



## DEMONETIZATION: A STUDY OF DIFFERENT ONLINE PORTALS AND E-WALLETS TOWARDS PROMOTING CASHLESS ECONOMY

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### ABSTRACT :

*It's been more than a year to unexpected move of demonetization. Basically it hit the E-Commerce business positively as it gave way to different e-wallet to come up as new business ventures and step towards cashless economy. This move triggered people to use online payment-portals certainly a step towards digitalization. It is not that, digitalization was absent in India but this move of government made people switch towards less cash economy. But is the scenario the same after one year of demonetization? Have people shifted back to cash payment? What is the tendency of people in using online payment-portals. The study seeks to find out whether the decision has led to digitalization and changed the pattern of payment structure. Hence the major aspects of study are:*

- *Has there been consistent use of e-wallet after demonetization?*
- *Has demonetization increased the usage of e-wallet and how has the customer behavior changed.*

**KEYWORDS :** Digitalization, Digital Payment, Demonetization, Online Payment.

### 1. INTRODUCTION

Demonetization is an act of ceasing a currency unit of its status as a legal tender. It is pulling out from the circulation of money and replacing it with some other notes or coin. India has done demonetization thrice in its history- 1946, 1978 and recently in 2016.

Talking about India's recent demonetization, The old notes were accounted for 86% of the total circulating cash in the country. The decision was taken to curb corruption, terrorism funding, and black money and to promote cashless economy which will open the doors for digitalization

Digitalization is computerization. When you dematerialized something from its original physical form into digital form it is known as digitalization. Digital money is therefore a digital form of money which has no physical appearance. It has the same value as cash has. But it is used through some digital technology. Transaction of digital money is done through phones, credit cards, ATM, internet etc. Though money is in online form it is legally accepted widely. Also it can be cashed. The various online portals are used for making digital transaction. PayTm, Freecharge, Airtel Money, Ideapay, BHIM etc are some well-known apps used for digital transaction. Since, it's been a year and more to this historic step which was taken to bring in transparency in transactions; it supports digitalization. Thus study will be taken to understand the impact of demonetization on digital payments. How it has affected digital payment industry. Whether people are still in trans of demonetization or the wave of demonetization is wiped out. The research will study the response of consumer towards the use of online portals after a year of demonetization.

### 1.1 Research Problem

The following research problems are raised-

- i. Why have online app increased over the past one years
- ii. Why are customers tending towards digital money and digital apps?
- iii. Why are customer showing the level of acceptance towards digital app?
- iv. How far the digital apps are secure?
- v. What impact have apps created on customers in past one years?
- vi. What role is government playing in increasing awareness towards less cash economy?
- vii. Is the future of Indian economy tending to turn towards digital environment?

### 1.2 Objectives

To study the response of online portals post demonetization, following objectives are set-

- i. To study the perception of consumer towards use of online portals
- ii. To study the most convenient apps used by customer for their payments.
- iii. To understand the level of acceptance for digital payment apps.
- iv. To know about security and privacy of digital payment apps.
- v. To understand the government's role in promoting cashless environment

### 1.3 Hypothesis

- i. H0: - 75% respondents have been using digital portal before demonetization.  
H1:- 75% respondents have not been using digital portals before demonetization.
- ii. H0:- 70% people agree with the statement demonetization has been successful step in promoting lesscash economy.  
H1:- Less than 70% people agree with statement demonetization has been successful step in promoting lesscash economy.

## 2 LITERATURE REVIEW

WHETHER E-WALLETS ARE REALLY A CATALYST TOWARDS EXPEDITION OF CASHLESS ECONOMY? : AN EMPIRICAL INVESTIGATION IN THE AFTERMATH OF DEMONETIZATION

K. Jacob Davis<sup>1</sup>, P. Balaji<sup>2</sup>and Prof. S. Gurusamy<sup>3</sup>

K. Jacob Davis, P. Balaji and Prof. Gurusamy found that majority of e wallets user ranged between the age of 18-25. It shows youth is more prone towards digitalization. According to their study sizeable portion of their respondents were post graduate and earning in private sector. The usage of apps increased after demonetization. Perception of respondents using e wallet after demonetization considering convenience and privacy as well as security factor is different from those who were using the portals before demonetization. He suggest that the e wallets application should be improved on following fields like security, privacy, accessibility, convenience, speed and content etc. They also found that payment of regular transactions like DTH, Electricity bills, grocery bills, Mobile recharge have been changed from physical transactions to Digital transaction.

