



Impact of Demonetization on E-Banking Services - A Study with Reference to Banks in Erode District

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ABSTRACT

Banking plays major role for each every activity. The study will enable us to understand the demonetization concept in India. The survey about the perception and attitude of people towards demonetization and E-Banking included in the study. The study can be extended to know the people's (Erode district) perception and understanding about the cashless economy. No work can be undertaken without the co-operation of respondents who were interviewed, and data was collected through questionnaire. Total number of respondents used for the study is 200. Therefore, respondents play a very important role in this study. The analysis will help to know the awareness level of customers regarding the E-Banking Services.

Keywords: *Demonetization, E-Banking, Banking Services, RTGS, NEFT*

INTRODUCTION OF THE STUDY

DEMONETIZATION

Demonetization is the maximum important and essential when near is alteration of national currency. The old part of currency substituted with original currency. Demonetization is the procedure where government states the presently running currency notes unlawful to be loving after the announcement is made. There are together pros and cons of demonetization in the Indian economy. The explanations for demonetization are to control forged notes that could be donating to terrorism, and to challenge or reject the

“black economy”. There are some possibly ways in which the pre-demonetization money source will stand different.

There would be managers in the economy who are holding cash which they cannot clarify and hence they cannot credit in the banking system. This part of the money will be smothered later it would not be changed in any manner.

The Government asset chooses to replace only a part of the money which was in movement as cash. In the additional words, the rest would be available only as electronic money. This could be a instrument used to power a transition to cashless average of exchange.

The experiential level of these two mechanisms will be worn only over the next six months. These two would have changed effects on the reduced in the smalltime and in the average time, as will be traveled below.

OBJECTIVES OF THE STUDY

1. To analyze the impact of demonetization on E-Banking Service in Erode district.
2. To know the reason for preferring E-Banking Service of the people in Erode District.
3. To study people's perception toward Demonetization.
4. To find out effect of demonetization on Electronic Payment System.
5. To study expectations regarding currency notes availability.

RESEARCH METHODOLOGY

Research methodology is the systematic way to solve the research problem. The research methodology used for each research problem need to design by the researcher accordingly. It comprises of series of steps designed and executed, with a goal of finding answers to the issues that are of concern to the management in the working environment. The research methodology used in this research process is as follows.

Research Design

The researcher has adopted descriptive research design for this study. Descriptive research design is a fact-finding investigation with adequate information.

Sampling Technique

Initially, a rough draft was prepared keeping in mind the objective of the research. A pilot study was done to know the accuracy of the Questionnaire. The final Questionnaire was arrived only after certain important changes were done. Thus, the research sampling came out to be convenient sampling.

Sampling Unit

The respondents who were asked to fill out questionnaires are the sampling units. These comprise of employees of Govt, Private Employees, and self-Employees, Student etc.

Sample size

The sample size was restricted to only 200, which comprised of mainly peoples from different regions of Erode due to time constraints.

Sampling Area

The area of the research was Erode, Tamil Nadu.

Questionnaire

The study is confined to Erode district only. The Primary data is collected through the questionnaire consists of bi-polar, optical type questions. The secondary data are collected from the books, journals, and web site, etc. The sample size of 200 respondents which covers various age groups.

LIMITATIONS OF THE STUDY

1. The statistical methods used to analyze the data have their own limitation.
2. All the limitations of primary data are applicable to this study.

3. The results are applicable to the limited period only.
4. The study is restricted to the selected sample of Erode District and hence the result of the study cannot be generalized.

REVIEW OF LITERATURE

Arpit Guru and ShrutiKahanijow (2010) researcher analyzed the black money income Need for amendment in Double Taxation Avoidance Agreement (DTAA) and analyzed that black money is spread everywhere in India up to a large extent which continuously stashed towards abroad in a very large amount. The researcher also identified how black money had caused menaces in our economy and in what ways it is used.

Ejiofor and Rasaki, (2012) sees the cashless system as one with the ability to store money in an electronic purse or a card which is then used to purchase product at vending machine, or at any point of sales terminal located within the business premises. Cashless economy is one in which there are assumed to be no transaction frictions that can be reduced using money balances, and that accordingly provide a reason for holding such balances even when they earn rate of return (Woodford, 2003 cited in Omotunde, et al, 2013).

Akhalumeh and Ohiokha, (2012) the cashless economy is a system in which transactions are not done predominantly in exchange for actual cash. It is essentially a mobile money payment system which allows users to make payment through G S M phones with internet facilities. This system increases convenience, create more service options, reduces risk of cash- related crimes and provide cheaper access to banking services and access to credit (Yaqub, et al, 2013).

Sukanta Sarkar (2010) conducted a study on the parallel economy in India: Causes, impacts & government initiatives in which the researcher focused on the existence of causes and impacts of black money in India. According to the study, the main reason behind the generation of black money is the Indian Political System i.e. Indian govt. just focused on making committees rather than to implement it. The study concludes that laws should be implemented properly to control black money in our economy.

Tax Research Team (2016) in their working paper stated in favor of demonetization. Its main objective is to analyze the impact of demonetization on Indian economy. This paper shows the impact of such a move on the availability of credit, spending, and level of activity and government finances.

