

Demonetization and Impact on Digital Payments

Ridam Verma and
Dr. Rishi Manrai

PG Student, SIBM Hyderabad
Assistant Professor, SCMS Noida
Constituent of Symbiosis International (Deemed)
University, Pune



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Abstract

A transparent system proves to be more efficient and people friendly and attracts wider people base for both economic and political benefits. The night of 8th November 2016 shook the economy as the high powered currency notes of denomination 500 and 1000 were taken away from the system of the country. The step was bold enough to receive successive criticisms. The immediate effects were felt as the economy lost major control and the unorganized sector and businesses losing all their money and people losing jobs. The economy lost 1% of its GDP as the effect of demonetization. The only system people were left with was making digital transactions and use alternate payment methods. Digital Payments is the need of the hour certainly because it can always be Less Cash. As digital transactions are making an unexpected surge due to growing online payment offerings in India. The study determines the level of awareness and the perception of the customers towards digital payments. The study also explains about the services which are offered by digital payment services for the certain kind of users and it gives a detailed description of preferences of users with regards to modes of digital payments. Due to demonetization, the usage of digital payment modes had increased and it is better

option to cope up with this critical condition of shortage of cash in further coming years. The payment system requires end user to have a basic knowledge of smartphones/normal bar phones. It is very important to find out the critical factors which lead to acceptance of digital payments by the customers and common masses. This also means that the aim of the study is to list out the factors that are barriers to the adoption of e-wallet in India.

INTRODUCTION

Demonetization is the act of changing the existing currency in another form. It also means either introducing new notes of the same currency or fully replacing the old currency with new one. Some of the reasons why governments demonetize their currency is because resisting inflation, resisting corruption and discouraging cash system in the country. The Indian government had demonetized bank notes in two prior occasions - once in 1946 and then in 1978 and in both the cases, the goal was to combat tax evasion by “Black Money” held outside the formal economic system. In 1946, the pre independence government hoped demonetization would penalise Indian businesses which were hiding the fortunes amassed supplying the Allied powers in the World War.

On 8th November 2016 night, the Prime Minister of India Shri Narendra Modi shook the economy by force by demonetizing high powered bank notes i.e 500 and 1000. Within a gap of a few hours the economy came to a standstill as almost majority of transactions were made in cash. These two biggest demonetized notes accounted for 80% of the currency supply. The governments main objectives of note ban is to eradicate

counterfeit currency, resist tax evasion destroy the black money and terrorist financing activities and to encourage country towards a cashless economy.

Immediately after demonetization, citizens were facing severe cash problems. The new notes of Rs. 500 and Rs. 2000 were not generated as quickly as the citizens demanded. The BSE SENSEX and NIFTY 50 stock indices fell over 6 percent on the day after the announcement. In the days following the demonetization, the country faced severe cash shortages with severe detrimental effects across the economy. People seeking to exchange their bank notes had to stand in lengthy queues, and several deaths were linked to the rush to exchange cash. The move received support from many top bankers and international commentators and regarded as positive. The move has also been criticized as poorly planned and unfair, and was met with protests, litigation and strikes against the government in various places. The winter session of parliament was full on debates regarding the move and many parties collectively made a walkout. India’s industrial production and GDP was worst affected and made a substantial decline. It is almost estimated that the GDP declined almost by 1%. There wasn’t a single sector that wasn’t affected by the move. Interest rates offered by banks substantially declined owing to changing policies of the RBI. It’s estimated that RBI changed its norms and rules almost every second day.

NPCI – NATIONAL PAYMENTS CORPORATION OF INDIA

It is the umbrella organization for all retail payment systems in India which aims to allow

all Indian citizens to have an unrestricted access to E- payment services. It has recently developed UPI i. e Unified Payments Interface which aims at leading India to cash less society with only digital transactions. RuPay cards were also developed by NPCI so as to reduce dependency on international cards like Visa, Master Card etc. Today RuPay cards are accepted at all the ATM's and Point Of Sale Terminals but still requires improvement as online applications like Zomato, Foodpanda and even Amazon do not usually accept payments via RuPay cards and decline the transactions. The popularity of these cards is low even today as compared to Visa and Master Cards, which are universally acceptable and work on all platforms and virtual payment gateways.

