

A Study on Consumer's Preference for Cash vs. Digital Payment

By

Ms J.M. Akshaya, II- BBA LLB (HONS), School of Excellence in Law, Tamil Nadu Dr. Ambedkar Law University, Chennai-600 113, E-mail: akshayajm962@gmail.com

and

Dr. M.D. Chinnu, Assistant Professor, Dept. of Economics, School of Excellence in Law, Tamil Nadu Dr. Ambedkar Law University, Chennai-600 113, E-mail: chinnuSoel@gmail.com

Abstract

Consumer payment preferences are undergoing a notable transition towards digital mode of payment, driven by convenience, speed, and ease of transaction. Despite this transition, cash continues to play important role, especially in certain demographic groups where digital infrastructure, internet connectivity, and access to banking services are limited. Cash is also widely used in informal sectors, including street vendors, small retail shops, local markets, and daily wage transactions, where transactions are typically low in value, also dominate among older consumers and populations with lower literacy, who may lack faith in or familiarity with digital payment technologies. This study aims to analyze and examine the consumer's payment preference on availability of both modes of payment and role of cash payments in the future.

Keywords: *Consumer's preference, Mode of payments, Cash payment, Digital payment, Convenience, Future, Transactions, Cashless economy.*

1. Introduction

Payment methods are an essential part of daily consumer transactions. Cash has long been the traditional mode of payment, but the growth of digital technology has led to an increase in the use of digital payment methods such as cards and mobile wallets. Many consumers prefer digital payments because they are convenient and fast. Nevertheless, digital payments have not fully replaced cash. Demand for cash remains stable, both as a means of payment and as a store of value.¹

Developments in recent years have triggered a “less-cash” transformation across India. Measures such as demonetization, the introduction of the Unified Payments Interface (UPI), the rise of e-wallet providers, and other innovative digital payment solutions have accelerated the digitization of financial transactions. This transition is expected to generate significant economic benefits and empower citizens through convenient and secure payment mechanisms. At the same time, cash is likely to remain prominent—particularly in semi-urban and rural areas—while becoming increasingly accessible.²

2. Statement of Problem

The increasing adoption of digital payment systems has significantly changed the way consumers conduct financial transactions. While digital payments are gaining preference due to convenience and efficiency, cash

¹ Bank for International Settlements, CPII statistics on payment, clearing and settlement systems in the CPII countries (January 2023) https://www.bis.org/statistics/payment_stats/commentary2301.htm

² Hitachi, How payment infrastructure is changing in India (Hitachi Global Insights, 2025) <https://www.hitachi.com/en-in/insights/articles/payment-infrastructure-india/>

payments continue to be widely used in many areas and among certain consumer groups. This coexistence raises an important concern regarding whether the growing preference for digital payments is leading to a decline in cash usage or if cash will remain a dominant mode of payment in specific contexts. There is a need to understand consumer preferences toward digital payments and to identify the situations and areas where cash payments continue to prevail. Addressing this problem will help in understanding the changing payment behavior of consumers and the future role of cash in an increasingly digital economy.

3. Review of Literature

Cash Vs Digital Payment: The Changing Perspective in Goa by Dr. (Mrs.) Yasmin Z Shaikh (2025)

Dr. (Mrs.) Yasmin Z. Shaikh, in her study “Cash Vs Digital Payment: The Changing Perspective in Goa”, analyses changing consumer preferences in payment modes in Goa. The study finds that a majority of respondents prefer digital payments over cash due to convenience and ease of use. It highlights that digital payments are commonly used for routine transactions, though not on an exclusive basis. UPI-based applications, particularly Google Pay, are identified as the most preferred digital payment platforms because of their speed. The study also notes demonetization as a key factor influencing the adoption of digital payments. Despite growing digital usage, cash continues to coexist alongside digital payment methods.³

Customer Satisfaction Behaviour Towards Cashless Payments by Tanisha Gurung, Muskan Kumari, Shreya Koirala, Sikha Rai, Jyoti Kumari (2025)

Tanisha Gurung, Muskan Kumari, Shreya Koirala, Sikha Rai and Jyoti Kumari examine customer satisfaction towards cashless payments, focusing on adoption patterns and user perceptions. Their study finds that younger users (18–24 years) are the primary adopters of digital payment systems, with UPI-based applications such as Google Pay and PhonePe dominating transactions due to their convenience. However, security concerns and frequent transaction failures are identified as major barriers affecting trust in digital payments. Despite

these challenges, the study highlights strong potential for increased adoption if technical and security issues are adequately addressed.⁴