Annamalai. S and Muthu R. Iiakkuvan (2008) in their article “Retail transaction: Future bright for plastic money” projected the growth of debit and credit cards in the retail transactions. They also mentioned the growth factors, which leads to its popularity, important

constraints faced by banks and summarized with bright future and scope of plastic money.

Mittal and Pachauri (2013) in their study on promotional tool and techniques adopted for retail banking compared the public-sector banks and private sector banks. Their finding is that the perception of customer with regard to type of promotional tools and the techniques adopted significantly vary between public and private sector banks.

ANALYSIS AND DISCUSSION

CHI-SQUARE

ASSOCIATION BETWEEN INCOME AND DAILY CURRENCY USAGE

NULL HYPOTHESIS (H₀): There is no significant difference between the income and daily currency usage.

ALTERNATIVE HYPOTHESIS (H₁): There is no significant difference between the income and daily currency usage.

Income and daily currency usage						
Income	Sum Squares	of	Df	Mean Square	F	Sig.
Between Groups	396.917		6	66.153	439.005	.000
Within Groups	29.083		193	.151		
Total	426.000		199			

INFERENCE

The above table has been recognized that the calculated value is less than the table value. Hence, (H₀) has been rejected and was concluded that there is a significant difference between the income and daily currency usage.

GARRETT'S RANKING METHOD

Garrets Ranking Technique has been used to investigate the factors alternative banking facilities given by the bank. Under the Garrett's Ranking Technique, the ratio position is calculated by using the following formula:

$$\text{Percentage position} = 100(R_{ij} - 0.5) / N_j$$

Where

R_{ij} = Rank, i the variable, j the respondent.

N_j = Number of variables ranked by the

4.4.1 ALTERNATIVE BANKING SERVICE USED AFTER DEMONETIZATION**Table-I Garrett's Table value**

Rank	Percentage position	Garrett's Table values
1	$100(1-0.5)/5$	75
2	$100(2-0.5)/5$	60
3	$100(3-0.5)/5$	50
4	$100(4-0.5)/5$	39
5	$100(5-0.5)/5$	25

INFERENCE:

Position of the ranks 1, 2, 3, 4&5 in the garrets ranking table. For the rank 1 the percentage position is calculated as 10 and that the table value is 75. The nearest value for the percentage 9.17 is likely to be 10 for the identified value.

**Table II
Percentage Positions and their corresponding Garrett's Table values**

S.no.	Service	Rank					Total no of respondents	Total score	Mean Score	Rank
		1	2	3	4	5				
1	ATM	35	20	61	39	45	200	9363	46.815	IV
2	RTGS/NEFT	61	41	20	40	38	200	10115	50.575	II
3	Debit card	18	79	22	60	21	200	10055	50.275	III
4	Credit card	8	13	79	20	80	200	8110	40.55	V
5	Others	78	40	22	42	18	200	11438	57.19	I

Source: Primary data

INFERENCE:

Hence the total score is calculated based on the respondents ranking with the help of factors as 1,2,3,4 &5 based on the table II. Based on dividing the total score by the total no. of Respondents the mean score is calculated. Percentage Positions and their corresponding Garrett's Table values of Others, RTGS/NEFT, Debit card, ATM, Credit card.

THE DIFFICULTY YOU FACED BEFORE DEMONETIZATION:**Table-III
Garrett's Ranking Table value**

S.no.	Percentage position	Garrett's Table values
1	$100(1-0.5)/5$	75
2	$100(2-0.5)/5$	60
3	$100(3-0.5)/5$	50
4	$100(4-0.5)/5$	39
5	$100(5-0.5)/5$	25

INFERENCE:

Position of the ranks 1, 2, 3, 4 & 5 in the garrets ranking table. For the rank 1 the percentage position is calculated as 10 and that the table value is 75. The nearest value for the percentage 9.17 is likely to be 10 for the identified value.

THE DIFFICULTY YOU FACED BEFORE DEMONETIZATION:**Table IV****Percentage Positions and their corresponding Garrett's Table values**

S.no.	Service	Rank					Total no of respondents	Total score	Mean Score	Rank
		1	2	3	4	5				
1	Carry of cash	36	20	60	43	41	200	9602	48.01	IV
2	Identification of fake notes	58	42	20	39	41	200	10416	52.08	II
3	Risk of theft	20	74	22	61	23	200	9994	49.97	III
4	Risk of missing	28	33	49	25	65	200	9130	45.65	V
5	Time consuming for counting notes	75	42	25	40	18	200	11405	57.025	I

Source: Primary data**INFERENCE**

Hence the total score is calculated based on the respondents ranking with the help of factors as 1,2,3,4 &5 based on the table II. Based on dividing the total score by the total no. of. Respondents the mean score is calculated. Percentage Positions and their corresponding Garret's Table values Time consuming for counting notes, Identification of fake notes, Risk of theft, Carry of cash, Risk of missing.

CONCLUSION

The demonetization of the highest notes, demonetization undertaken by the government is a big shock to the Indian. The demonetization is taken for several measures such as tax evasion, counterfeit currency and funding of illegal activities. Some people are depositing currency notes more than specified limits directly into bank accounts has showed the unaccounted income, subject to higher tax and other penalties. Alternative payment methods, such as e-wallets, online transactions using e-banking, debit and credit card usage have been increased and this will shift an efficient cashless infrastructure.

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