

**TITLE OF THE PAPER - A STUDY ON ONLINE V/S CASH MODE OF
PAYMENT**

NAME OF THE AUTHOR – MS. TUHINA ROY

**INSTITUTIONAL AFFILIATION – MATA GUJRI MAHILA MAHAVIDYALAYA
(AUTONOMOUS), JABALPUR**

EMAIL – roy03tuhina@gmail.com

TELEPHONE NUMBER - 8223846982

A STUDY ON ONLINE V/S CASH MODE OF PAYMENT

"Sharing is Good, and with Digital Technology, Sharing is Easy "

Richard Stallman

ABSTRACT

In today's world, payment landscape has changed with cash payment and online payment as two methods for carrying out the money related transactions. This report does a comparative study on the changing trends, advantages, differences, threats with both the payment methods. Cash payment is the fundamental method to make the transactions through the ages. However, the use of cash has began to diminish in various parts of the world. Online payments through digital wallets, mobile apps and banking cards has increased the growth of E-commerce attracting many people especially the younger generation as they are the most tech-savvy.

This comparative analysis points out the various differences that influence the choice between the online payment and cash payment.

KEYWORDS

Cash, digital payment, UPI

OBJECTIVES -

- To know the preference of people regarding the mode of payment used by them.
- To know the growth of cashless transaction in India.

INTRODUCTION

About the time when Cash termed as a very important part in everyone's life, without cash we can't even imagine buying anything, to go anywhere etc. If suddenly some extra expense occurs we had to wait for the bank opening to withdraw the amount and get our work cleared. It is a saying that " If Money is lost something is lost but If Health is lost everything is lost " But in researchers point of view if at that point of time, a person doesn't have this variety of online payment option and if he doesn't have adequate cash to get his treatment done, will he survive? Then after sometime we got ourselves introduced to ATM cards where we don't have to wait for the bank to open, we can get cash anytime from ATM machine and as ATM stands for All Time Money. After some years a phase came which no one can forget 24 March 2020, the Government of India ordered a nationwide lockdown. People started thinking about so many things, they were scared about the spreading of the virus but on the other hand they were worried about how to survive because they didn't had so much cash and even if they had money present with them also the virus was contagious and it was spreading very fast so people went worried. But then the time came where the online payment apps took a hike and people started using online payment. This change is the development and Yes we are growing and developing. Every year we are

growing and developing but the pandemic COVID -19 has taught the organization sector, education sector and many more sectors how to survive in that particular era. A time where no one can even think of going out without cash. Now, most of the people are moving without cash. This development was possible because of change in people's mindset, people's needs and people's choice. Users have different parameters to use a mode of payment like "Acceptance", "Safety", "Easy to use" etc.

According to a study India has recorded 89.5 million digital transactions in the year 2022 (India tops in Digital Payments, Records 89.5 mn transactions, says MyGovInd, 2023). Not only the young generation is using digital payment option but also the people belonging to the middle age group are also using it. Earlier we have limited cash with ourselves due to that we had a limitation spending money but now a days we have various apps available for payment. Every single payment is done in just one single click. The best part of this system is grocery store, fruit and vegetable sellers are also keeping the option available for online payment. Everything has two sides of it. Here also some positive aspects and negative aspects are like-

POSITIVE ASPECTS -

1. Convenience.
2. Simple to manage.
3. Transactional Speed.
4. No time bound.

NEGATIVE ASPECTS -

1. Technical Issues.
2. Fear of Fraud.
3. Network connectivity issues.
4. Eaves dropping.

LITERATURE REVIEW

Kumari and Khanna (Kumari & Khanna, 2017), Cashless payment: a behavioural change to an economic growth. This explores the impact of a behavioral change towards cashless payments on economic growth in India. The study reveals that this shift was driven by multiple factors, as individuals recognized the benefits and opportunities associated with adopting cashless payment methods, ultimately contributing to economic growth.

Bindra and Bindiya (Bindra & Bindiya, 2017), Going cashless stepping towards digital India. It aims to investigate the advantages, challenges, and growth prospects associated with India's transition to a digital economy. The study concludes that this shift will not only lead to significant GDP growth but also offer societal and economic benefits for India.