AN EMPRICAL STUDY ON CONSUMERS ADOPTION OF MOBILE WALLET WITH SPECIAL REFERENCE TO CHENNAI CITY

DR.S.Manikandan\*<sup>1</sup>, J.MaryJayakodi <sup>2</sup>

Dr. S Manikandan and J Jayakodi conducted a research to know the consumer behaviour in adopting e wallets. They found that users are satisfied with e wallet transaction. Security and safety are challenging factors for e wallet companies. They concluded that Mobile wallet usage awareness as spread among the people in India due to government policy of demonetization and this has forcefully induced the usage of mobile wallet . At last they wound up saying usage of e wallets will increase in upcoming years.

“MOBILE WALLET: AN UPCOMING MODE OF BUSINESS TRANSACTION” by Dr. Poonam Painuly, Shalu Rathi.

In this research authors have analysed that ease of transaction, secured profile and convenience in handling application put forth the benefits of wallet money and also concluded that business sectors like banking, retail, hospitality etc., are making use of wallet money and mobile payment instruments including contactless and remote payment in the customers –business and customers to customers areas.

#### DEMONETIZATION, DIGITAL INDIA AND GOVERNANCE BY NIRANJAN SAHOO AND SARIKA LOHANA

The authors of the has covered different angles of demonetization in respect to Digital India and Governance. They explained how research in the economics of digitization touches on several fields of economics including industrial organization, labour economics and intellectual property. A key issue in economics of digitization is how much people value internet based services. Privacy and data security is an area where demonetization has substantially changed the cost and benefit to various economic factors. Talking about e wallets author said that e wallets are far more easy to use and largely accepted by consumers. This will result in overall growth of digital economy.

In the book author has discussed about various government packages for promotion of Digital and cashless economy that includes various incentives to carry digital transaction.

**नाकोणताहीलाभ, नाडिजिटलझालीअर्थव्यवस्था!** by Suresh Bhatewara in Lokmar dated 31<sup>st</sup> may 2018

Author in this article talked about impact of demonetization on digital economy. According to author not a single benefit which was promised by PM Narendra Modi has been fulfilled by demonetization. Perhaps, cash transactions in the country is running unanimously. Even if people spontaneously switched from cash to cashless right after demonetization but after the availability of optimum cash they again switched back to cash transaction. Currently, digital transaction conducted in India is only 5% as compared to cash transaction. The most benefited component of digital economy is E wallet companies. Vice president of PayTm Kiran Vasireddy said in India, people are habitual with cash transaction. To inculcate cashless transaction will take some more time. To make digital transaction more comfortable many banks as well as government took initiative by introducing various apps in the market like BHIM, Adhar Pay, net banking app etc. Instead of getting e transaction viable it create more mess and ambiguity. Increasing number of cases in cyber crime affect safety and beliefs of people doing digital transaction. Also government and police lack infrastructure as well as man force in controlling cyber crime is the fact in today's situation.

### 3 RESEARCH METHODOLOGY

For conducting research study, researcher has used primary data as well as secondary data.

Instruments used under primary data are

Questionnaire

Observation Methods

Secondary data used in this research are references from:

Newspaper clipping

Journals and periodicals

Other internet sources

Books

Sample size	150
Sampling Technique	Convenience Sampling
Data Analysis	Proportionality test

**4 DATA OBSERVATION**

**4.1 Usage of Digital Portal.**

People been asked about timespan of using digital portal. Survey was conducted to know whether the use of portal increased post demonetization.

Usage of digital portal	
After demonetization	Before Demonetization
29	121

**Table-1: Usage of Digital Portal**

Respondents were asked about usage of the portals. Since majority of respondents belong to age group of 18-29 i.e. young generation which is more techno savvy. They are prone towards digital portals. Even though they have started using the portal more often post demonetization; it has been found that they were using it before demonetization. A little number of respondents were added in the group of people using digital portal after demonetization.

