

Saarth

E-Journal of Research

ISSN NO: 2395-339X

Impact of Demonetization and Preference of Consumers for Selection of Digital Payment Routes

Dr. Dhimen J. Jani*

Abstract

On November 2016, sweeping domination cum communal engineering measure called Demonetization was indorsed in India. Two foremost currency notes, Rs. 1000 and Rs. 500 encompassing about 86% of over-all cash in India, were demonetized with instant effect. Precincts were positioned on the convertibility of inland currency and bank payments; hence patrons were obligatory to espouse digital payment option instead of cash payment. This led to inaugural novel epoch of digital currencies in India. Numerous digital payment apps procured recompenses of newfangled prospects and ended mammoth earnings. This investigation was completed to ascertain the furthestmost desired digital payment opportunity for rustic buyers. 100 respondents were gauged through organized form with expedient sampling method. The examination was envisioned to categorize the impact of demographical dynamics on the collection of digital payment routes. The result recommended that BHIM (UPI) application grabbed the paramount place, succeeding was fortified by debit card and third was free charge.

Key words- Demonetization, Digital payment routes, Demographical factors

Introduction

Demonetization is term which became very popular after 8 November 2016 in India. Earlier demonetization was done in 1946 and 1978 which not much successful as compare to latest one in 2016. Two largest currencies, Rs. 1000 and Rs.500 were demonetized and ceased to be legal tender with immediate effect. The prime reason behind successful demonetization was currencies in circulation in the economy, around 86% of total currencies in India were in the form of Rs. 1000 and Rs.500. Demonetization was not sudden move by government, it was planned well in advance. The aim of demonetization was to curb corruptions, counterfeiting currency notes, to stop the usage of funding terrorist activities in major currencies and accumulation of black money. Many steps were taken by govt. i.e. development of Special Investigation Team, (SIT) in 2014 under former supreme court justice M.B.Shah, the Benami Transaction Act 2015, The Black Money Act 2015, besides that govt. also sign information exchange agreement with Switzerland, changes in the tax treaties with Mauritius and Cyprus and Income Disclosure Scheme. India has 7 taxpayers for every 100 voters ranking us 13th amongst 18 of our democratic G-20 peers. Review of Literature- Abrazhevich, 2004 mentioned that as there are large numbers of transactions taking place online; e-commerce will become dominant over the traditional methods.

*Dr. Dhimen J. Jani, Asst. Prof. Dolat-Usha & Dhiru-Sarla Inst.of Mgt.& Com., Valsad

Saarth

E-Journal of Research

ISSN NO: 2395-339X

As per Mallat (2007) there are several factors which affects the adaptation of digital payment method by consumer. These are the factors which significantly affect the consumer's choice regarding adaptation of digital payment modes either favorably or unfavorably.

Paul and Friday (2012) mentioned in their study that a facility where all the goods and services are transacted in without cash, known as cashless transaction.

The popularity of the debit cards is constantly rising and currently debit cards the most popular non-cash payments instrument globally (Capgemini and RBS, 2013).

Over the years, various studies have documented how countries could benefit moving from cash to digital payments. According to a 2016 Moody's Analytics study, card usage added USD 296 billion to global consumption, equivalent to accumulative increase of 0.1 percent in global GDP and to the creation of about 13 million jobs between 2011 and 2015. Even with activation rates in single digits for India's over 660 million debit cards, their use added about 1.6 million jobs, and USD 6.1 billion (INR 41,053 crores) to the country's GDP during this period.

Karp (2015) suggested that the major issue faced by mobile payment system is the rising rate of cyber crime. Installation of malware in mobile of customer lead higher risk of theft financial data i.e. password, credit card number, debit card number etc. from mobile application of online stores.

According to Pricewaterhouse Cooper (2015) India has very high proportion of consumer transaction carried out in cash, relative to other countries, as per its estimation around 68 percent of total transaction value and 98 percent by volume were in cash. (figure no 4) As per Watal committee (2016), cash accounts for around 78 percent of all consumer payment in India.

Research Methodology

Research objective

1. To identify most preferred cashless payment mode by consumers of Valsad district.
2. To measure the impact of demographical factors on selection of digital payment option.

Sample determination: 100 individual customers

Location- Rural region of Valsad District located in Gujarat.

Data Collection Methods -Primary data: It was collected through personal interview of various respondents and asking questions related to research study for identifying most preferred digital payment mode. Secondary data: It is collected using previous research study on similar topics and other websites.

Data Collection Tool- Structured questionnaire with dichotomous set of questions.

Sampling Method- Convenient sampling method

Saarth

E-Journal of Research

ISSN NO: 2395-339X

Null Hypothesis- H1- There is no significant impact of Age, Gender, Marital Status, Education and Income on the preference of the digital payment option by investors of investors.

