

**IMPACT OF CASHLESS TRANSACTION ON CONSUMER BEHAVIOR IN RURAL AREAS****Avantee Nivrutti Patil***Department of Business Administration & Research, Shri Sant Gajanan Maharaj College of Engineering, Shegaon  
avanteepatil26@gmail.com***Prof. V. V. Patil***Department of Business Administration & Research, Shri Sant Gajanan Maharaj College of Engineering, Shegaon  
vvpatil@ssgmce.ac.in***Abstract**

Electronic payment systems have transformed global transactions by offering convenience, security, and efficiency. However, cashless payments in rural areas have been slower to evolve due to socio-economic and infrastructural challenges. This study examines the impact of digital transactions on rural consumer behavior, focusing on awareness, adoption barriers, benefits, and socio-economic influences. Through case studies and surveys in selected rural areas, key adoption factors such as financial literacy, internet access, banking services, and consumer trust are identified. While awareness has improved due to government initiatives and smartphone penetration, adoption remains limited. Many rural consumers face challenges like low digital literacy, weak internet connectivity, cybersecurity concerns, and resistance to change. Trust issues related to fraud and transaction failures further discourage adoption. Despite these setbacks, cashless payments have positively influenced consumer behavior by enhancing financial control, reducing cash dependency, and expanding banking access. Small vendors benefit from lower transaction costs and wider market reach. To enhance financial inclusion, the study recommends improving digital literacy, expanding rural internet infrastructure, strengthening cybersecurity, and offering incentives for digital payments. Bridging the digital divide can facilitate a smoother transition to a cashless economy, promoting inclusive growth through collaborative efforts by governments, banks, and technology providers.

**Keywords:** Cashless transactions, consumer behavior, rural areas, financial inclusion, digital payments, economic impact.

**Introduction**

The swift development of digital banking and mobile payment technology has revolutionized financial transactions globally, opening the door to cashless economies. Governments and financial institutions encourage digital payment systems actively to increase transparency, decrease corruption, and enhance economic efficiency. The move toward cashless transactions has gained momentum with higher smartphone penetration, internet access, and government programs like digital financial inclusion initiatives. Whereas city centers have been quick to accept digital payments, rural economies have faced numerous difficulties that are yet to promote comprehensive adoption. In the countryside, traditional cash transactions have been the prevalent form of finance because of some of the aspects like minimal financial infrastructure, weak digital literacy levels, and limited internet coverage. Aside from these advantages of being convenient, safe, and making transactions speedily, their rollout in rural economies is sluggish. Rural customers are highly unaware and not confident in cashless systems, with concerns that their money will not go through or that they might lose it to fraud. Cultural and behavioral aspects also weigh heavily, where the population still favors hard cash transactions compared to electronic alternatives. The shift towards cashless transactions poses many opportunities for

rural economy, however. Electronic payments have the ability to empower small enterprises, farmers, and wage laborers by giving them enhanced access to financial services, less reliance on physical cash, and easier access to credit. In addition, electronic financial inclusion is likely to increase economic growth through effective management of finances, allowing people to save, and promoting increased participation in formal financial systems. Overcoming challenges of poor digital literacy, poor infrastructure, and distrust is essential in order to accelerate cashless payment adoption in rural regions. In this research, the influence of cashless payment on consumerism in rural areas is examined in terms of identifying major challenges and opportunities. Drawing upon an analysis of adoption and resistance factors, the study seeks to inform strategies through which the digital divide can be addressed and increased financial inclusion be realized in rural areas.

**Literature review**

**Neha Ugyal (2022) "Digital Finance and Financial Inclusion A Study On Customer Behaviour Regarding Online Banking Services."** Ever since the 2005 Rangarajan Committee, financial inclusion has evolved into Digital Financial Inclusion with the growth of the digital economy and the move towards a cashless economy. Internet banking is convenient and cost-

saving but is subject to awareness, trust, education, security, cost, and mindset, especially in rural areas.

**Singh and Devender (2023) "Perception of customers and retailers towards cashless transactions."** Singh and Devender discuss consumer and merchant attitudes towards cashless transactions, with a special emphasis on consumer behavior and preparedness. The research lists advantages such as convenience and security and discusses obstacles such as education, fees, and reliability. It examines the most influential drivers of the cashless transition and its economic effects.

**"Gupta and pooja (2023) An analysis of customer perception towards cashless transactions with special reference to Haryana."** Pooja Gupta's study examines consumer attitudes towards

cashless payments in Haryana, with a focus on ease of use, security, and convenience. She does find issues like trust and digital literacy but also finds significant drivers to adoption. She examines the effectiveness and issues of embracing cashless payments in the area.

**Apeksha (2023) "Users perception of plastic money and cashless transaction prospects and challenges."** Apeksha's study examines consumer sentiments regarding plastic money and cashless transactions with benefits like convenience and security and issues like trust, transaction fee, and digital literacy. It also identifies determinants of the adoption of cashless transactions with the aim of overcoming barriers and opportunities in a cashless economy transition.