A Study on Digital Payment system and its Future Feasibility in India by Siddharth Jain (2023)

Jain (2023) reviews prior studies on digital payment systems and observes that most existing research has focused on limited aspects such as adoption, usage factors, security dimensions, or customer satisfaction. The study notes that earlier research predominantly examined specific digital payment modes including internet banking, mobile banking, mobile wallets, card payments, and electronic payment systems. It further highlights that many researchers relied on established theoretical frameworks such as the Technology Acceptance Model (TAM) and the Unified Theory of Acceptance and Use of Technology (UTAUT) to analyse user behaviour. Jain concludes that although digital payment systems in India have shown remarkable growth in terms of transaction value and volume, existing literature largely remains fragmented, addressing only one or two dimensions at a time.⁵

³ Dr (Mrs) Yasmin Z Shaikh, Cash vs Digital Payment: The Changing Perspective in Goa (IJIRT, Vol 11 Issue 12, May 2025) https://ijirt.org/publishedpaper/IJIRT179773_PAPER.pdf

⁴ Tanisha Gurung, Muskan Kumari, Shreya Koirala, Sikha Rai and Jyoti Kumari, Customer Satisfaction Behaviour Towards Cashless Payments (IJCRT, Vol 13 Issue 5, May 2025) <https://www.ijcrt.org/papers/IJCRT25A5578.pdf>

⁵ Siddharth Jain, A Study on Digital Payment System and its Future Feasibility in India (2023) 2(1) International Journal of International Institute of Management Studies 125 <https://iimpune.edu.in/wp-content/uploads/2024/10/Vol2I1-Paper15.pdf>

A Study On Cashless Transactions In India by Premavati S Patil , Udaykumar B Gadmi , Dr S H Honnali (2022)

Premavati S. Patil, Udaykumar B. Gadmi, and Dr. S. H. Honnali highlight that India's transition toward a cashless economy is a positive and significant government initiative with growing public acceptance. Their study emphasizes that digital payments enhance transparency and help reduce illegal activities such as financial fraud and terrorism financing. Cashless transactions have also contributed to economic growth and financial inclusion. However, cybercrime and unauthorized access to consumer data remain major concerns. The authors note that low literacy levels, especially in rural areas, pose serious challenges to adoption. They conclude that strengthening cybersecurity and expanding financial literacy programs are essential for successful implementation.⁶

Comparative Analysis of UPI vs. Traditional Payment Methods: Efficiency and User Experience in Chennai by Dr. Shriram K, Mr. Mohammed Bilal A, Dr. Thangamuniyandi S (2024)

Dr. Shriram K, Mr. Mohammed Bilal A, and Dr. Thangamuniyandi S analyze user preferences between UPI and traditional payment methods, noting that transaction speed, cost, and the availability of digital options strongly influence adoption. Their study finds that while UPI is rapidly gaining popularity, concerns related to security and limited user awareness continue to pose challenges. Despite these issues, UPI offers significant advantages such as faster transactions and lower fees, benefiting both consumers and businesses. The authors highlight that increased UPI usage supports a cashless economy by reducing reliance on physical cash and lowering cash-handling costs for financial institutions and the government. They conclude that with technological advancements and supportive policies, UPI adoption will continue to grow, provided security concerns and user education are adequately addressed.⁷

4. Research Gap

While existing literature comprehensively documents drivers, inhibitors, and behavioral differences between cash and digital payment methods, several gaps remain. Most studies focus predominantly on adoption factors or technology diffusion, with limited longitudinal analysis of how payment behavior evolves post-adoption in diverse socio-economic groups. There is scarce empirical research on how digital payment adoption impacts cash demand in low income and rural populations, particularly outside urban or developed contexts. Additionally, comparative cost-benefit analyses of cash vs. digital methods across sectors are limited. Psychological dimensions such as the pain of paying have been studied, but cross-cultural validation is lacking. Further, studies often overlook policy impacts, regulatory environments, and financial literacy programs in shaping payment choices. Research is also limited on hybrid payment ecosystems where cash and digital coexist. These gaps suggest a need for interdisciplinary research combining behavioral economics, policy analysis, and longitudinal adoption studies.