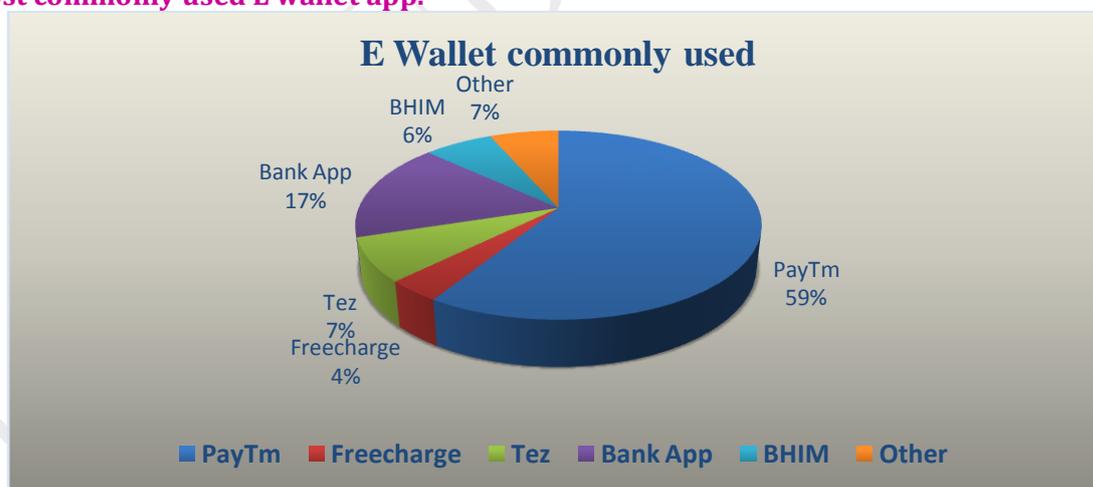
**4.2 Technical environment of India ready for going cashless**

Opinion of people were taken on the issue of technical environment of India. It was found that 28.67% people agreed that technical environment of India is ready to go cashless. However, 60.67% respondents feel there is still time. Remaining 10.67% respondents did not raise any opinion.

Technical environment of India ready for going Cashless		
Yes	No	Can't say
43	91	16

**Table-2: Technical environment of India ready for going cashless.**

**4.3 Most commonly used E wallet app.**



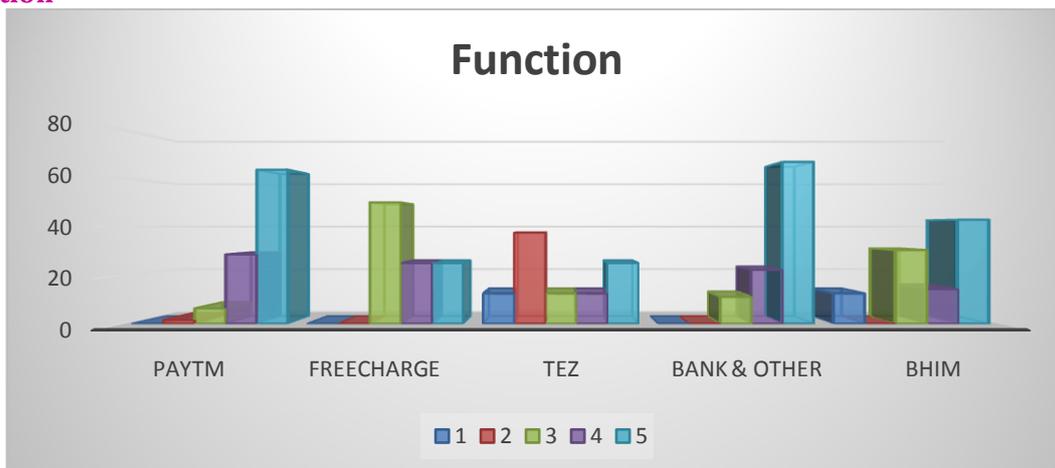
**Pie-chart-1: E-wallet commonly used**

Respondents who use online portals for making payment were asked about which e wallet they used more. 58.87% respondents use PayTm followed by Bank apps

**4.4 Rating on the basis of various parameters**

Parameters were raised on the scale of 5 to 1. 5 being highly preferred and 1 being highly not preferred. Following is the