Mr. Bharat Khurana (Khurana, 2015), Dream of cashless India: Benefits and Challenges. It examines the potential advantages and obstacles India could encounter in its pursuit of becoming

a cashless nation. It assesses the concept of a digital India and the government's efforts to realize this vision. Despite the government's initiatives, the study suggests that there is still ample room for further progress in achieving the dream of a cashless India.

Kousalya and Shankar (Koushalya & Shankar, 2018), A Cashless economy/ transaction. This examines the implications of a cashless economy and its significance in India. The research concludes that the introduction of a cashless economy in India would have a positive influence on the financial sector and contribute to the modernization of the payment system in the country.

Sharad Malhotra (Malhotra, 2017), Impact of Cashless Society for the economic growth in India. It explores the effects and significance of cashless transactions in India. The study suggests that a transition to a cashless economy in India would have both positive and negative impacts, with the positive effects outweighing the negative ones. Benefits include reduced costs and improved control over financial crimes and tax fraud.

Thomas and Krishnamurthy (Thomas & Krishnamurthy, 2017), Cashless rural economy-a dream or reality. This examines the effects of demonetization on rural India and the government's efforts to transition the rural market into a cashless economy. The study recommends that the Indian government should implement various schemes to transform the dream of a cashless rural economy into a reality.

Kokila and Ushadevi (Kokila & Ushadevi, 2017), A study on consumer behaviour on cashless transaction in U.T of Poducherry. It aimed to explore consumer awareness and trust in cashless transactions. The study found that people in the region were aware of cashless transactions but had reservations about incorporating them into their daily routines, indicating a level of uncertainty or doubt.

CASH PAYMENT - Some people still think that cash is the best option of payment as compared to online payment mode. It's may be because of 'perception' they might have some 'negative experience' for which they prefer cash payment rather than online payment.

- Tangible - Cash is the physical currency in the form of coins
- Universal - Cash is accepted anywhere and you don't need any kind of internet access to use it.
- Limited Security - If the cash is lost it's difficult to recover it.

Advantages of Cash Payment -

1. It encourages careful spending - When the payment is done through cash it helps us to spend only on those things which you have already made up in your mind. This limits the ability to go over budget because we cannot spend more than our pocket.
2. It helps to follow the budget – Cash payment allows us to carry a portion of the physical money with us thereby enabling us to pay that much only

Disadvantages of Cash Payment -

1. Risk of Theft – When we carry a physical amount of cash, this can be risky in crowded area or high-crime areas. If cash is stolen it's difficult to recover.

2. Lack of preparation on time of Emergency – Its sometime very hard to arrange cash especially at the time of emergency.

THE REASONS WHY CONSUMERS DON'T USE DIGITAL PAYMENT –

The reasons behind not using digital payment may be-

1. LACK OF ACCESS - No matter how far our country develops, but still there are places, especially the rural ones, where people lack proper access to smart-phones, ATM's, proper-functional banks, etc.

2. SECURITY CONCERN – “Security” is a concern that every people face, in today's world. Data in today's world is costliest, especially data of we users are very crucial as oxygen to life. A slight data breach can cause loss worth a life. Hence, security plays an important role in areas like digital banking. Be it the hex codes of Credit/Debit card or UPI of any app, it has to be kept secure and the applications should be developed by keeping the security concern to utmost priority.

3. TRUST - “Trust” is a factor that makes anything go successful. So is the trust shown by the users who use the online wallets, UPI apps or net-banking to make digital payments. The trust here signifies that the user's data and money on these online payment platforms are safe and the users too are safe in making payment from anywhere and anytime in the world.

4. DIGITAL ILLITERACY – India has still some amounts of people, from different parts, who are not properly literates, and on top of this digital literacy is a long way to run for them. Digital literacy is an important requirement for dealing with the ever-growing technologies specially the field of digital payment involves proper knowledge otherwise unwanted situation may occur.

5. COMPLEXITY – the complexity aspect related to digital payment refers to various factors like what technologies has been used, the environment in which it operates, risk management etc. The overall complexity of digital payment system deals with the system's reliability, security, effectively in bringing about the online transaction

6. PREFERENCE TO CASH – Rejecting the online payment option and going either the cash payment option has reasons like lack of technical knowledge, fear of digital fraud, unbanked population, merchant acceptance etc. Preference of cash varies person to person. While some uses both the option alternatively depending on circumstance and personal

7. FEAR OF OVERSPENDING – Few people also think that if they use the online payment mode their budget system might get affected or they would overspend the money.

