://www2.deloitte.com/content/dam/Deloitte/au/Documents/public-sector/deloitte-au-ps-digital-payments-education-240717.pdf>.

6. Ghosh and Gupta. (2018). *Analyzing the Effectiveness of Digital Payment System: A Study Among College Going Student's in South Kolkata.*

[https://www.researchgate.net/profile/Swapan\\_Banerjee4/publication/329913232\\_BROILER\\_POULTRY\\_FARMING\\_IS\\_A\\_METHODICAL\\_RURAL\\_BUSINESS\\_A\\_CASE\\_STUDY\\_IN\\_BASIRHAT\\_WEST\\_BENGAL/links/5c228ce5299bf12be39a01d3/BROILER-POULTRY-FARMING-IS-A-METHODICAL-RURAL-BUSINESS-A-CASE-STUDY-IN-BASIRHAT-WEST-BENGAL.pdf#page=272](https://www.researchgate.net/profile/Swapan_Banerjee4/publication/329913232_BROILER_POULTRY_FARMING_IS_A_METHODICAL_RURAL_BUSINESS_A_CASE_STUDY_IN_BASIRHAT_WEST_BENGAL/links/5c228ce5299bf12be39a01d3/BROILER-POULTRY-FARMING-IS-A-METHODICAL-RURAL-BUSINESS-A-CASE-STUDY-IN-BASIRHAT-WEST-BENGAL.pdf#page=272)

7. Jacob (2018). A Study on Replacing Currency with Digital Cash among Students in Pathanamthitta District. *International Journal of Scientific Engineering and Research (IJSER)* , pp 69-73.

8. Khalid, N., Nazir, F., Azlan, N., & Hamidi, F. (2021, January 15). *Report of Spending Behavior*. Course Hero.  
<https://www.coursehero.com/file/77995836/REPORT-SPENDING-BEHAVIORdocx/>.
9. Kumar. (n.d.). *Demonetization and Cashless Banking Transactions in India*.  
<https://www.ijniet.org/wp-content/uploads/2017/05/7311.pdf>
10. Prelec, D., Simester, D. Always Leave Home Without It: A Further Investigation of the Credit-Card Effect on Willingness to Pay. *Marketing Letters* 12, 5–12 (2001).  
<https://doi.org/10.1023/A:1008196717017>
11. Sagayarani, D. (n.d.). Digital Payments In India. *IOSR Journal of Business and Management* , e-ISSN: 2278-487X, p-ISSN: 2319-7668; PP 28-33.
12. Rajanna (2018). Growth of Cash-Less Transactions In India: Challenges And Prospects. *International Journal of Engineering Development and Research*, 6(1), 199-204.
13. Vally & Divya (2018). A Study on Digital Payments in India with Perspective of Consumer"s Adoption. *International Journal of Pure and Applied Mathematics Vol .119 No.15* .