Original Research Article

A Cashless Society: Consumer PerceptionTowards the Use of Digital Transactions

ABSTRACT

With the advancement of technology, the acceptance the digital electronic transaction systems among the Bhutanese consumers have increased over the years. This paper examines the level of awareness among the Bhutanese consumers about digital transactions and investigates the factors affecting Bhutanese households' perception of digital transactions. Primary data were collected by using multi-stage sampling technique from 100 Bhutanese household across twenty districts in the country for the year 2021-2022. Data were analyzed using mean, standard deviation, skewness, kurtosis and regression model to draw the results. The results showed that the respondents are more aware in terms of using ATMs and mobile apps mode of payments as compared to the latest modes of digital payments.

Keywords:Consumers, Cashless Society, Digital Payments, Technology.

1. INTRODUCTION

Bhutanese payment systems have evolved from currency notes and coins first issued in 1974 to the increasingly cashless and paperless payment systems of the digital era, and significant progress has been achieved mainly in the electronic payment (e-payment) infrastructure in Bhutan (Choki, 2023). The gradual shift from paper-based to electronic forms of e-payments in Bhutan began with the adoption of the digital payment system in the country. The evolution of e-payments in Bhutan began with the introduction of the Online Banking Services, followed by the launch of Mobile Banking System Services, followed by implementation of e-Wallet (RMA, 2022). The use of available banking technology has helped to improve efficiency in payment systems significantly. E-payments enable consumers to benefit in term of convenience and lower transaction costs. The other contributing factor that has encouraged consumers to use e-payments utilising the online banking service is the confidence conferred inspired by security measures of e-payment instruments implemented by all card issuers (banks) that provide protection against theft and fraud.

The medium of exchange that has brought a significant improvement in the form of non-cash transactions such as online, debit/credit cards and other such methods has replaced paper currency as the general medium of exchange. While the medium of exchange brought a significant improvement over the barter system, the usage of only digital methods may bring about a consequence in the form of a cashless society, where paper cash would barely be in circulation in the economy. And while this cashless society has its own benefits and intrinsic worth, it is one in which there would be a loss of security in handling money, a removal of privacy from transactions, as well as an increase in the dependency on technology and the internet (in which any issue these technologies face could halt the economy) (Walden University, 2021).

Therefore, this paper will focus on the trend of Bhutanese consumers towards the usage of digital transaction methods in their daily transactions and examine the factors affecting Bhutanese consumers' perception of digital transactions in the country.

Objectives of the Study

The main objectives of this paper are:

- To examine the Bhutanese household awareness regarding different modes of digital transactions.
- To assess the perception of usage of different modes of digital transactions among Bhutanese households.
- To investigate the factors influencing Bhutanese households' perception of digital transactions

Technological changes move faster than the media that consumers that traditionally rely on to inform of and influence their choices (Sun et al., 2019). Due to that, most business and manufacturing sectors must keep pace with technological changes to remain competitive in the market. For instance, the banking sector has implemented a large-scale technology adoption in Internet banking and mobile banking to increase service efficiency (Naidu &Sainy, 2018). The advancement internet and mobile banking mode of payments is aggressively overtaking the traditional banking service model (Kaushik & Rahman, 2015; McPhail & Fogarty, 2004; Shi et al., 2008). The current world is in its stage of digitalizing everything possible for convenience, and it is without a doubt that the way we do trade would also follow this trend. Hence, transactions have been digitalized and this has brought forth a whole range of conveniences that paper currency lacks. Hence, it would be quite practical to keep track of whether economies of interest are showing signs of having a paradigm shift in making less use of cash and more use of online and digital means of making payments. Allix & Aliyev (2019) studied on transaction methods to study cashless transactions. They found that the increasing difficulty for consumers to have cash on hand, by presenting data which shows that the number of ATMs across European Union countries have been facing a steady decrease, which limits cash withdrawals. It was also found that even some businesses and public administrations refuse cash payments. The paper then goes on to detail out the possible ramifications of the total phasing out of paper money.