PAYMENT BANKS

Payment banks are like any other bank but operating on a smaller scale without involving any credit risk. In simple words, it can carry out most banking operations but cannot advance loans or issue credit cards. It can accept demand deposits, offer remittance services, mobile payments/transfers/purchases and other banking services like ATM/debit cards and third party fund transfers. In India there are eight payment banks which are functioning on an integrated platform and making digital payments more accessible for all the smartphone users. Some of these are Department of Posts, Vijay Shekhar Sharma – PayTM, Reliance Industries Limited, Vodafone M-Pesa Limited, Dilip Sanghvi – Sun Pharmaceuticals, Tech Mahindra Limited, Aditya Birla Nuvo Limited, National Securities Depository Limited.

The administration of India has propelled the battle for Digital India to guarantee that administrations are made accessible

to residents electronically by better online foundation and network, that is, advanced empowerment. It has urged numerous individuals to utilize other e-conveyance banking channels for Internet banking. The demonetization drive of higher-denominated notes has given a push to trade stores out Jan Dhan accounts, of which near 43% so far have stayed torpid.

Going digital will certainly have benefits for the economy whether direct or indirect. The foremost benefit will be to the RBI and other banks as it will lead to better and innovative changes, reduction in maintenance cost, higher financial transparency, more accountability, boosting of deposits and savings, mutual funds and bond markets and so on.

In a nation like India where various individuals have no ledgers and Internet use is restricted, the guide toward digitalization isn't simple. There are a large number of detours in the best approach to achieve the predetermination of cashless economy. Imaginative idea and legitimate procedures should be produced for reaching the general masses. A colossal level of the number of inhabitants in India is living in rustic zones where essential offices are not accessible. High absence of education rates, moderate Internet availability with less transmission capacity, unbanked zones, undeveloped expense frameworks are some enormous issues that should be destroyed for all time for the framework to be advanced and for digital payments to be made available to all.

REVIEW OF LITERATURE

India is a developing country and thus removing high powered currency from the market is a tough task as but to curb the black money prevalent in the economy, the

NDA government took this major step. The following studies have been considered for the development of this research.

Unnisah and Kumari (2017) in their research 'Impact of demonetisation- from cash to cashless' examine the impact of demonetization on the growth of the Indian economy and GDP and also evaluate the awareness on cashless payments among the consumers post demonetization. The research also tries to evaluate the rising trend of digital payments in the country after demonetization was implemented.

Veerakumar (2017) in his research 'A study on people impact on demonetisation' identifies the demographic variables such as Age, Gender, Occupation, salary and others, tries to show the significant relation with demonetization. T. Sanatani in her paper 'Effect of demonetization on digital payments system in India' looks at the impact that demonetization has had on the various payment methods in India. Specifically, it aims to see how the various digital platforms have evolved with the advent of demonetization.

Litvack and Vigne (2017) in their research 'Demonetization and Emerging Challenges' identify the reasons for demonetization including curbing of black money, elimination of counterfeit currency, reduction in cross border terrorist incursions, the enhancement of digital economy and increment of more population in formal taxation grid.

Abhani (2017) in his research 'A Study on Impact of Demonetization Over The Banking Sector' investigate the impact of demonetization on the banking sector and discusses the government's preparation for post demonetization chaos and the reaction of people and their mental state whether to keep money at home or at bank.

Palaniswamy (2017) in his paper 'Demonetization a comparative study - special reference to India' provides an insight into the demonetization process and its impact on growth and development in countries like North Korea, Pakistan, Myanmar, Australia etc. which implemented demonetization previously. The finding of the study reveals that India will benefit highly in the long run and will achieve good levels of growth and economic development.

