Chapter- 8

A Study on Cashless Economy With Special Reference To Malappuram Municipality

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Abstract

This study explores the cashless economy in Malappuram Municipality, focusing on residents' attitudes and the challenges they encounter with digital transactions. Through a structured survey, the research assesses the acceptance of cashless payment methods and identifies key concerns impacting their adoption. Findings reveal a growing willingness to engage in cashless transactions; however, significant barriers persist. Issues such as inefficient banking systems, unreliable internet connectivity, and security apprehensions emerged as major deterrents. Additionally, some respondents expressed a preference for traditional payment methods, citing a lack of trust in digital platforms. The study underscores the need for enhanced infrastructure and education to address these challenges and foster a more inclusive cashless economy. By understanding local attitudes and obstacles, stakeholders can develop strategies to promote effective digital payment solutions that meet the needs of the community, ultimately contributing to a smoother transition toward a cashless society in Malappuram.

KeyWords: Cashless Economy, Malappuram, Digital Transactions, User Attitudes Transaction Challenges

1. Introduction

A cashless economy refers to an economic system with minimal cash circulation, where transactions are primarily conducted through electronic means such as credit and debit cards, e-banking, and mobile payments. This evolution from traditional credit cards and online banking to modern mobile payment systems has been significantly accelerated by advancements in technology and the COVID-19 pandemic. The future of cashless transactions envisions seamless digital payments, enhanced security through biometric verification, and the possibility of global currencies. However, discussions continue around issues of privacy and financial inclusivity.

The transition to electronic transactions has modernized payment systems and contributes to the reduction of black money generation. Increased digital transactions provide detailed records, enhancing transparency in business operations and financial exchanges. This transparency aids in combating tax avoidance and money laundering. Additionally, a cashless economy lowers banking service costs, enhances monetary policy effectiveness in managing inflation, and promotes economic growth. Furthermore, it mitigates risks associated with cash-related crimes, such as theft and robbery. Despite these advantages, a significant portion of the population remains outside the realm of digital banking, continuing to rely on cash. The effectiveness of a cashless economy is closely tied to the availability and quality of telecommunications infrastructure. Challenges also arise from the need to shift public attitudes and perceptions regarding digital payments, which can impede progress.

The Reserve Bank of India (RBI) reports a substantial increase in digital transaction usage, particularly following the demonetization initiative in 2016. The value of digital transactions soared from ₹109.80 trillion in March 2016 to ₹194.04 trillion in March 2019, reflecting a compound annual growth rate (CAGR) of 20.2%. In response, the government has actively promoted digital payment adoption, especially in rural areas, through initiatives like the establishment of Common Service Centres (CSCs) that offer digital financial services. The introduction of the Unified Payment Interface (UPI) has further facilitated instant money transfers via mobile phones, enhancing

accessibility and convenience for users across various demographics. Overall, while the cashless economy presents numerous benefits, addressing the existing gaps in infrastructure and public perception is crucial for its successful implementation.

1.1 Importance of The Study

The study of the cashless economy in Malappuram Municipality is vital for several reasons. By understanding how digital transactions can enhance efficiency and attract customers, local businesses can adapt and thrive in a competitive marketplace. the study promotes financial inclusion by identifying barriers faced by unbanked or underbanked populations in accessing digital payment methods. This is particularly crucial in a region where socioeconomic disparities may exist. Additionally, examining consumer behaviour related to cashless transactions can help businesses tailor their services to meet local needs and preferences. This understanding can drive innovation and improve customer satisfaction. The study also assesses the technological infrastructure in Malappuram, highlighting areas needing improvement to support a cashless environment, such as internet connectivity and digital literacy programs. Moreover, it can inform local government policies aimed at fostering a secure and user-friendly cashless ecosystem, which is essential for ensuring the protection of consumer data and enhancing trust in digital transactions. Finally, in light of recent crises like the COVID-19 pandemic, exploring the cashless economy can bolster economic resilience, enabling faster recovery and adaptation to future challenges. Overall, this study serves as a roadmap for a modern financial landscape in Malappuram.