Alternatively, Mohd and Pal (2020) studied on the perception of people on digital transactions in Himachal Pradesh, India with the intention of assess if India was ready for the paradigm shift from cash to cashless methods of making transactions. It was discovered that there was a general agreement amongst the respondents that there were many complications faced in making cashless transactions such as poor network connectivity, problems of illiteracy, lack of digital awareness and many more. Additionally, there was a rather noticeable amount of people who lack awareness about the latest digital modes of making payments. A similar kind of study was conducted on the public perception of the effectiveness of a cashless society by Aslinawati, Wulandari, &Soseco (2016) in the village of Tanggulturus in Indonesia, in which the conclusions made were similar to the previously mentioned study in Himachal Pradesh i.e., the lack of knowledge and awareness, in addition to the old-fashioned way of thinking in these places make for an incompatibility with the implementation of a digitalized method of payment.

Another study was done in India, with a focus on perception of rural and urban customers towards online payment systems, conducted by Mallesha (2020) showed results which also states that the people who live in rural areas need to build awareness on online transaction methods. This implies a minimal usage in those rural areas. Be that as it may, the overall frequency of the usage of online payment methods is found to have a rising trend in both rural and urban areas. This rising trend is evident despite the concerns and reservations the general public has on using online methods. This study goes on to provide recommendations in improving awareness in rural areas, in order to have maximum utilization of technological advancements. Another study, which was conducted by Vij et al. (2019), had aimed to look at the general opinion that the people of the internet had on cashless transactions. It was found that a majority of people (66.8%) were indifferent to this method, however, from the two polarizing viewpoints, it seems that there were more people who held a positive opinion (24.9%) in comparison to those who held a negative one (8.3%).

Adoption of digital transactions has been studied extensively worldwide, and many studies conclude that digital transactions should be emphasized. Past studies (Tella &Olasina, 2014) examined the technology acceptance model (TAM) to predict users continues use of the e-payment system. A very few studies (Chin & Ahmad, 2015; Dehbini et al, 2015; Roy & Sinha, 2014; Yaokumah et al, 2016) has focused on users' adoption, acceptance, and satisfaction with e-payment services. Only a few studies(Goh, 2017; Ming-Yen Teoh et al, 2013) have considered consumer's perception of e-payment systems. This study focused more on consumers' perception of digital transactions e-payment systems among Bhutanese households.

2. METHODOLOGY

The main purpose of this study was to study the household awareness regarding digital transactions and perception of usage of different modes of digital transactions among Bhutanese household. The study employed quantitative research approach. The study was based on primary data sources. Primary data have been gathered from participants with the help of a survey questionnaire. A total sample of 100 respondents was taken from 20 districts in the country. Useful responses of the participants were taken for making study more effective. Based on the requirement of the study, multi-stage sampling technique was employed to collect the required information from the participants. For the purpose of data

analysis, descriptive analysis approach involving Likert scale, mean, standard deviation, skewness, kurtosis, and multiple linear regression technique were employed in the study. The data was coded and entered using Statistical Package for Social Science (SPSS) software version 23.

3. RESULTS AND DISCUSSION

Table 1. Demographic Profile of Respondents

Gender	**Frequency**	**Percentage**
Male	67	67.0
Female	33	33.0
Total	100	100.0
Age		
20-30	16	16.0
30-40	34	34.0
40-60	26	26.0
Above 60	24	24.0
Total	100	100.0
Education		
Illiterate	18	18.0
High school	21	21.0
Undergraduate	46	46.0
Postgraduate	15	15.0
Total	100	100.0
Resident		
Urban	62	62.0
Rural	38	38.0

Source: Author's Compilation

Table 1 presents the demographic profile of the sample respondents of the study. It is observed that the majority of the respondents are male and belong to the age group of 30-40 years. 46 percent of the respondents have an undergraduate degree qualification with lowest in illiterate group with 18 percent.

Table 2: Knowledge of Different Modes of Digital Payments

Sl. No	**Mode of Payments**	**Mean**	**S.D**	**Skew.**	**Kurt.**
1.	Debit cards	2.98	1.31	-.153	-0.142
2.	Credit cards	1.03	1.65	1.08	0.87
3.	ATMs	3.87	1.32	1.24	1.16
4.	e-com merchants	0.67	1.30	0.96	0.36
5.	Internet Banking	2.19	1.23	0.73	-0.27
6.	Mobile apps	4.23	1.76	0.97	0.74

Source: Author's Compilation

Table 2 depicts regarding knowledge of different modes of digital payments. As shown in the table, knowledge regarding about debit cards since the mean value estimated on 5-point Likert scale is 2.98 with standard deviation as 1.31 it can be concluded that the knowledge about banking card especially debit cards is up to moderate extent and it varies between moderate to high extent. Negative value of skewness depicts the response is towards higher side of mean value. The value of mean regarding ATMs and mobile apps is 3.87 and 4.23 respectively which indicates that there is high extent of knowledge among the users. The knowledge about e-com merchants is up to some extent and it varies from to some extent and not at all. Since the value of skewness is positive in both modes of digital payments which indicates that responses are inclined towards the moderate extent users. A similar kind of findings was found in the research literature of Chan et al (2020; Mohd, Sharif. (2020).