National Institute of Public Finance – NIPF (2016) in their research study the direct impact of demonetization on the Indian economy and elucidates the impact of demonetization on availability of credit, spending, level of activity and government financing and the systems of banking.

Kumari (2016) in her research 'cashless transactions: methods, applications and challenges' concluded as the demonetization applied by government of India, government trying to aware its people for cashless transactions by various kinds of advertisement method but still a large number of people are awaiting for the introduction of cashless transaction. The paper is a study of cashless transaction its different methods, advantages and challenges. The paper helped understand the basic of the cashless transaction.

Piyush Kumar (2015) in his research 'An analysis of growth pattern of cashless system' concluded that the cashless transaction system is reaching its growth day by day as soon as the market become globalized and the growth of banking sector more and more the people move from cash to cashless system. The cashless system is not only requirement but also need of the society. All the online market basically depends on cashless transaction system. The cashless transition is not only safer than the

cash transaction but is less time consuming and a trouble of carrying and trouble of wear and tear like paper money. It also helps in record of all the transaction done. So, it is without doubt said that the future transaction system is cashless transaction system.

Saini (2015) in his research on 'Demone-tization – Metamorphosis for cashless India', conclude that cashless transaction will lead to e-transaction. There has been a drastic improvement in electronic transactions which may boost cyber crime, so to make people aware of ways to keep credit, debit cards safe and to train them to teach the measure to keep the transactions hassle free. We need a specially trained cyber police, forensic labs with state of the art evidence gathering tools, public prosecutors who understand technology and cyber courts to punish cyber criminals.

OBJECTIVES OF THE STUDY

The aim of the study is to identify the factors which will lead to acceptance and use of mobile banking in context with digital payments in India. The study tries to identify the relative importance these factors based on the end users perceptions. The experts include service class people, professionals, students and others and reside in India. The end users are the people using any mode of digital payments. Through the following study we'll be able to understand the status of digital payments usage in India. The study will also look into the transactions carried in various domains of digital Payments in India.

HYPOTHESIS FORMATIONS

Digital payments appear to be beneficial in generating real revenue stream to all the stakeholders of mobile ecosystems like –

customers, banks, mobile operators, financial institutions. For consumers, it provides benefits of anytime payment, balance and transition check options, security, reduced transaction time, offers and discounts, and convenience. On the other hand, banks get benefits in the form additional income in form of transaction cost, enhanced brand image, extended value-added service to customers.

A speculation (plural theories) is a proposed clarification for a wonder. For a speculation to be a logical theory, the logical strategy necessitates that one can test it. Researchers for the most part construct logical speculations in light of past perceptions that can't tastefully be clarified with the accessible logical hypotheses. Despite the fact that the words "speculation" and "hypothesis" are frequently utilized synonymously, a logical speculation isn't the same as a logical hypothesis. A working theory is a temporarily acknowledged speculation proposed for encourage research, in a procedure starting with an informed figure or thought.

H₁ In null hypotheses there is no significant difference between the specified populations, any difference being due to sampling or experimental error.

Trust

Various researchers suggest that trust plays a vital role in influencing the customers intentions to adopt digital payments. Various authors argue that structural assurance in the firm of guarantees of protection of information, assurance of transactional confidentiality and contractual terms and conditions can build the initial trust and confidence in digital payments modes and services. Many authors have empirically supported the considerable role of a reputation, information, quality,

service quality and system quality in shaping the customers initial trust in mobile banking and other digital platforms. The present study examines the importance of trust in influencing the adoption of services offered by digital payment modes, by considering two dimensions ie trust in service provider and trust in service quality.

H₂ Trust doesn't play a significant role in determining the outlook of the population towards digital payments.

Risk

Risk has been commonly observed as a negative factor which hinders the customers willingness to adopt to digital payments. Percieved risk is viewed as the customers subjective judgement of suffering a loss in pursuit of desired outcome. In spite of the numerous benefits of digital payments, concerns of risks regarding privacy, security and financial issues are still imperative to the users. In order to gain more in depth understanding of the characteristics of risks regarding digital payments, many researchers have examined the influence of percieved risk viewing it as a five dimesional construct consisting of performance risk, social risk, financial risk, time risk and privacy risk.

