

CUSTOMERS' EXPERIENCE TOWARDS CASH VERSUS CASHLESS TRANSACTIONS IN RETAIL OUTLETS OF POLLACHI TALUK

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ABSTRACT

The retail landscape in Pollachi Taluk is witnessing a significant transformation as traditional cash-based transactions intersect with rapidly evolving digital payment systems. This study explores customers' experiences and preferences toward cash versus cashless transaction methods in local retail outlets. Utilizing a primary dataset of 120 respondents, the research employs a descriptive design to evaluate factors such as convenience, speed, security, and technical reliability. The socio-economic profile reveals a predominantly young, female, and rural-based demographic with high undergraduate attainment. Findings indicate a strong hybrid preference, with 54.2% of respondents utilizing both modes. Cash remains highly valued for its "ease of use" and "spending control," whereas cashless methods—predominately UPI—are preferred for their "convenience" and "speed." Chi-square analysis demonstrates that while age does not significantly influence payment preferences, family annual income shows a significant association with cashless adoption. Despite high awareness levels (75.0%), technical barriers such as network issues remain a primary deterrent for 68.3% of digital users. The study concludes that for a seamless transition toward a "less-cash" economy in Pollachi, retailers and policymakers must prioritize improving digital infrastructure and addressing security concerns to enhance overall customer satisfaction and trust.

KEYWORDS

Retail Outlets, Cash Transactions, Cashless Payments, Customer Experience, UPI.

1. INTRODUCTION

The retail sector plays an important role in the daily lives of consumers, as it involves frequent buying and selling of goods. Traditionally, cash has been the most common mode of payment in retail outlets due to its simplicity and wide acceptance. However, with the growth of digital technology and banking services, cashless transactions such as debit cards, credit cards, UPI, and mobile wallets have become increasingly popular. This shift in payment methods has brought significant changes in the way customers interact with retail outlets.

Customer experience towards cash and cashless transactions depends on several factors such as convenience, speed, security, ease of use, and accessibility. While cash transactions are preferred by some customers for immediate settlement and ease of

understanding, cashless transactions offer benefits like quick payments, reduced risk of carrying cash, and better transaction records. Understanding customers' experience and preferences towards these payment methods is essential for retailers to improve service quality and customer satisfaction. Hence, this study aims to analyze and compare customers' experience towards cash versus cashless transactions in retail outlets.

2. STATEMENT OF THE PROBLEM

Retail outlets in Pollachi Taluk have traditionally relied on cash transactions as the primary mode of payment. However, with the rapid growth of digital technology, banking facilities, and government initiatives promoting digital payments, cashless transactions such as debit cards, credit cards, UPI, and mobile wallets have become increasingly common. As a result, retail outlets now offer both cash and cashless payment options to customers. Despite this development, customers' experiences with these payment modes differ due to factors such as convenience, speed, security, accessibility, and reliability.

In Pollachi Taluk, while many customers have started adopting cashless transactions, a significant number still prefer cash due to issues like lack of digital awareness, network problems, fear of fraud, and technical failures. At the same time, cash transactions also present challenges such as difficulty in handling change, lack of transaction records, and safety concerns. These mixed experiences create difficulties for retailers in providing a smooth and satisfactory payment process. Therefore, it is essential to study customers' experience towards cash versus cashless transactions in retail outlets of Pollachi Taluk to understand their preferences, problems faced, and satisfaction levels, and to suggest measures for improving payment systems and enhancing customer experience.

3. REVIEW OF LITERATURE

Ranjith P.V. et al. (2021) conducted a study on Consumer Perception towards Digital Payment Mode in India. The main objective of the study was to understand concept and the different modes of digital payment for understanding consumers' perceptions with respect to online and digital payments and safety of these transactions. The findings of the study was Demonetization, Digital India, and other schemes have helped digitization and digital payment to grow over the last decade.

Namrata J. Samani et al. (2023) conducted a study on Technological challenges and barriers faced by college students in adopting cashless payment methods. The main objective of the study was to identify the most commonly used cashless payment methods among college students in the region. To investigate the technological challenges faced by college students when using cashless payment methods. The findings of the study was it has been found that out of many cashless payment or transaction method most of the students use ATM or debit /credit card.

Varsha S. Sukhadeve et al. (2024) conducted a study on Adoption of Cashless Payments by Retailers and its Impact on Customers in Akola. The main objectives of the study was to know the benefits of adopting cashless payments system by retailers and to

know cashless payments is suitable for all categories of customers. The findings of the study was People fear to make payment by using online way because of deficiency of awareness. Most of the retailers use PhonePe as they consider it directly settle amount directly a bank account. By making payments through online it reduced the tensions of carrying money physically.