8. AGE FACTOR – Aged people are little allergic to use the new technologies. However, there are some who has learned doing it through their kids. So it is to be noted that this changing trend depends from individual to individual and age is just a factor that influences the payments. It is based on an individual's specific needs and comfortability with the technologies.

ONLINE PAYMENT - Some people have made themselves comfortable with the mode of online payment. As they are started accepting the technology.

- Security - The payments apps are highly secured like fraud protection.
- Digital Record - It can be trackable and easier to manage.
- Convenience - It is convenient to use.

Advantages of Online Payment -

1. Easy to Use – Its easy, simple, fast and secure to use.
2. Easy to maintain Record – It is helped to maintain record of the transaction which carries date, time, amount and to whom the transaction is made.

Disadvantages of Online Payment -

1. Securing of Data – Despite the fact that the online payment applications are developed by keeping the security measures on mind but vulnerabilities like human-prone errors, software issues and the evolving cyber threat etc compromises the security aspects.
2. Internet Connectivity – It is also one of the reasons that leads to failure of payment as there regions that lacks for proper internet connections which is crucial for making the online payment transaction successful.

Method of online payment -

1. **Bank Cards** - These are plastic cards like credit cards, debit cards. These are the most secure form of payments.
2. **Mobile Banking** - Mobile based banking services that is available to the users. With it's help user can have access to the banking services like withdraw the amount
3. **UPI** - UPI stands for Unified Payment Interface. It is a pass code kind of thing that helps to make payments, from a single account irrespective of the no. of bank connected to during mobile banking.
4. **Digital Wallets** - It is a means of carrying cash in digital format . Debit and Credit card can be linked to the digital wallet for making payments.
5. **Internet Banking**- It refers to the process of carrying out banking transactions online . These may include many services such as transferring funds, opening a new fixed or recurring deposit, closing an account etc.

DIFFERENT MODE OF THE E-PAYMENT AVAILABLE IN INDIA –

- 1. UNIFIED PAYMENTS INTERFACE (UPI)** – It is a payment system which allows you to send money between bank accounts through mobile application. It's widely used for various transactions, bill payments, online shopping.
 - 2. DEBIT AND CREDIT CARDS** – These cards are commonly used for online payment and offline as well. It is convenient to use.
 - 3. NATIONAL ELECTRONIC FUNDS TRANSFER (NEFT)** – It is a system used for transferring funds from one bank to another.
 - 4. IMMEDIATE PAYMENT SERVICE (IMPS)** – It is available 24/7, it allows instant fund transfers using bank account number or mobile numbers.
 - 5. AADHAAR ENABLED PAYMENT SYSTEM (AEPS)** – It enables financial transactions at micro -ATMs using the Aadhaar Authentication. It is useful for rural and remote areas.
 - 6. BHARAT BILL PAYMENT SYSTEM (BBPS)** – It is a centralized bill payment system which allows you to pay through a single platform.
 - 7. PREPAID PAYMENT INSTRUMENTS (PPIs)** – It is prepaid instruments and can be used for specific purposes like mobile wallets.
 - 8. RuPay** – This card is widely accepted in India and is an Indian payment card network which competes with international card network like Visa.
 - 9. PayTm** – It is a mobile app that offers services like mobile recharges, bill payments, online shopping etc.
 - 10. AIRTEL MONEY** – It is an online wallet that allows mobile recharges, pay bills and make online payments.
 - 11. GPay** – It is commonly called as Google Pay is a UPI based payment platform developed by google. It enables users to share money, pay bills and make online payments.
 - 12. JioMoney** – It is an online wallet provided by Reliance Jio, offering a wide range of services like bill payments.
 - 13. Amazon Pay** - It's an online wallet in the Amazon application. This allows payments to be made while accessing the services of the application or doing online shopping from it. Apart from this it also allows payments to be made online/ offline vendors.
 - 14. BHIM (BHARAT INTERFACE FOR MONEY)** - It is an Indian mobile payment app. This payment app allows users to make payments digitally in a secure and quick manner.
- These online payment platforms are very popular for handling various financial transactions. Users choose any app for their day- to- day transaction according to their needs, suitability and convenience.