H₃ Risk is not an important factor while switching to digital payments in the minds of consumers.

Ease of Use

As digital wallet resembles a single tick pay without filling insights about card viz card number and passwords inevitably, It enables client to interface computerized wallet to records and pay immediately so the purchasers confront no issues to enter the subtle elements each time an exchange occur. Ease of use

has been found as an important factor while making digital payments. Researchers have concluded that many consumers switch to digital payments due to its easiness in use and quick response in making payments.

H₄ Ease of use does not motivate users to adopt digital modes of payments.

Cashbacks

Money back and rebates are being offered by the vast majority of the players alongside giving disconnected wallet balance top up known as 'Money Pickup' benefit. This administration is being offered by Mobikwik and PayTM that will encourage money to be specifically added to MobiKwik wallet where buyers of much smaller towns can be profited.

Cashbacks are also available on debit and credit card transactions which can be firther used in the future and also loyalty points are provided by the banks on their cards so as to retain customers and making business profitable.

H₅ Cashbacks and discounts don't make a significant difference in the mindsets of consumers while making digital payments.

RESEARCH METHODOLOGY

The research design by qualitative methodology and is conceptually guided by recent comprehensive literature review presented by Mallat in 2007. The basis of the research design for this thesis is informed by a literature review of the current research in digital payments adoptability. Subsequently, research questions are formed based on some previously proposed research frameworks. From here, revisions of these research questions are made according to contemporary context of research subject as well as advices received

from thesis supervisor. The research questions are then formulated and finalised.

Questions are developed based on the research model. In case of this study the questions based instrument fits the research objective well because it targets people's attitudes and perceptions of the technology adoption. It is beneficial to qualitative data collection because it gathers richer information than other survey.

The quantitative method used is questionnaire. The questionnaire was designed via online survey tool called Google Forms. The respondents are introduced about digital payments at the beginning of the survey including word explanation about it. The knowledge of digital payments was told so they can't misunderstand it with other general terms. Hence a direction is drawn at the beginning of the questionnaire to guide respondents to the right thought.

Data Collection Instrument

Social contacts and mailed invitations both were used in order to get the response for the survey. The different social networking sites ie Instagram, Facebook and Whatsapp and snapchat were used to circulate the survey form and get maximum response and accepting the valid response. Gender and Occupation was mandatorily asked from each participant. And questions were asked about the satisfaction level of the digital payments services. Secondary data has also been used to under

Population

The study was conducted at three locations – Delhi-NCR, Kashipur and Ahmedabad. The sample population consists of the consumers of digital payments from any part

of Delhi NCR , Kashipur and Ahemdabad .A structured questionnaire was distributed among the maximum population via different social media platforms to get maximum reach , out of which 216 responses were achieved in which 6 were found to be distorted so only 210 comebacks were completed in all facets and consequently considered for the study. The questionnaire covered various sections seeking demographic information and opinion of the respondents concerning various factors influencing and their impact on the preference of their choice of digital payment mode and their satisfaction level.

DATA ANALYSIS

Digital payments appears to be beneficial in generating real revenue stream to all the stakeholders of mobile ecosystems like - customers, banks, mobile operators, financial institutions. For consumers, it provides benefits of anytime payment, balance and transition check options, security, reduced transaction time, offers and discounts, and convenience. On the other hand, banks get benefits in the form additional income in form of transaction cost, enhanced brand image, extended value-added service to customers.

Dependent Variable – A dependent variable is the variable being tested in a scientific experiment. The dependent variable is 'dependent' on the independent variable. As the experimenter changes the independent variable, the change in the dependent variable is observed and recorded. When you take data in an experiment, the dependent variable is the one being measured.

