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## CASHLESS TRANSACTIONS IN ORGANIZED RETAIL: GROWTH AND CHALLENGES

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### **Abstract:**

*Payments and transactions are the integral part of our daily live. These transactions were predominantly done in cash till recent past. The cashless mode of transaction has evolved and gathering momentum as an alternative to cash. Retail is the ultimate destination for transactions and it has witnessed a remarkable journey from unorganized to organized format in last decade. The transition from grocery stores, to malls and E-Commerce to organized retail has seen the growth of payment mode from cash to cashless.*

*The outbreak of Corona Virus or COVID – 19 pandemic had severe impact on both the life and livelihood. The Nationwide Lockdown restricted the way businesses activities were carried out as health and safety became the prime concern.. Organized Retail being the caterer to end customer, witnessed tremendous changes in the purchase and payments pattern. Our Government and Agencies had taken various initiatives and innovations to boost digital payments as a safe and contactless mode of payment amid the concern for Corona virus. This pandemic has witnessed significant rise in cashless transactions by using credit cards, Paytm, E-wallet, UPI or Electronic fund transfer instead of cash. This paper studies the impact of COVID-19 on the growth and challenges of cashless transactions in organized retail sector.*

**Keyword:** Awareness, Penetration, Organized Retail, Cashless, Transactions

### **Introduction:**

Cashless transactions are carried out electronically instead of doing it manually. The growth of the organized retail is witnessing huge transactions, thus providing enormous scope cashless transactions as well. The availability of cashless modes of transactions, for the customers and retailers, along with the ease and security, will drive its growth. The transition from cash to cashless give rise to many opportunities and challenges. It contributes significantly to achieve the goal of Digital India.

### **Modes and benefits of cashless transactions in organized retail:**

Payment Mode	Process	Customer		Retailer	
		Benefits	Concern	Benefits	Concern
Debit/Credit Card Ex: RuPay, Master card, Visa etc.	Credit card is swiped on a POS device.	Ease and convenience of use.	card loss or delayed payment may give rise to high interest	Convenience due to easy availability of POS devices	Commissions could be charged for each transaction.
E-Wallet Example: Paytm, Google Tez, PhonePe etc.	Money is transferred to a merchant through digital wallet app.	Can be easily used with the help of smartphone.	Bank account with the same wallet service provider is required	Funds can be accessed immediately without additional investment.	Transactions carry commissions.
UPI Ex: Tez BHIM, Google	Money is transferred through UPI enabled app.	Can be easily used with the help of smartphone.	Transaction not possible Smartphone	Funds can be accessed immediately without additional investment.	Transactions carry commissions.
Aadhar Enabled Payment System	Aadhaar affiliated bank account is mandatory for money transfer	Instant transfer of money	Money cannot be transferred without Aadhaar enabled bank account.	Fast and reliable source of money transfer.	Transaction not possible without biometric device.

Source: DQINDIA ONLINE – February 12, 2018

### Challenges of Cashless transactions:

- Lack of literacy and awareness regarding ease and benefits of cashless transactions
- Lack of access to banking services
- Retailers do not provide the cashless payments option.
- Security and safety issues
- Stringent laws for Cybercrime/Internet Fraud
- Transaction charges on cashless transactions
- Non availability of appropriate digital infrastructure

### Incentives for cashless transactions:

- Cash Back
- Discount

- No Cost EMI
- Gift Card/Voucher
- Shopping points redemption

### **Literature Review:**

Ashish Das, and Rakhi Agarwal, (2010) studied the cashless payment system in India. They suggested that the cash payment is an expensive proposition to the government and so the nation must step towards the cashless payment system which reduced the track transactions, currency management cost, eliminates tax avoidance, fraud etc. Moreover, it widens and encourages financial Preeti Garg and Maanvi Panchal (2017) studied the benefits and challenges of cashless economy in India. They suggested that usefulness of cashless transactions is agreeable. smooth implementation of cashless system, requires transparency and efficiency. Government & Reserve Bank of India should use strategies like promoting mobile wallets, withdrawing service charge for digital payments and conducting financial literacy campaign to make the population aware of benefits of electronic payments.

Bappaditya Mukherjee (2016) in his study "Understanding cashless payments in India" suggested that as payments are directly credited to the account, cashless payments increase significantly. While in short run a positive shock towards developing critical network is important, in the steady-state equilibrium, cashless transaction increase only if accounts have steady inflows. The positive relationship between regular inflow into account and cashless payments is strong. A concentrated effort to make individuals aware of the advantages of cashless payments is the starting point.

