

AN EMPIRICAL STUDY ON THE ROLE OF CASHLESS ECONOMY IN BANK MARKETING

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ABSTRACT

Background: *An economy in which no cash sales exist is termed as cashless economy. A cashless economy functions with credit card, debit card, wallet, or digital purchases. India is still in its early stage of digital payments and majority of the people rather prefer cash transactions than cards, but India is evolving into a "cashless economy." It is necessary to stop shadow economies, corruption, terror funding, trafficking in human beings and narcotics, counterfeit money, etc.*

Objectives: *To research the effect of the government's cashless policy on banks' marketing strategies. And to recognize the difficulties that banks face in adopting the payment mechanism without currency.*

Methods: *This research was carried out in some selected banks in Hyderabad to learn the effect of the digital payments on the marketing strategies of banks. The primary data was gathered using an interview and an organised questionnaire. This survey was carried out in the Six of Hyderabad city's top banks i.e. State Bank of India, ICICI Bank, HDFC Bank, YES Bank, Central Bank, and Axis Bank.*

Results: *The majority of the Likert scale rating given was 3 which is neither agreed nor disagree 4 as agree and 5 strongly agree. The highest mean was seen as a safety issue with 4.6 and Less POS with a mean of 4.5 and less no. of ATM working properly with a mean of 4.2. The least mean was 2.6 seen in the server down issue.*

Conclusion: *Cashless economy by fostering competitiveness, open access and payment interoperability, the integration of new technology and financial and social assimilation into the market, and the safeguarding of the security of digital transactions of customers, it should be beneficial to bridge the Digital Divide.*

Keywords: Cashless economy, the cashless society, Digital marketing, Likert Scale.

INTRODUCTION

An economy where the financial transactions are not done with paper money or coins but with digital money like debit cards, credit cards, mobile wallets or e wallets is called as a Cashless Economy. Earlier it was barter system and at present the digital currency are also used to make cashless transactions possible.

Cashless economics is accessible, convenient for prosperity, business-friendly, pro-financial inclusion, etc. Government supports BHIM, Google pay, Pay TM, Phone Pe, etc. A cashless economy needs robust digitalization. It has different facets. The mindset of the citizens is daunting, the system of security, lack of infrastructure, etc.

A cashless economy movement has a significant influence on organizations' marketing campaigns.

The advent of new technology in the sector has moved the bulk of businesses from conventional marketing to the internet or digital marketing. There was a huge increase in the volume of digital payments and online purchasing as consumers going for online shopping/purchases due to a post-demonetization cash shortage. Global players continue to see booms in online sales, restaurant reservations, grocery transactions, etc.

As the country is heading toward a cashless economy, banks have played a crucial role in introducing the cashless payment mechanism. Banks have developed multiple cashless instruments, such as digital wallets, online banking, and mobile banking, which can assist consumers in processing cashless transactions at ease.

This research has been conducted in a number of selected private and public banks to scrutinise and focus on the idea of "*cashless economy*" for a market where cash is replaced by digital currency, i.e. legal tendering (money) is made, registered and exchanged only in digital electronic form based in Hyderabad.

RESEARCH OBJECTIVES

The present paper throws light on the following objectives.

1. To figure out the role of cashless initiatives have impacts on bank marketing campaigns.
2. To identify the problems during the implementation of cashless payment system by the banks.

REVIEW OF LITERATURE

Jain (2006) said that e-payment would minimize black money, in the article 'E-Payment and E-Banking.' The technical benefit secures and secured as well as quick payments and transactions will ensure the optimum use of the capital of Indian banks, NBFCs, and ordinary citizens.

In its article "*A Report on Demonetization and its Effect on Cashless Transactions,*" Balaji & Balaji (2017) said it avoids the dissemination of unaccounted money rather than making it easy. He also addressed demonetization, in many places, such as Myanmar, the Soviet Union, Australia, Ghana, Nigeria, and Pakistan, he also addressed demonetization.

In its article "*The impact of and the relevance of cashless business in India,*" Shendge, (2017) In order to assess the effect and value of cashless transactions they used a descriptive approach. They further said finances are critical for driving the concept of a cashless economy through digital payments platforms.

Vincent, (2005) presented details about credit card service and settlement in India and concluded that this was a benefit to both merchants and consumer in the article "*Credit cards – Modern payment mechanism.*"

The role of e-payment tools and e-banking in customer satisfaction was analyzed in Hojjati and Azad (2015). Results demonstrated that the e-payment instruments and e-banking have a good and meaningful correlation.

Suberu, Afonja, Akand, and Adeyinka (2015) have reported a positive yet negligible marginal productivity coefficient of bank loans in the domestic economy.⁶

Mukhopadhyay (2016) researched the cashless payment mechanism in India and presented an evaluation of customer and seller decisions on cashless payments. The author

eventually found out that cashless payments are more crucially supported by cash flows into accounts.

The impacts of e-Banking and Cashless society on the Nigerian economy were studied by Umanhonlen and Omoruyi (2015). During the analysis, the banks' business sector of the Nigerian economy was the subject of different aspects of the e-banking services and cashless economy. The paper notes that a prosperous cashless world must be on the table; banks need to emphasize all odds to ensure that the reliability of e-banking frameworks is paramount.