Independent Variable – An independent variable is defines as the variable that is changed or controlled in a scientific experiment. It represents the cause or reason

Table 1: Coefficients^a

	<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>	<i>t</i>	<i>Sig.</i>
	<i>B</i>	<i>Std. Error</i>	<i>Beta</i>		
(Constant)	2.830	.547		5.171	.000
EOU	.215	.096	-.013	-.158	.008
Time saving	.115	.118	-.002	-.022	.009
Cash back	.068	.114	.052	.593	.050
Risk	-.158	.100	-.145	-1.588	.001
Trust	.064	.101	.059	.637	.005
Demonetization	.077	.024	.031	.111	.006

for an outcome. Independent variables are the variables that the experimenter changes to test their dependent variable. A change in the independent variable directly causes a change in the dependent variable. The effect on the dependent variable is measured and recorded.

Regression Analysis

In statistical modeling, regression analysis is a set of statistical processes for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables. More specifically, regression analysis helps one understand how the typical value of the dependent variable changes when any one of the independent variables is varied, while the other independent variables are held fixed.

Most commonly, regression analysis estimates the conditional expectation of the dependent variable given the independent variables – that is, the average value of the dependent variable when the independent variables are fixed. Less commonly, the focus is on a quantile, or other location parameter of the conditional distribution of the dependent variable given the independent variables. In all cases, a function of the independent

variables called the regression function is to be estimated. In regression analysis, it is also of interest to characterize the variation of the dependent variable around the prediction of the regression function using a probability distribution. A related but distinct approach is Necessary Condition Analysis (NCA), which estimates the maximum (rather than average) value of the dependent variable for a given value of the independent variable (ceiling line rather than central line) in order to identify what value of the independent variable is necessary but not sufficient for a given value of the dependent variable.

The above table is the coefficient table taken from regression analysis and presents a modular analysis for the relation between independent and dependent variables. It must be noted that all the significance values are below 0.5 in the significance column. The regression equation is mathematically presented below:

$$Preference\ of\ Use\ (PRUSE) = 2.830 + 0.215\ Ease\ of\ Use + 0.115\ Time\ saving + 0.68\ Cashback - 0.158\ Risk + 0.064\ Trust + 0.77\ Demonetization$$

DISCUSSION

Ease of use a factor is really important when discussing about digital payments. Ease of

use attracts various end users to go ahead and make digital transactions. Even here in the above case a majority of population agrees that ease of use of digital payments makes users adopt to digital payments.

Digital modes of payments are time saving and therefore people make use of it to make payments. Also they adopt it as it makes payments much easier and takes just a few seconds to make transactions.

Almost every user of mobile wallets and banking cards is aware of the benefits they provide to the users. E.g. PayTM provides cashbacks which can be transferred back into accounts of the users. Also customers tend to receive discounts and cashbacks on their debit and credit cards. Therefore cash back is an important factor that is associated with digital payments and strategies.

It is found that the digital modes of payments are safe to use and aren't risky to use. The relationship between preference and risk is negative and people tend to believe on the technology being provided to them. Though previous reports from Qualcomm disagree with the fact.

The service providers or the people who are providing them services of digital payments are trusted by the users for their safety and security. The trust factor shown by is motivating and shows a positive implication in the future of digital payments.

Table 2 shows and explains the explanation between dependent variable and independent

variable. The value of R square plays a significant role and over here explains that 67% dependent variable is explained by independent variable.

CONCLUSION AND RECOMMENDATIONS

Need for Increasing Awareness

Digital payment services across the country faces a major issue of lack of awareness regarding their benefits and uses. Majority of Indians are still reluctant to use digital payments because of security and safety issues. The digital payment companies must take important steps to gain their customer's trust. Measures such as efficient and effective customer care services, 3-D or OTP security, data back-up system etc can be taken to increase awareness among people.