**a. Function**

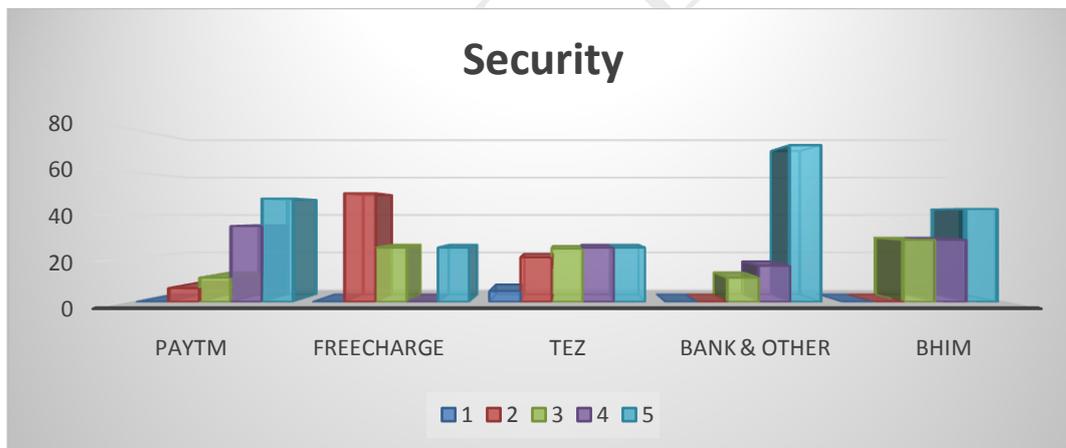


**Graph-1: Rating on the basis of function**

Out of respondents who use online portal have rated the app on the basis of function. Respondents believe that Functions of Bank applications are highly preferred followed by PayTm, Freecharge, Tez and BHIM.

**b. Security**

Respondents were asked to Rate the application on the parameter of Security. It was observed that, Bank applications are highly secured followed by PayTm, BHIM, Freecharge and Tez.



**Graph-2: Rating on the basis of security**

**c. Offers and Discount**

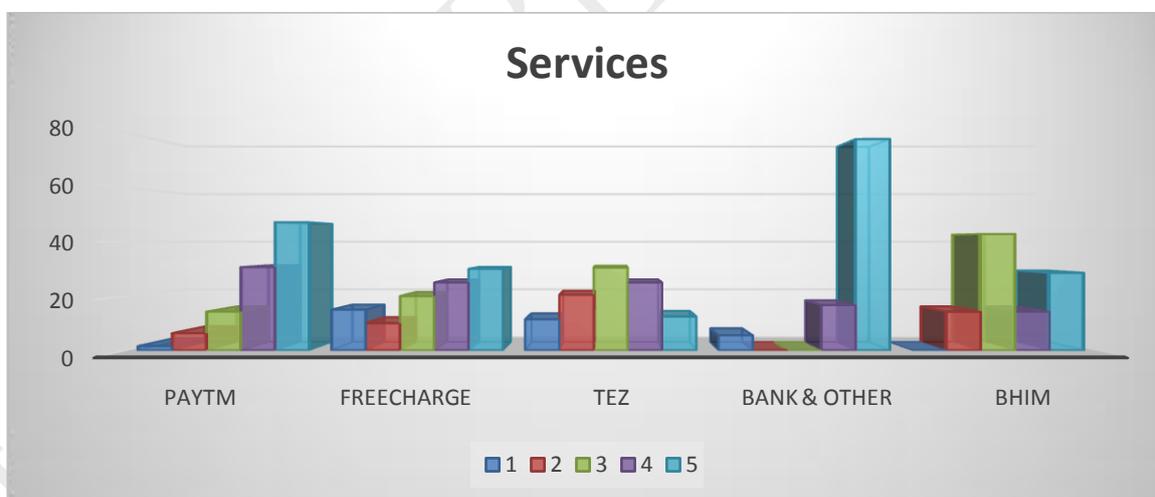


**Graph-3: Rating on the basis of offers and discount**

On the parameter of offers and discount it was observed that PayTm is highly preferred followed by Freecharge, Tez, Bank application and BHIM respectively .

**d. Services**

On the basis of services provided by this applications like passbook service, adding money through bank account, linking with other apps etc. It was observed thatBank apps is highly preferred on the parameter of services followed by PayTm, BHIM, Tez and Freecharge respectively.