Digital marketing developments in the post-demonetization era were analyzed by Kumudha and Lakshmi (2016) and it became evident that technological advances have resulted in expanded digital marketing, Internet marketing, and other technologies Kumudha and Lakshmi (2016).

Thangamuniyandi & Ragavan (2016) suggested that the banking failure of innovations is an essential problem for clients, who lose lots of money and generate tension in the banking industry. Bankers should take precautions to secure online purchases by well-created passwords such as lower-case combination with upper case characters, and symbol numbers. The bankers should take these protective precautions Thangamuniyandi & Ragavan (2016).

METHODOLOGY

This research was carried out in some selected banks in Hyderabad to evaluate the effect of the cashless economy on the marketing strategies of banks. The primary data was gathered using an interview and organised questionnaire. This survey was carried out in the Six of Hyderabad city's top banks i.e. State Bank of India, ICICI Bank, HDFC Bank, YES Bank, Central Bank and Axis Bank.

Statistical Analysis: The response obtained was tabled using cross tabulation and checked using SPSS 20 software.

To achieve the research objectives a structured questionnaire has been designed. Customers of respective banks have been targeted for the purpose of the study and they have been asked to give their response on five-point Likert scale where:

1 = Strongly disagree

2 = Disagree

3 = Neither agree nor disagree

4 = Agree

5 = Strongly Agree

Targeted individuals were asked to answer on a Likert scale to consider the correlation between cashless policies and banks' marketing strategies Tables 1-4.

Analysis

Bank Name	No. Employees	No. of Customers	Total
State bank of India	9	45	54
ICICI Bank	12	25	37
Axis Bank	10	17	27
YES Bank	11	27	38
HDFC Bank	13	36	49
Central Bank of India	7	39	46
Total	61	189	250

A total of 250 respondents were analyzed from our study from 6 Banks staff and the random customers at the bank premises

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Cashless Policy Bank Marketing	61	100.0%	0	0%	61	100.0%

Count		Bank Marketing		Total
		Use of digital marketing communication channel	Use of digital product distribution channel	
Cashless Policy	Maximise digital transaction	13	23	36
	Minimize cash transaction	19	6	25
Total		28	25	61

	N	Min	Max	Mean
Less POS	189	3	4	4.5
Less no. of ATM working properly	189	3	4	4.2
Server Down	189	3	5	2.6
Safety/ Security Issue	189	3	5	4.6
Lack of Technical Knowledge	189	4	5	3.7
Geriatric Population	189	4	5	2.9

Majority of the Likert scale rating given was 3 which is neither agree nor disagree 4 as agree and 5 strongly agree. The highest mean was seen as safety issue with 4.6 and Less POS with a mean of 4.5 and less no. of ATM working properly with mean of 4.2. The least mean was server down issue with 2.6.

RESULTS & DISCUSSION

The government is implementing a cashless economic strategy to reduce India 's cash reliance economies, which would help stop many social evils, including corruption, black money etc, for economic growth and country development. The policy of cashless economy has a substantial impact on banking marketing strategies. The Bank needs to refine its marketing tactics from conventional marketing to digital marketing approach to remain up to date with this changing context.

Cashless initiatives have been found to have a substantial positive effect on banks' marketing campaigns. All cashless economy and banking marketing policies there is a positive significant relation. Cashless policies transform the conventional marketing tactics of the bank into digital marketing policies. The approach on bank marketing is seen as contingent variable and cashless policy is viewed as an independent variable. At this point, the research splits the independent cashless predictor into two sub variables, Cash transaction minimization and digital transaction maximisation.

The relationship between the cash-free economy and banking marketing campaigns can be shown to be highly optimistic. Finally, it can be argued that cashless initiatives have a major positive effect on banks' marketing strategies. In adopting cashless bank policies, banks have a paradigm change from conventional marketing strategies to digital marketing strategies. A cashless strategy is adopted by bank customers to decrease cash transactions and maximise digital transactions that will eliminate the number of customers in the bank.

The Bank's emphasis on various digital payment platforms played a key role in introducing cashless policies. To approach the consumers and sell the goods, the bank switched its marketing strategy from conventional marketing strategies towards digital communications network marketing, such as internet ads, social media marketing, and mobile marketing. The emergence of cashless payment systems poses several obstacles these include inadequate knowledge, less POS (Point of Sale), less ATMs, poor Internet connectivity, a concern with security and a lack of technological ability.

There are some factors that obstruct the direction of growth of a Cashless economy. The geographical, spatial, economic and socio-cultural conditions of the region are very important in these aspects. The blame for these hurdles to the development of cashless payment systems rests therefore with the government, municipal authorities, and financial institutions, including the banks.

CONCLUSION

Cashless economy by fostering competitiveness, open access and payment interoperability, the integration of new technology and financial and social assimilation into the market, and the safeguarding of the security of digital transactions of customers, it should be beneficial to bridge the Digital Divide.

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