Exigency for Safety

There is an urgent need for a safe, trustworthy, flexible, cross platform, official mobile wallet applications in order to gain consumer's trust to face the liquidity crunch in the economy. Consumers still do not have trust in online payments because of the increasing incidence of fraud cases and internet theft as use of the Adhaar card is not mandatory. Digital payments need to be made as prejudiced vehicles for convenient cash transfer, and if the government is pushing for a cashless economy, as vegetable and fruit sellers have now started accepting payments through m

Table 2: Model Summary^b

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	Durbin-Watson
1	.731 ^a	.670	.68		0.003	1.815

Predictors: (Constant), Trust, EOU, Cashback, Risk, Timesaving

Dependent Variable: PRUSE

wallets. Government should take steps to ensure people of India that there will be no online theft and their money will be secure in their wallet

Introduction to Low Priced Smart phones

Since most of the digital payment modes are compatible with operating systems like IOS (apple) which are expensive and not everyone can afford them. To tackle this problem mobile phone companies should introduce low priced cell phones in the market which can be bought by all the customers, as the ultimate goal of digital payments is to improve financial inclusion in the country. With existence of expensive smartphones, the goal would be difficult to achieve.

Increased Limit of Transaction Amount

Limited amount can be transacted or transferred through m-wallets which is a part of digital payments mode in a month which hinders the Indian digital payments market. M-wallet companies should increase the limit of number of transactions and transaction amount even in the case of basic account.

Need for Transparency in Regulatory Policy

The regulatory policy of the digital payment industry is quite cumbersome and involves inflexible and complicated terms and conditions which make it difficult for companies to decide whether their product needs RBI approval or not. Crystal clear policies and a common regulatory body for all digital payments are required. The existence of such body would bring clarity in procedures between the major digital payment layers and the RBI.

Need for Relaxation of RBI's Policy (especially for payments by a e-wallets)

The RBI licensing regime is discouraging mobile wallet growth in the country. The present system allows only e transfer of money and approves semi closed prepaid instruments while it does not allow 'cash out' from the semi closed wallets. The RBI should relax its current policies and allow cash withdrawals from the semi closed wallets. Also RBI does not allow all the entities to operate any kind of m-wallet, there are copious of strict RBI policies which encumbrance the growth of mobile wallets and digital payments in India.

Introduction of Attractive Offers

The digital payment operators should focus on bringing new and innovative offers so as to attract more and more consumers and people to adopt the digital payment modes and strategies. This would attract customers and bring in more diverse group of people thus making the digital payment modes more diversified and versatile.

Focus on Technology and Compatibility

Digital payment modes such as e-wallets, unified payment interface (UPI) are not compatible with all type of operating systems, they are only compatible with one or few operating systems therefore there is a need for technological advancement by the e-wallets so that they become compatible with all operating systems and they do not have to pay extra money every time to launch their application on a new platform. They must develop a common platform to save money and time. This would ultimately result in reduction in cost and expansion in user base and revenue.

Increased Reach

Digital payment modes and their promoters should expand their reach by offering services through distinguished agents and distributors in order to capture large consumer base. They should establish more and more distributors or agents in remote areas where there is poor or no internet connectivity.

Regulatory Dialogue to be Consultative and Non-reactive

Create a body like the digital payments forum for continuous dialogue and participation on payments policies. The body must consist government representation from bodies such as NITI Aayog, Ministry of Finance, RBI, NPCI and the larger group of digital payments service providers.

Regulation not to be Ownership Driven

The RBI and the government will review the present and proposed guidelines for PPI's to ensure that banks and non banks get the same treatment. Specifically, implementing interoperability for PPI players at the earliest and allowing cash outs will ensure parity.

Regulations to be Based on Cost Benefit Analysis (CBA)

For digital wallets to be successful, it is essential for the current business model, which is presently being challenged, to be robust. The revenue opportunity for wallets is impaired due to low interest paid by banks on escrow accounts and costs related to KYC. With the proposed new PPI guidelines, the operational costs and challenges of converting from minimum KYC to full KYC are tremendous. Additionally, two-factor authentication will add to the inconvenience faced by customers. Allowing a substantial amount of core portion

to be invested in government securities and easing KYC requirements will improve the viability of digital wallets.