**Banerji and Anindita (2023) "Study on impact of cashless economy on consumer transaction."** Anindita Banerji's research analyses consumer spending in Mumbai during demonetisation, employing cash shortages and cashless transactions. It discusses transition challenges and advantages such as convenience and safety. The research provides a peek into Mumbai's cashless economy following demonetisation in the context of India's overall financial environment.

**Prasad, Ravi (2023) "Customers perception towards the role of Uttarakhand Gramin Bank in rural development in the state of Uttarakhand An Empirical study."** The study analyzes the contribution of Uttarakhand Gramin Bank to rural development via MGNREGA, economic growth, and entrepreneurship among youth. Factor and regression analysis is employed with 501 responses of the participants on convenience sampling. The study identifies determinants of effectiveness and presents findings in seven systematic sections.

**Sandhi Sharon Sundari (2023) "Prevalence of chronic kidney disease in agency Rural and urban areas of Visakhapatnam district An epidemiological study."** Chronic diseases, including chronic kidney disease (CKD), are responsible for 60% of global deaths, posing serious health problems in low- and middle-income countries like India. The occurrence of CKD is determined by geography, ethnicity, and socio-economic status. Risk factors are determined by epidemiological studies, and prevention is the cornerstone for reducing its burden in resource-poor settings.

**S, Jithendra (2023) "Sustainable Pathway for Implementing Faecal Sludge Management in Rural Areas."** The study examines fecal sludge management and safe toilet usage in rural Chikkaballapur. Erratic de-sludging, even after ODF implementation, leads to pollution. Sanitation is constrained by scarce land, resources, and urban proximity. The study examines fecal sludge treatment technologies, efficiency, and rural toilet facility status.

**Agarwal and Mona (2024) "Cashless Dynamics of the Economy A Study from users Perspective."** This research analyzes patterns of cashless transactions in Ajmer, Jaipur, and Nagaur on the basis of ease, safety, and economy. Obstacles are network concerns, desires, and fraud concerns. It also investigates effects on consumption and saving, which would help policymakers and enterprises. Research in the future could evaluate geography, consumer attitudes, and emerging cashless technology.

## Research Methodology

### Objectives:

1. To Evaluate the impact of digital infrastructure on the adoption of cashless transactions in rural areas.
2. Assess internet availability and reliability in rural areas.
3. Evaluate the role of financial literacy in cashless adoption.
4. Analyze the impact of government and private sector initiatives on digital infrastructure.

### Data collection method:

#### 1. Primary Method of Data Collection:-

- Questionnaire method

#### 2. Secondary Method of Data Collection:-

- Corporate website
- Internet/Books/Journals and other written data about company and Topics
- ✓ **Research type:** Descriptive type of research

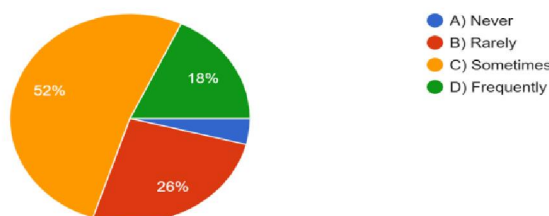
✓ **Sample size:-100**

✓ **Sampling Techniques:** Simple random sampling

**Collection of data through:** Google forms

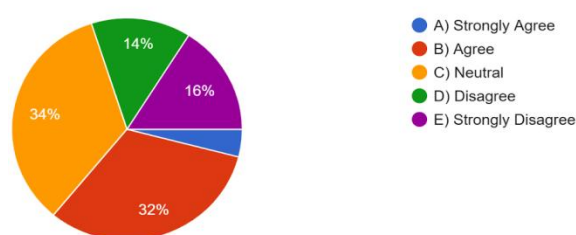
### Analysis and Interpretation:

1) How often do you experience internet connectivity issues in your area?



The pie chart shows that most respondents (52%) experience internet connectivity issues "sometimes," while 18% face them "frequently." This indicates that unreliable internet is a common problem in rural areas. Additionally, 26% reported issues "rarely," and only a small percentage never experience them. These findings suggest that poor digital infrastructure may hinder online activities, including cashless transactions, emphasizing the need for improved connectivity.

2) Do you think poor digital infrastructure in your area is a barrier to adopting cashless transactions?



The survey results indicate that poor digital infrastructure is a significant barrier to adopting cashless transactions. A combined 48% of respondents either "strongly agree" or "agree" that inadequate digital infrastructure affects cashless adoption, highlighting the challenges faced in rural areas. Additionally, 34% remain neutral, possibly indicating mixed experiences. Meanwhile, 14% "disagree" and 16% "strongly disagree," suggesting

that a minority does not perceive infrastructure as a major issue. Overall, the data suggests that improving digital infrastructure could encourage wider adoption of cashless transactions in these areas.

### Conclusion

The research points out that the cashless payments have benefited consumer behavior in rural regions by enhancing financial inclusion and convenience. Yet, the adoption remains restricted owing to infrastructural hurdles, limited digital skills, and psychological issues. While digital payments provide safety and convenience, rural adoption rates trail behind cities. Strategic interventions like better internet connectivity, financial literacy, and policy interventions are necessary to fill this disconnect and increase digital transaction adoption.

### Reference

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