Roshni Agarwal et al. (2025) conducted a study on Consumer's Perspective for Cashless Transaction System with Special Reference to Guwahati city. The main objectives of the study was to explore the factors driving the adaption of cashless transaction among consumer. The findings from this research will help policymakers, financial institutions, and digital payment service providers understand consumer preferences and expectations, allowing them to improve the cashless transaction infrastructure in Guwahati. By identifying both the advantages and concerns related to digital payments, this study will contribute to shaping a more inclusive and efficient cashless payment ecosystem in the region.

Subaithani S et al. (2025) conducted a study on Customer Awareness and Usage towards Digital Payment System in Pollachi Taluk. The main objectives of the study was to know the awareness level of consumers towards digital payment system. A sample of 75 respondents was selected for the study on the basis of convenience sampling and analyzed with the help of percentage analysis, chi-square and Garrett ranking. The findings of the study was Launch comprehensive educational campaign. Train merchants and small business owners on the benefits of digital payment system.

4. OBJECTIVES OF THE STUDY

Following are the research objectives framed for the study.

1. To understand the socio-economic profile and educational background of the respondents.
2. To study the level of awareness of customers regarding cash and cashless transactions in retail outlets in Pollachi Taluk.
3. To analyze customers' preference towards cash and cashless modes of payment in retail outlets.
4. To identify the problems faced by customers while using cash and cashless payment methods in retail outlets.

5. RESEARCH METHODOLOGY

5.1 Research Design

This study relies on primary data. It comprises of respondents from Pollachi Taluk. The primary data was collected from 120 respondents through questionnaires. The respondents were taken on convenient sampling method. The area of study was taken with reference to Pollachi Taluk.

5.2 Sources of Data

The primary data was collected from 120 respondents through structured questionnaires. The secondary data like articles and theories were collected from various sources such as Magazines, Journals and Websites.

5.3 Sampling and Sample Size

A sample design is a definite plan for obtaining a sample from a given population. It refers to the technique or the procedure the researcher would adopt in selecting items for the sample. Sample design is determined before data are collected. The population of this study is huge, out of which 120 respondents were taken as samples. In this study, the “Convenient sampling” method was opted.

5.4 Hypotheses of the Study

The study is based on the hypothesis that there is no significant difference in the Following are the hypotheses framed to be tested using Chi-square test.

H₀ There is no relationship between age group and level of preference between cash and cashless transactions in retail outlets.

H₀ There is no relationship between family income and level of preference between cash and cashless transactions in retail outlets.

5.5 Statistical Tools

The statistical tools viz. Simple percentage, weighted average ranking and Chi-square test were used to analyze the data in the study.

6. THEORETICAL FRAMEWORK

6.1 Cash vs. Cashless Transactions

Cash and cashless transactions are two common methods of making payments for goods and services. Cash transactions involve the use of physical money such as notes and coins, while cashless transactions involve digital payments through debit cards, credit cards, mobile wallets, or online banking.

Cash transactions are the traditional method of payment and are simple to use because they do not require any technology or internet connection. Many people still prefer cash for small purchases and daily expenses.

Cashless transactions are a modern method of payment that uses electronic systems to transfer money. In countries like India, cashless payments have increased due to the growth of smartphones and digital banking. Cashless transactions are faster, more convenient, and provide automatic records of payments.

6.2 Customer Experience for Cash vs. Cashless

Customer experience for cash vs. cashless transactions refers to how customers feel and react when using cash or digital payment methods in retail outlets. It includes factors such as convenience, speed, safety, ease of use, and satisfaction while making payments.

Customers who use cash transactions often feel comfortable because cash is easy to understand and does not require technology or internet access. Many customers prefer cash for small purchases since it is simple and widely accepted. However, some customers may find carrying cash inconvenient and risky due to the possibility of loss or theft.

On the other hand, customers using cashless transactions usually experience faster and more convenient payments. Digital payments allow customers to pay easily through cards or mobile phones and keep automatic records of transactions. In countries like India, many customers are increasingly satisfied with cashless payments because they save time and reduce the need to carry physical money.

6.3 Future of Cash vs. Cashless Transactions

The future of cash vs. cashless transactions shows a gradual shift from traditional cash payments to digital or cashless payment methods. With the development of technology and increased use of smartphones and banking services, cashless transactions are expected to grow rapidly in the coming years. In countries like India, digital payment systems are becoming more common in retail outlets, supermarkets, and online shopping. Customers are increasingly using mobile payments, debit cards, and online banking because they are fast, convenient, and secure. Cashless transactions help in reducing the need to carry physical money and make payments easier. However, cash will continue to exist because many people still prefer using cash for small purchases and in areas where digital facilities are limited. Cash is simple to use and does not require internet or electronic devices.