Table No. 1.1 Data Analysis & Interpretation (Anova Table)

Variabl es	PayT m	Freec harge	Googl ewalle t	Payu mone y	BHIM App	SBI Budd y	HDF C chillr	ICICI pock et	Debit card	Credit card	Net banki ng
Age	.082	.130	.056	.913	.119	.082	.130	.056	.913	.701	.347
H0	Reject ed	Rejec ted	Reject ed	Reject ed	Reject ed	Reject ed	Reje cted	Reje cted	Reject ed	Reject ed	Reject ed
Impact	signifi cant	signif icant	Signifi cant	signifi cant	Signifi cant	Signifi cant	signi fican t	signi fican t	signifi cant	signifi cant	signifi cant
Gende r	.786	.450	.386	.688	.878	.786	.450	.386	.688	.764	.850
H0	Reject ed	Rejec ted	Reject ed	Reject ed	Reject ed	Reject ed	Reje cted	Reje cted	Reject ed	Reject ed	Reject ed
Impact	signifi cant	signif icant	Signifi cant	signifi cant	Signifi cant	Signifi cant	signi fican t	signi fican t	signifi cant	signifi cant	signifi cant
Marita l Status	.242	.612	.733	.075	.256	.242	.612	.733	.075	.017	.002
H0	Reject ed	Rejec ted	Reject ed	Reject ed	Reject ed	Reject ed	Reje cted	Reje cted	Reject ed	Accep ted	Accep ted
Impact	signifi cant	signif icant	Signifi cant	signifi cant	Signifi cant	Signifi cant	signi fican t	signi fican t	signifi cant	Insign ificant	signifi cant
Educat ion	.257	.446	.771	.571	.609	.257	.446	.771	.571	.381	.991
H0	Reject ed	Rejec ted	Reject ed	Reject ed	Reject ed	Reject ed	Reje cted	Reje cted	Reject ed	Reject ed	Reject ed
Impact	signifi cant	signif icant	Signifi cant	signifi cant	Signifi cant	Signifi cant	signi fican t	signi fican t	signifi cant	signifi cant	signifi cant
Occup	.000	.129	.148	.027	.000	.000	.129	.148	.027	.892	.008

Saarth

E-Journal of Research

ISSN NO: 2395-339X

ation											
H0	Accepted	Rejected	Rejected	Accepted	Accepted	Accepted	Rejected	Rejected	Accepted	Rejected	Accepted
Impact	Insignificant	significant	Significant	Insignificant	Insignificant	Insignificant	significant	significant	Insignificant	significant	Insignificant
Income	.049	.848	.728	.483	.091	.049	.848	.728	.483	.358	.074
H0	Accepted	Rejected	Rejected	Rejected	Rejected	Accepted	Rejected	Rejected	Rejected	Rejected	Rejected
Impact	Insignificant	significant	Significant	significant	Significant	Insignificant	significant	significant	significant	significant	significant

Findings

Research was conducted to identify the impact of demographical factors like age, gender, education, marital status, occupation and income. 100 respondents were surveyed and analyzed in Valsad city. Analysis of variance (ANNOVA) was performed to identify the variability in the responses. Most preferred digital payment option was calculated on the basis on mean weighted which has given following result they are ranked according to their highest weights.

Conclusion

The research indicated that BHIM/UPI app was most preferred digital payment option of consumer of Valsad city, followed by debit card and freecharge. Bharat Interface for Money (BHIM) was launched by govt. of India base on new Unified Payment Interface (UPI), as on 10th Jan. 2017; there had been around 10 million download and over 1 million transactions had been conducted. New version of BHIM USSD 2.0 allows 350 million feature phone users to take advantages of UPI. (Economic survey 2016-17 Vol.1)

References-

1. Abrazhevich, Dennis, 2004. Electronic Payment Systems: a User-Centered Perspective and Interaction Design.
2. Aigbe, Princewill and Akpojar, Jackson, 2014. Analysis of Security Issues in Electronic Payment Systems.
3. Capgemini and the Royal Bank of Scotland (RBS) (2013), World Payments Report 2013, Capgemini and the Royal Bank of Scotland.
4. Hasan I, De RT, Schmiedel H (2012), —Retail Payments and Economic Growth, Bank Finland Research., pp 1–37.

Saarth

E-Journal of Research

ISSN NO: 2395-339X

5. Karp, Nathaniel, 2015. Biometrics: The Future of Mobile Payments. U.S. Economic Watch, BBVA Research.
6. Mallat, Niina, 2007. Exploring Consumer Adoption of Mobile Payments – A Qualitative Study. Helsinki Institute of Economics.
7. Moody's analytical report on “ The impact of electronic payments on economic growth, Feb. 2016, (<https://usa.visa.com/dam/VCOM/download/visa-everywhere/global-impact/impact-of-electronic-payments-on-economic-growth.pdf>)
8. Oyewole OS, J.G. El-Maude, M. Abba and ME Onuh (2013), —Electronic Payment System and Economic Growth: A Review of Transition to Cashless Economy in Nigeria , International Journal of Science, Engineering, Technology, Vol. 2, pp. 913–918.
9. Paul A and O Friday (2012), —Nigeria's Cashless Economy: The Imperatives , International Journal of Managing Business Studies, Vol. 2, pp. 31–36.
13. PricewaterhouseCoopers India (2015), “Disrupting cash: Accelerating electronic payments in India” Vol. 2, pp. 913–918.