**Graph-4: Rating on the basis of services**

**5 Findings and Discussion**

**5.1 Specific Findings**

Proportionality test was applied to test the hypothesis raised under this study.

- i. H0: - 75% respondents have been using digital portal before demonetization.
- H1:- 75% respondents have not been using digital portals before demonetization.

After applying proportionality test, calculated value is 1.6039 at 5% level of significance. Table value at 5% level of significance is 1.96 i.e. greater than calculated value. Hence, H0 gets accepted.

ii. H0:- 70% people agree with the statement demonetization has been successful step in promoting lesscash economy.

H1:- Less than 70% people agree with statement demonetization has been successful step in promoting lesscash economy

Proportionality test was applied and the results obtained was 1.6042 which is lower than calculated value at 5% level of significance i.e. 1.96 therefore H0 gets accepted.

## 5.2 General Findings

- i. People agree that Demonetization will lead to Digitalization.
- ii. The number of people using online portals for making payments is more than those who do not use online portals.
- iii. People who use online portals commonly prefer PayTm and Bank apps because they genuinely believe on safety and convenience as well as facilities of this apps.
- iv. People ranked bank apps highest on the basis of security, functions and services whereas PayTm is highly rated on the basis of offers and discount
- v. It has been found that people were using digital portal even before demonetization but frequency of using the portal has increased post demonetization.
- vi. Recharge, Shopping and online transfer are the most common purpose behind usage of online portals.
- vii. Government revenue collected from cashless mode is increased during a year post note ban.
- viii. There is increase in PoS machines. Coordination of MDR (Merchant Discount Rate) will soon be coordinated and decreased by RBI.
- ix. Due to poor infrastructure people are getting penalized on account of digitalization in banks.

## 6 CONCLUSIONS:

It is the right time to discover whether the effect of demonetization on digitalization was temporary phase or has it affected the society at large.. After conducting the survey, Researcher has come to the conclusion that though majority of the users of such online portal is youth, still small vendors who are not so educated are also finding it easy to accept money through digital wallets. In present scenario, the use of Cards and E- wallets has increased, although there is limit to the usage of these cards. Because of the limits, people have difficulty in payments. Majority of the respondents were in the age group of 18-29 who are more techno friendly and find it easy to use e wallets. Thus they were using the portals even before demonetization. But they admit the fact that acceptance of digital money and frequency of usage has increased after 8<sup>th</sup> Nov 2016. More clarity and operational performance has to be shown from the government who is aiming India to be a less cash economy. An right efforts in a righter perspective will help India achieve digitalization. Though, Demonetization has given way to Digitalization; it has a long way to go in Indian society.

## 7 SUGGESTION:

**7.1 People should not be penalized:** As Digitalization seems to be the future of Indian Economy, it has to be free from hassles of payment and acceptance. The limit for payment and acceptance have to be removed and proper incentives to be given for those who use it.

**7.2 Security system:** This is the time where people are switching back to cash transaction. To gain their confidence towards digital transaction strong security system has to be in operation. So proper efforts and initiatives have to be taken up by government towards making this digital apps more secured.

**7.3 About maintaining consistency of usage:** though People have started using e wallets is difficult to predict how long they will use it. Government and society have to work hand in hand to achieve the dream of digitalization. Even though the move has been started, it is a real challenge to maintain the flame and keep people going ahead on the way of digitalization.

**8. REFERENCES:**

NiranjanSahoo and SarikaLohana (2017) *Demonetizations, Digital India and Governance*.

- i. K. Jacob Davis<sup>1</sup>, P. Balaji<sup>2</sup>and Prof. S. Gurusamy<sup>3</sup>: *whether e-wallets are really a catalyst towards expedition of cashless economy? : an empirical investigation in the aftermath of demonetization*

**9. NEWSPAPER CLIPPINGS:**

- <http://www.iosrjournals.org/iosr-jbm/papers/Conf.17037-2017/Volume-1/10.%2050-55.pdf>
- [http://granthaalayah.com/Articles/Vol5Iss5/11\\_IJRG17\\_A04\\_247.pdf](http://granthaalayah.com/Articles/Vol5Iss5/11_IJRG17_A04_247.pdf)
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