7. DATA ANALYSIS AND INTERPRETATION

Table 7.1 Socio-economic profile of the respondents

Category	Particulars	No. of Respondents	Percentage (%)
Gender	Male	50	41.7
	Female	70	58.3
Age Group	Below 20 Years	30	25
	21–40 Years	81	67.5
	41–60 Years	9	7.5
	Above 60 Years	0	0
Area of Residence	Rural	77	64.2
	Semi-Urban	18	15
	Urban	25	20.8
Education Level	Up to School Level	11	9.2
	Undergraduate (UG)	61	50.8
	Postgraduate (PG)	29	24.2
	Professional Degree	10	8.3
	Diploma / Others	9	7.5
Occupation	Student	45	37.5
	Private Employee	29	24.2
	Agriculture	19	15.8
	Govt. Employee	10	8.3
	Others (Homemaker/Unemployed/etc.)	17	14.2
Marital Status	Unmarried	77	64.2
	Married	43	35.8

Family Type	Nuclear Family	83	69.2
	Joint Family	37	30.8
Family Size	3 members & below	30	25
	4–6 members	82	68.3
	7 members & above	8	6.7
Earning Members	1 Member	42	35
	2 Members	40	33.3
	3 Members & above	38	31.7
Annual Income	Up to Rs. 1,00,000	49	40.8
	Rs. 1,00,001 – Rs. 2,00,000	35	29.2
	Rs. 2,00,001 – Rs. 3,00,000	21	17.5
	Above Rs. 3,00,000	15	12.5
Total		120	100

Source: Primary data

The socio-economic analysis of 120 respondents highlights a demographic predominantly composed of young, unmarried females residing in rural settings. Specifically, 58.3% are female and 67.5% fall within the 21–40 age bracket, indicating a highly active and transitional workforce. Educational attainment is robust, with 50.8% holding undergraduate degrees, which aligns with the finding that 37.5% are students and 24.2% are employed in the private sector. Domestic structures are largely defined by nuclear families (69.2%) consisting of 4 to 6 members (68.3%). Economically, the sample reflects a lower-to-middle income profile, as 35.0% of families rely on a single earning member and a plurality of 40.8% report an annual family income of up to Rs. 1,00,000, suggesting that financial considerations remain a significant factor in the purchasing behavior and preferences of this group.

Table 7.2 Preference over cash payment method

Cash Payments	Highly Agree	Agree	Neutral	Disagree	Highly Disagree	Weighted Average	Rank
Easy to use	410	104	33	2	0	4.58	I
No transaction charges	195	144	120	10	0	3.91	II
Better control over spending	180	168	108	10	1	3.89	III
Security concerns about digital payments	165	180	111	10	0	3.88	IV

Source: Primary data

The analysis of preferences toward cash payment methods indicates that convenience and fiscal transparency are the primary drivers for users. "Easy to use" emerged as the top-ranked factor with a significant weighted average of 4.58, suggesting that the physical simplicity of cash remains its strongest attribute. This is followed by financial incentives, specifically the absence of "Transaction charges" (3.91) and the psychological advantage of having "Better control over spending" (3.89). Notably, "Security concerns about digital payments" ranked fourth (3.88), implying that while security is a relevant factor, the functional ease and cost-effectiveness of cash are more influential in maintaining its preference among the respondents. This underscores a user base that prioritizes operational simplicity and direct financial control in their transaction habits.

Table 7.3 Preference for cashless payment methods

Cashless Payments	Highly Agree	Agree	Neutral	Disagree	Highly Disagree	Weighted Average	Ranking
Convenience	335	120	66	2	0	4.36	I
Faster transaction	245	164	87	2	0	4.15	II
Offers/ Cashbacks	180	208	90	2	1	3.41	V
Safe and Secure	200	172	78	22	0	3.93	IV
No need to carry cash	200	180	99	4	0	4.03	III

Source: Primary Data

The analysis of factors driving the preference for cashless payment methods reveals that functional efficiency and mobility are the most significant motivators for users. "Convenience" secured the top rank with a weighted average of 4.36, underscoring that the primary appeal of digital transactions lies in their user-friendly nature. This is supported by the high ranking of "Faster transaction" (4.15) and the practical benefit of "No need to carry cash" (4.03), which ranked II and III respectively. Interestingly, while "Safe and Secure" measures are respected (Rank IV), they carry less weight in the decision-making process than speed and ease. Furthermore, promotional incentives such as "Offers/Cashbacks" received the lowest weighted average of 3.41 (Rank V), indicating that while rewards are appreciated, the fundamental utility of time-saving and convenience is the true driver of cashless adoption among the respondents.