Regulations to be Activity Dependent and not Value-Dependent

To ensure high frequency of digital payments, small-value digital payments must have negligible charges. The present and proposed regulations put MDR charges as a percentage of the value of transactions. This does not provide adequate motivation for small-value transactions to migrate to digital. Charges need to be negligible for low-value payments to increase the volumes of digital payments. The proposed regulations on separate logins for online retail and PPIs will increase friction and impede the adoption of digital payments for large customer segments.

Regulator and Industry to Collaborate on Skill Development in Cyber Security

Training 500,000 to 1 million personnel on enforceable cyber security practices is essential for India to tackle the risks of cyber security and compliance. In this regard, the government and the industry can come together through PPPs to create IT standards, policies, security frameworks, training and certifications.

Regulator and Judiciary to Create e-Courts for Online Dispute Resolution

Financial cybercrimes need to be resolved in a timely manner to prevent them from recurring. Creating a special cyber security court with judges who are well trained in the aspects of cybercrime will be effective in addressing financial cyber complaints and investigations. These courts will work closely with the Cyber Security Cell of the Government of India and private players.

LIMITATIONS OF THE STUDY

The limitation concerning study is that the rating scale used is conceptual. There are chances of biasing while making pair wise comparisons of different factors. Also, some factors selected for the model may have interrelationships which are not considered. The study can be further extended by considering some other factors responsible for adoption of mobile financial services.

Secondly the other limitation with regard to the study is related with the generalizability of the results since this study was based on non random sample of respondents of only three cities of India i.e Delhi-NCR, Kashipur and Ahmedabad. This could negatively reflect on the generalizability of results across other cities. Also, the study only focused on the perception of working professionals and students and other individuals working in private sector. This raises concerns regarding the applicability of the results for other segments of the current population that have different demographic characteristics.

The next limitation is due to inherent nature of digital payments which are relatively new in India. Most internet and mobile users are aware with service as a concept, but lack experience or factual knowledge regarding its functionalities and capabilities. Therefore, this fact should be kept in mind before interpreting the findings. Since we assume that there will be wider adoption of e-wallet by the general population of India over time, a longitudinal study to assess this evolution will be of interest in future. Modifying the fact should be kept in mind before interpreting the findings. Modifying the conceptual model presented in this research to include experience and age as moderators can also be worth considering in future.

Lastly, although this includes two other predictors namely perceived credibility and perceived benefits the results of the explanatory power of the model indicate that there is still room for improvement. Therefore including other constructs, e.g. hedonic motivation, perceived risks, triability, etc., could be a fruitful path forward.

CONCLUSION

The banning of Rs. 500 and Rs. 1000 notes was released suddenly and the worst affected was the common man. The social impact was drastic with marriages facing severe issues with cash transactions. People conducting marriages must produce the marriage invitation to withdraw 2, 50,000 and above. This has caused great difficulty among the public.

The impact on the health care sector was huge with hospitals refusing to accept the old currency. The common man faced severe issues transacting in the hospitals with old currencies and several cases of death had been registered for not attending the patients due to demonetization Salaried employees faced the issue on the opening day of the month with their salaries credited in the bank account but they were able to withdraw only 2,000 rupees from the ATM machines. Many salaried people have gone to the bank branch to withdraw their full salary amount with loss of pay. Social problems in the form of road blockades and quarrels arouse with people waiting in long queues before the banks and ATM machines. People become restless spending an entire day to withdraw money. Several deaths have been registered as a result of waiting in long queue. Pensioners are worst affected with no special provisions made for senior citizens in banks.

Demonetization has opened many inroads in the digital payment system in India. People are now becoming less apprehensive of technology, and are becoming comfortable with the digital world with very passing day. The software industry has also been given a big boost. The e-commerce industry did suffer with the onset of demonetization, has now tremendous scope for growth. Although extremely beneficial and very convenient, the digital payment system is not without its own share of flaws. The security of these methods are nowhere near perfect, and this is one software sector which will see massive improvements in the coming few years.

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