### **Objective:**

- To understand the concept of cashless transactions in organized retail
- To study the awareness and penetration level of cashless transactions in organized retail

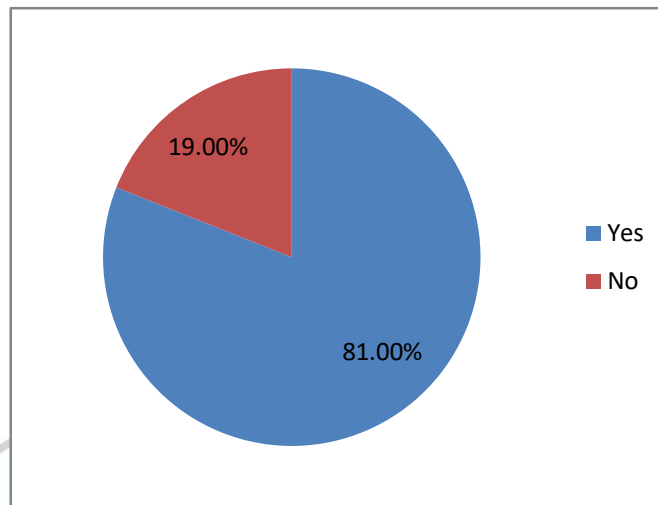
### **Research Methodology:**

This conceptual study uses secondary data only and the same has been collected from the following sources:

1. Journals
2. Industry Reports
3. Research Papers and Articles
4. Internet

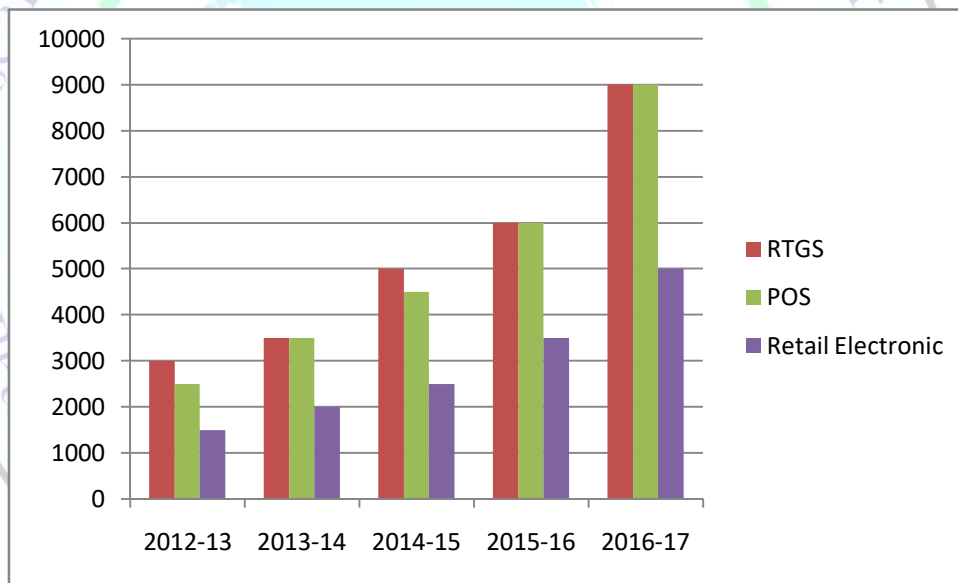
### **Facts and Figures: Growth of Cashless transactions in organized Retail:**

Are Cashless transactions more convenient than cash ones?



Source: IOSR Journals.org

Number of transactions (In millions)



5.

Source: RBI 2017[25]

### The future is digital

Digital payments market in India is currently pegged at \$200 billion, but is expected to touch the \$1 trillion mark by 2023, says a Credit Suisse report.