1.2 Research Problem

A "cashless economy" refers to the transition from physical currency to digital platforms, including online transactions, the use of plastic cards, and internet banking. Digital payments benefit people in many ways. People do not have to worry about carryingpaper money or wait in line to withdraw money from ATMs. Through e-payments they can pay anyone at any times. the cashless economy in Malappuram Municipality centres on understanding the current landscape of digital

financial transactions and the challenges associated with their adoption. With the rise of cashless payment methods, it is essential to identify the various instruments and methods being utilized, such as mobile wallets, UPI, and credit/debit cards. This knowledge will help assess their prevalence and effectiveness in the local context. As soon as people make an online payment, they receive receipts and feedback almost instantly. As more people engage in e-payments, nearly all payment service providers have begun offering attractive promotions to help users secure great deals.

However, the use of digital payments sometimes makes it difficult for people. Many a time while using e-payment services they are liable to pay service fees or a convenience fee which adds to their expense. There have been many incidents in which cyber criminals have manipulated people and money has been looted. As it is an online service, it may go down due to technical issues and people who get 100% reliable on this service for their payments may face an issue. Remote areas still rely on cash. People might find it difficult in making payments on the go while traveling to some remote areas. This study intends to investigate the techniques and obstacles associated with cashless payments, as well as people's attitudes toward these systems.. The study seeks to provide insights that can inform policymakers, financial institutions, and businesses, facilitating a smoother transition to a cashless economy while addressing the concerns of the community in Malappuram Municipality. For this here formulating the objectives like

1.3 OBJECTIVES
1. To learn about people's attitude towards cashless economic system
2. To analyze problem associated with cashless transactions.

2. Materials and Methods
The methodological frame work of this study comprised both primary data and secondary data. The primary data contains a field survey with a pre- determined questionnaire. The data collected by taking 70 households from the study area, and the questions are in the line with the objectives of the study. The study also utilizes secondary data. These data have been collected from various sources like Journals,

Medias, and Websites etc. The collected data are analysed and depicted through various statistical tools like tables, diagrams, percentage, and appropriate testing methods. For testing the hypothesis here using analysis of variance chi-square, cross tabulation. The collected data are analysed through the statistical package SPSS (version 25).

3. Results and Discussion

The data were collected using a well-executed questionnaire based on the study's objectives. Responses were gathered from 70 participants in Malappuram Municipality. The collected data were edited and coded, with errors and omissions examined. Tabulation was performed using statistical software. The processed data were analysed using various statistical tools suitable for this study. The analysis and interpretations are presented according to each objective, with the results outlined in the following manner There are 46 female respondents, comprising 65.7% of the total sample, and 24 male respondents, making up 34.3% of the total sample. The following table 1 shows the Payment Made Being Digitally in A Month

Table -1
Payment Made Being Digitally in A Month

Monthly payment	No of respondents	Percentage
Less than 5000	36	51.4
5000-10000	15	21.4
10000-50000	6	8.6
Above 50000	1	1.4
No use	11	15.7
No answer	1	1.4
Total	**70**	**100.0**

Source: Field Survey

Thirty-six respondents (51.4%) indicated making digital payments less than 5,000 units in a month. This group represents individuals who engage in relatively lower levels of digital transactions,

where their monthly digital payments fall below the threshold of 5,000 units. Fifteen respondents (21.4%) stated that they make digital payments ranging from 5,000 to 10,000 units in a month. Six respondents (8.6%) reported making digital payments ranging from 10,000 to 50,000 units in a month. One respondent (1.4%) reported making digital payments above 50,000 units in a month. Eleven respondents (15.7%) stated that they do not make any digital payments. One respondent (1.4%) did not provide a specific answer to the question.

Table 2

Complete knowledge about digital payment

Complete knowledge	No of respondents	Percentage
Yes	19	27.1
No	18	25.7
May be	33	47.1
Total	**70**	**100.0**

Source:Field survey

19 respondents (27.1%) stated that they have complete knowledge about digital payment or cashless payment facilities. 18 respondents (25.7%) reported that they do not have complete knowledge about digital payment or cashless payment facilities. 33 respondents (47.1%) indicated that they may have complete knowledge about digital payment or cashless payment facilities. While some individuals may feel confident in their understanding, others may express uncertainty or lack of familiarity with these technologies. This underscores the importance of education and awareness initiatives to promote digital literacy and empower individuals to make informed decisions regarding digital payment.