CHI-SQUARE ANALYSIS

(i) Age and Level of Preference (Cash Payments)

The relationship between age and the level of preference for cash payments was analyzed. Since the calculated Chi-square value (5.076) is less than the table value (9.488) at the 5% level of significance with 4 degrees of freedom, there exists no significant association between age and the level of preference for cash payments. Therefore, the null hypothesis is accepted.

(ii) Family Annual Income and Level of Preference (Cash Payments)

The association between family annual income and preference for cash payments was examined. The calculated Chi-square value (6.352) is less than the table value (12.592) at the 5% level of significance with 6 degrees of freedom, indicating that there is no significant relationship between income levels and preference for cash payments. Therefore, the null hypothesis is accepted.

(iii) Age and Level of Preference (Cashless Payments)

Age and the level of preference toward cashless payments were compared. The calculated Chi-square value (2.805) is less than the table value (9.488) at the 5% level of significance with 4 degrees of freedom, which means there is no significant association between the age of the respondents and their preference for cashless transactions. Therefore, the null hypothesis is accepted.

(iv) Family Annual Income and Level of Preference (Cashless Payments)

Family annual income and the level of preference for cashless payments were analyzed. The calculated Chi-square value (18.561) is greater than the table value (12.592) at the 5% level of significance with 6 degrees of freedom; hence, there exists a significant association between family annual income and the level of preference for cashless payments. Therefore, the null hypothesis is rejected.

8. MAJOR FINDINGS

The study reveals a comprehensive demographic and functional profile of respondents, characterized by a female majority (58.3%) primarily within the 21–40 age group (67.5%), most of whom reside in rural areas (64.2%). A significant portion of the sample consists of unmarried students (37.5%) with an undergraduate education (50.8%), typically living in nuclear families (69.2%) of 4–6 members (68.3%) with a single earning member and an annual income up to Rs.1,00,000 (40.8%). Awareness of digital finance is high, with 75.0% cognizant of cashless methods—specifically UPI (68.3%)—largely informed through friends and family (31.7%). While 54.2% of respondents maintain a hybrid preference for both cash and digital payments, UPI remains the dominant cashless mode (68.3%). The research highlights that while cash is valued for its ease of use (Rank I, 4.58), cashless methods are preferred for small-value purchases (46.7%) due to their inherent convenience (Rank I, 4.36) and the influence of discounts and cashback (40.8%). However, technical barriers persist, as 68.3% of users identify network issues as the primary challenge in cashless transactions, contrasting with the 55.8% who report no significant issues with traditional cash payments.

9. SUGGESTIONS

Customers' experience toward cash and cashless transactions in retail outlets in Pollachi town can be improved by adopting a balanced and customer-friendly approach. Retailers should provide both cash and digital payment options to meet the needs of all customers, including those who are less familiar with technology. Strengthening internet

connectivity and maintaining reliable payment systems will help reduce common issues like transaction failures and delays. Promoting easy-to-use digital platforms such as Google Pay, PhonePe, and Paytm can enhance convenience and speed. Retailers should also educate customers on safe usage practices to reduce security concerns and build trust in cashless methods. Providing incentives like discounts or cashback can encourage digital adoption, while transparency in charges will improve customer satisfaction. At the same time, respecting customers who prefer cash for better spending control is essential. Overall, improving infrastructure, awareness, and service efficiency will create a smoother and more satisfying payment experience for customers in Pollachi.

10. CONCLUSION

In conclusion, the study shows that customers in Pollachi town are increasingly aware of and inclined toward cashless transactions, particularly UPI-based methods such as Google Pay, PhonePe, and Paytm due to their convenience and speed. However, cash continues to play an important role, especially for better spending control and ease of use among certain groups. While most respondents prefer a combination of both payment modes, challenges like network issues and occasional transaction failures affect the smooth adoption of digital payments. At the same time, incentives such as discounts and cashback offers positively influence customer preference towards cashless methods. Therefore, a balanced approach that combines reliable infrastructure, improved digital literacy, and continued support for cash transactions is essential. By addressing technical barriers and building trust, retail outlets in Pollachi can enhance customer satisfaction and ensure a seamless payment experience for all sections of society.

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