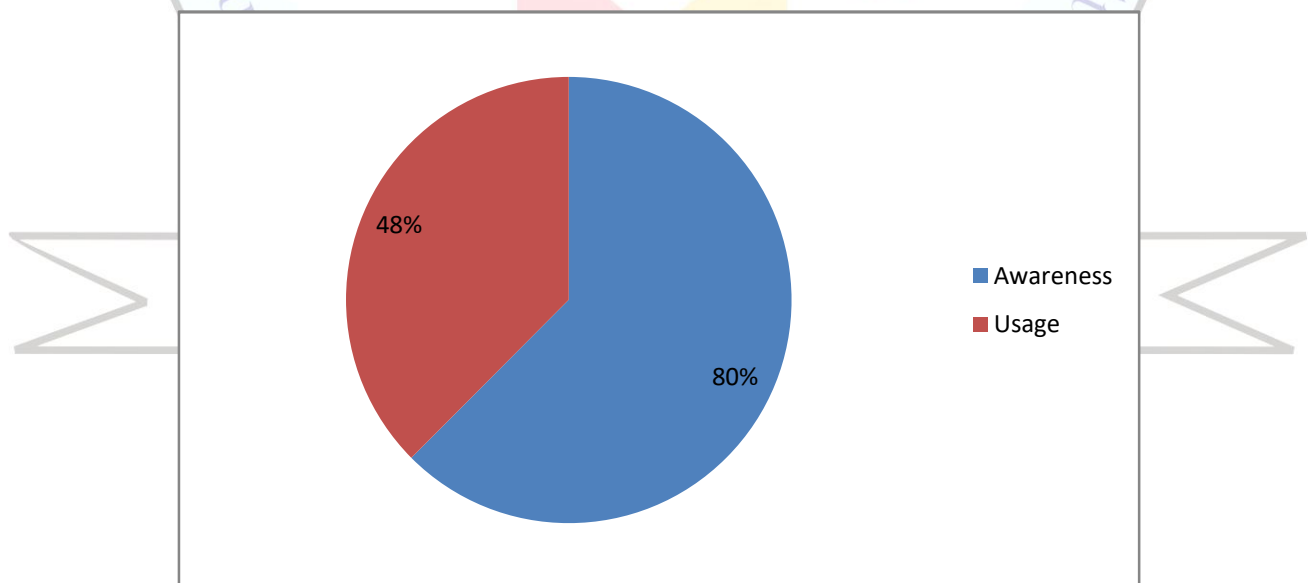
	paytm	G Pay	MobiKwik	PhonePe
<b>User base</b>	350 million (total active users)	25 million (monthly active users)	107 million (total active users)	118 million (total users)
<b>Modes of payment</b>	UPI, Wallet, Payments bank	UPI	Wallet, UPI	Wallet, UPI
<b>What all you can do with it</b>	UPI payments, mobile, DTH, flight, train, movie tickets	UPI payments, DTH, flight, movie ticket booking, food	UPI payments, wallet, mobile, DTH, electricity, gas, insurance	UPI payments, wallet, mobile, electricity, water, insurance
<b>Number of offline merchants</b>	9.5 million	1.2 million	143,332	300,000
<b>Transaction</b>	Over 1.5 billion transactions in a quarter	860 million transactions in 2017-18	\$3 billion gross transaction value in FY 2017-18	\$110 million transaction value in August

Payment in WhatsApp is not officially available in India yet. It is currently in beta.

Source: Credit Suisse Report

- Exponential growth in user and volume of digital payments is expected in next 3 years.
- The cashless transactions will be high in volume and low in value & cost.
- The penetration of bank accounts and smart phone (80 per cent and 84 per cent respectively) and retailers (97 per cent and 94 per cent respectively) has boosted the adoption of cashless payments
- According to NITI Ayog digital payment rose to 55% in 2016-17 as against 28% in 2015-16 .
- As per Centre for Digital Financial Inclusion report 63% of retailers are ready to opt cashless transactions.
- UPI has reached 800 million monthly transactions in less than three years,
- Euromonitor reported that the cash transactions in the India fell from 78% to 68% between 2015 & 2017.
- The E-Wallet companies reported a significant jump in digital transactions. Non-cash spend to overtake cash spend by 2020.
- Organized retail will get a boost through Unified Payments Interface and will see around One Lac Crore of cashless transactions each year, by 2025
- Cashless transactions have seen a growth of 19.91% & 24.14% in terms of number and monetary value respectively.

Awareness and usage percentage of cashless transactions of organized retail sector.



**Findings:**

The above data shows that there is a tremendous growth regarding awareness of cashless

Transactions in organized retail sector, however usage level is comparatively low. Security and lack of trust are the major barriers for the same. Huge opportunity lies ahead in cashless transactions of organized retail sector which needs be encashed to ensure growth of organized retail and in turn the economic growth of the country.

### **Conclusion:**

Cashless transactions in organized retail have become an easier and essential mode of payment. It can be enhanced by mitigating security risks and building trust for both the retailers and the customers. Technology should be leveraged to the advantage of all. Government should ensure the availability of required infrastructures and incentives for cashless transactions.

The objective is to provide an equal opportunity to all the consumers and retailers for contributing to the transformation from cash to cashless in organized retail leading to overall economic growth. Cashless economy is beneficial for all the stakeholders – retailers, consumers, industries, bankers and Government. The holistic benefit will concrete the shape of Digital India.

### **Recommendation:**

- Retailers and Customers should be made aware of the benefits of cashless transactions.
- Infrastructure constraints need to be eliminated.
- Knowledge and adoption of technology based devices, gadgets and apps like POS and QR Code must be provided.
- Incentives should be given for cashless transactions to encourage usage.
- Cyber laws along with Prompt and timely dispute settlement mechanism must be formed.
- Removal of transaction charges for digital payments
- KYC process should be simplified and KYC cost should be reduced to include maximum population in the mainstream digital payments.

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