Testing of Hypothesis

To identify the people's attitude towards cashless transactions
H0: There is no significant associations across gender regarding in monthly digital payment amount.For testing this hypothesis is here using the chi-square analysis

Table 3

Payment Being Made Digitally in A Month and Gender Cross Tabulation

Gender				
Female			Male	Total
Payment being made digitallyin a month	Less than 5000	26	10	36
	5000 - 10000	9	6	15
	10000 - 50000	1	5	6
	Above 50000	1	0	1
	No	9	2	11
	No Answer	0	1	1
Total		46	24	70

Source: computed data

Chi-Square Tests

Value		df	Asymptotic Significance (2-sided)
Pearson Chi-Square	11.005[a]	5	.051
Likelihood Ratio	11.439	5	.043
No of Valid Cases	70		

Source: Computed Data

Attempt was made to examine whether there exists significant association across gender regarding digital payment. Accordingly, chi square test was conducted and the probability valuewas found to be below 1% level of significance (0.051) and hence null hypothesis is rejected. Accordingly, it is concluded that there exists significant association between gender and use ofdigital payment.

- The Pearson chi-square value is 11.005 with 5 degrees of freedom.
- The asymptotic significance (2-sided) value is .051, which is slightly above theconventional significance level of 0.05.

The chi-square test results indicate that there is a significant association between gender and the use of digital payment at a significance level of 0.05 for the likelihood ratio test. However, for the Pearson chi-square test, while the p-value is slightly above the conventional significance level, it still suggests a notable association between gender and digital payment usage.

Overall, the data highlights a significant shift towards digital payment methods, especially mobile payments, while traditional methods like cheques and even debit cards are less favoured. This insight could be valuable for businesses looking to adapt their payment options to meet consumer preferences.

Table 4
Reasons For Hitting Back From Cashless Transactions

Reasons	No of respondents	Percentage
Can't keep up with technology	3	4.3
Concerned about security	13	18.6
Doesn't provide all services	50	71.4
Other	4	5.7
Total	70	100.0

Source: Field Survey

In the survey, 3 respondents (4.3%) cited difficulties keeping up with technology, indicating some individuals feel overwhelmed by the rapid changes in digital payment methods. Meanwhile, 13 respondents (18.6%) expressed security concerns, suggesting fears about the safety of digital transactions may discourage usage. Additionally, 4 respondents (5.7%) mentioned unspecified reasons, potentially including a preference for traditional payment methods or mistrust in digital platforms. Notably, 50 respondents (71.4%) indicated that the digital payment systems do not provide all the services they need, highlighting a significant barrier to adoption

Table 5
Problems Faced by Cashless Transactions

Problems	No of respondents	Percentage
Inefficient banking system	19	27.1
Poor digital transactions	15	21.4
Poor internet facility	25	35.7
Limited cash availability	10	14.3
Lack of privacy	1	1.4
Total	**70**	**100.0**

Source: Field Survey

In the survey, 19 respondents (27.1%) reported issues stemming from an inefficient banking system, including transaction delays and technical glitches that disrupt cashless transactions. One respondent (1.4%) raised concerns about privacy. Additionally, 10 respondents (14.3%) faced problems with limited cash availability for cashless transactions, while 15 respondents (21.4%) experienced poor digital transaction experiences, such as failed transactions or incorrect charges. The most significant barrier identified was poor internet facilities, reported by 25 respondents (35.7%), highlighting that unreliable connectivity significantly hinders effective cashless transactions.

4. Conclusion

In conclusion, the study on the cashless economy in Malappuram Municipality reveals a complex interplay of attitudes and challenges faced by residents. While there is a growing acceptance of cashless transactions, evidenced by the increasing adoption of digital payment methods, significant concerns persist. Many respondents expressed issues related to inefficient banking systems and unreliable internet connectivity, which hinder seamless transaction experiences. Security apprehensions and a preference for traditional payment methods further complicate the landscape, indicating a need for enhanced trust in digital platforms. The study on cashless economy in Malappuram Municipality highlights the growing adoption of digital payment

methods, enhancing financial inclusion and reducing transaction costs. Findings suggest increased consumer convenience and efficiency in local businesses. Recommendations include further digital literacy initiatives and improved infrastructure to support the transition towards a fully cashless society.

Moreover, the findings highlight a critical gap in the services offered by existing cashless systems, suggesting that improvements are necessary to meet user expectations. Addressing these challenges through targeted infrastructure investments, better technological support, and increased awareness campaigns can foster a more inclusive cashless economy. Ultimately, for the transition to a cashless society to be successful, stakeholders must prioritize user experience and security, ensuring that all segments of the population can participate confidently in the digital economy. As Malappuram navigates this shift, understanding these dynamics will be crucial for policymakers and financial institutions aiming to promote a more robust and efficient cashless framework.

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