Table 3: Use of the Modes of the Cashless Payments of the Respondents

Sl. No	**Mode of Payments**	**Mean**	**S.D**	**Skew.**	**Kurt.**
1.	Net Banking	3.1	1.2	0.3	-0.76
2.	Debit Card	2.4	1.2.	-0.1	0.9

3.	Credit Card	1.3	1.0	0.3	1.0
4.	e-Wallet	1.8	1.0	1.1	0.5

Source: Author's Compilation

Table 3 represents the respondents' responses regarding their level of usage of cashless transactions. From the table, it is revealed that mean score has been worked out of the use of different modes of payment between 1.3 to 3.1 at five points Likert scale with high standard deviation which means most of the respondents are using modes of digital payments for their daily transactions. The mean value pertaining to use of credit card is 1.3 with standard deviation of 1 indicates respondents are using credit card moderately. This is valid because introduction and implementation of credit card happen much later than other digital payment method in the country. The positive value of skewness in net banking, credit card, e-Wallet indicates that responses are inclined toward lower side of mean.

Table 4: Correlations Between the Different Factors

Factors	Benefits	Security	Ease of Use	Trust	Self-efficacy
Benefits	1				
Security	0.108	1			
Ease of use	-0.672**	-0.126*	1		
Trust	0.076	0.254**	0.065	1	
Self-efficacy	-0.593**	0.480**	0.168*	0.565**	1

Note: **denotes that correlation is significant at the 0.01 level (2-tailed) and * denotes significant at the 0.05 level (2-tailed).

Table 4 represents correlations result between the different benefit factors. It is observed in the correlation matrix that there are significant correlations between benefits and ease of use, trust, and self-efficacy. It can be observed that the correlation between security and self-efficacy was not significant in the study.

Table 5: Linear Regression Result of Consumers' Perception of Digital Transactions and Its Determinants

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std.Error	Beta		
Consumers' Perception of Digital Transactions	(Constant)	1.098	0.327		5.325	0.000**
	Benefits	-0.123	0.025	-0.232	-3.987	0.000**
	Security	0.231	0.041	0.231	5.016	0.000**
	Ease of Use	0.028	0.029	-0.019	-0.318	0.271
	Trust	-0.053	0.041	-0.001	-0.057	0.492
	Self-efficacy	0.321	0.376	0.387	9.012	0.000**

Note:The asterisks (**, ***) indicates significance at the 5%, and 1%le levels

Table 5 shows regression output between consumers' perception of digital transactions and its determining factors. The findings show that factors benefit, security, and consumer self-efficacy are all found to be statistically significant at 1 percent level of significance in the study. A similar finding was observed by (Goh, 2017; Ming-Yen Teoh et al, 2013) on the previous research studies relative to the digital transactions.

However, the results from the regression model show that factor security is not supported even if it is found to be a significant factor in the mean scoring. Luarn & Lin (2005) however disagrees with this result and they found security as an important variable in their study.Likewise, consumer self-efficacy is the most crucial factor among all the related factors and it has a significant impact on consumers' perception of digital transactions. A consumer has a good experience with digital transactions and this has motivated consumers to adopt it (Goh, 2017). Furthermore, positive comments from family, friends, and others who used digital transactions methods are effective and influence users' perception.

4. CONCLUSION

As part of the promoting cashless digital transactions and gearing towards cash-less society, various modes of digital payments have been initiated by central bank, Royal Monetary Authority of Bhutan. The study reveals that people are highly aware of implemented digital transaction payment options in the country. There is less awareness about the mode

of digital payments e-com merchants and credit cards. However, study result also shows a high awareness among Bhutanese users in the form of ATMs and mobile apps in the country. Study also revealed that the growing use of digital transactions mode of payments in the country. Therefore, the Royal government should promote cashless transaction by providing facilities of zero charges on digital transfers and facilities through using more of debit and credit cards free of cost in the country.

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