Growth of Digital Payments in India

Digital payments have seen remarkable growth in India in recent years, driven by various initiatives taken by the government, financial institutions, and technology companies. The

country's demonetisation drive in 2016, aimed at curbing black money and promoting a cashless economy, also significantly boosted the adoption of such payments.

One of India's most popular digital payment methods is the Unified Payments Interface (UPI), a real-time payment system developed by the National Payments Corporation of India (NPCI). Launched in 2016, UPI allows users to instantly transfer money between bank accounts using their mobile phones without bank account details. As of March 2022, UPI had processed over 4.4 billion transactions worth over 10 trillion rupees (approximately USD 132 billion). (The Future of Digital Payments: Opportunities and Challenges, 2023)

The government's push towards digital financial inclusion through initiatives like the Jan Dhan Yojana and Aadhaar-based payment systems has also helped increase the adoption of digital payments in rural areas.

Overall, its growth in India has been remarkable, transforming how people transact and pay for goods and services. It has also created numerous opportunities for businesses, particularly small and medium-sized enterprises, to grow and thrive in a digital-first economy.

Future Opportunities –

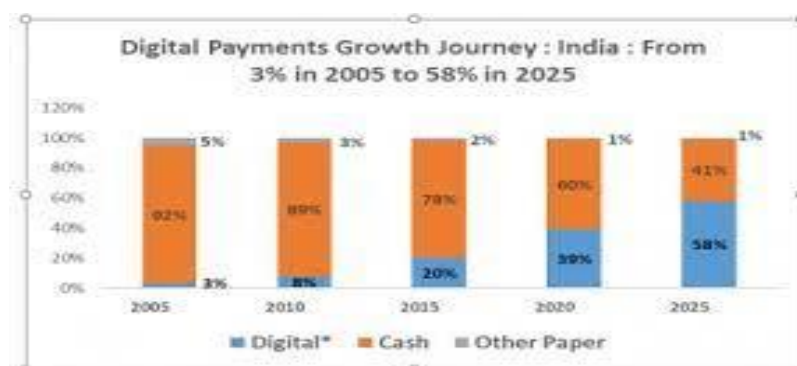
India presents a massive opportunity for digital payments due to its large population, increasing smart phone penetration, and the government's push towards a cashless economy. Here are some of the future opportunities:

Increased adoption in rural areas - While digital payments have gained significant traction in urban areas, there is still a vast untapped market in rural areas. The government's focus on financial inclusion and expanding digital infrastructure in rural areas presents a massive opportunity for digital payment providers to tap into this market.

Integration with e-commerce - With the increasing popularity of e-commerce in India, there is an opportunity for digital payment providers to integrate with online marketplaces and provide a seamless payment experience for consumers. This will increase its adoption and drive e-commerce growth in the country.

Adoption of new payment technologies - India has seen significant innovation in new payment technologies, including QR codes, contactless payments, and biometric authentication. As these technologies continue to mature, there is an opportunity for new payment providers to offer more secure and convenient payment options to consumers.

Graph 1



Source – businessprocessincubator.com

If we take this graph into consideration, we can see that the Blue color represents for the Digital Payment and Orange color represents for Cash Payment. In this graph we see that in the 2005 the cash payment was used by many people and the digital payment was used by few people. Then after 5 years we can see the graph that few people started using digital payment method. In the year 2015 we can see 20% of users started using digital method for payment. During the time of pandemic (Covid 19) we can see digital payment method was used most of time because everyone was worried about the virus as it was contagious and many of them wanted contactless payment method. As by seeing the graph we can see that the users of digital payment started increasing in every single year and now a days we can see the small vendors have also started dealing with the online mode of payment, they are also becoming advance in the technology market. They also want themselves develop and to be advanced.

By seeing this we can make up our minds and think that in the coming years digital payment will be acceptable and we might see more users for digital payment method. We can see the growth for the digital payment methods in the future.

CONCLUSION –

We can conclude by saying there are people who has accepted the digital mode of payment, and there are still few people who are still using cash as the mode of transactions. But no one can totally depend upon on a single mode of payment cash or digital. It's the users who will decide which mode they will prefer for their financial transactions.

Majority of people go for both the mode of payment in their daily lives whether it is online payment mode or cash payment mode. They don't stick to one payment mode but they are flexible with both the mode of payment. The choice between cash payment and online payment depends upon the user's needs, user's situation and the specific transaction to select their mode of payment.

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