⁶ Premavati S. Patil, Udaykumar B. Gadmi, & Dr. S. H. Honnali, A Study on Cashless Payment System in India, PNR Journal of Nursing and Research (2022) <https://www.pnrjournal.com/index.php/home/article/view/9372>

⁷ Dr. Shriram K, Mohammed Bilal A, & Dr. Thangamuniyandi S, Comparative Analysis of UPI vs. Traditional Payment Methods: Efficiency and User Experience in Chennai, International Journal of Research and Analytical Reviews (IJRAR) , <https://www.ijrar.org/papers/IJAR24C2297.pdf>

5. Objectives of the study

This research is based on the following objectives:

- i. To assess the accessibility of digital modes of payment among consumers.
- ii. To study consumer's preference for digital mode of payment over cash payments.
- iii. To analyze consumer's views regarding the future use of cash payments.
- iv. To evaluate the level of convenience experienced by consumers while using digital modes of payment.
- v. To examine whether there will be a significant reduction in the use of cash mode of payment.

6. Research Methodology

This research is based on both doctrinal and non-doctrinal. The sources of data collected from different newspaper, magazine, journals, all India reports and e-resources. The sample size of the respondents is 125. This research uses some statistical methods such as percentage method. The duration of the research is three months. This research adopts the stratified random sampling method.

7. Significance of the study

This study is significant as it helps in understanding consumer's preferences between cash and digital modes of payment in a changing financial environment. By examining accessibility and convenience of digital payment systems, the study provides insights into factors that influence consumers to adopt digital payments. The findings also highlight whether there is a significant reduction in the use of cash and how consumers perceive the future role of cash in everyday transactions. This research contributes to a better understanding of consumer payment behavior, which can be useful for policymakers, financial institutions, and businesses in planning and improving digital payment services.

8. Hypothesis of the study

Hypothesis 1: Consumers prefer digital mode of payment over cash mode of payment

Hypothesis 2: There is a significant perception among consumers that the use of cash as a mode of payment will decline in the future.

9. Limitations of the study

The study focuses on consumer perceptions, which may not fully reflect actual payment behavior. Assessment of digital payment accessibility is limited and does not comprehensively address infrastructure challenges. The future role of cash is analyzed based on opinions rather than long-term data or policy impacts. Digital payment convenience is evaluated broadly without detailed platform or security comparison. Certain areas, including merchant roles, income and regional differences, digital literacy, and the limited study duration, remain unexplored.

10. Research and discussion

Part-I Doctrinal Research

Cash refers to physical currency, notes and coins; traditionally used for everyday transactions. Digital payments include electronic methods such as mobile payments (e.g., UPI), cards, online banking transfers, and digital wallets. They operate via internet-based infrastructure and financial networks.⁸

Growth of Digital Payments in India

India's digital payments ecosystem has grown exponentially over recent years, with UPI and other platforms driving huge transaction volumes and value. UPI alone now handles a major share of digital transactions and has significantly contributed to the shift toward cashless systems.⁹ Reserve Bank of India data shows digital payments comprised nearly 99.8 percent of total transaction volume in early 2025, indicating an overwhelming preference for digital modes in structured financial transactions.¹⁰

Continued Role of Cash

Even with rapid digital adoption, cash retains a strong role in consumer spending and everyday transactions. RBI indicators show cash usage remains significant, especially for informal and small-value transactions.¹¹ Cash continues to coexist alongside digital methods, particularly where trust, accessibility, or infrastructure gaps persist.¹²

Role of Accessibility and Digital Infrastructure

Accessibility emerges as a critical factor in determining consumer payment preferences. The doctrinal review shows that access to digital infrastructure, including smartphones, internet connectivity, and banking services, significantly affects the adoption of digital payment methods. Ease of access and perceived usefulness are major determinants of digital payment adoption, particularly in developing economies.

Where digital infrastructure is weak or inconsistent, consumers tend to rely more heavily on cash. Rural areas, remote locations, and informal economic settings often lack the necessary technological support for digital transactions, limiting the effectiveness of digital payment initiatives. This suggests that digital payment adoption cannot be fully realized without addressing infrastructural gaps and ensuring inclusive access across different regions and population groups.

Influence of Socio-Demographic and Literacy Factors

The doctrinal findings reveal that socio-demographic characteristics such as age, education, and financial literacy play a significant role in shaping payment preferences. Individuals with higher levels of financial literacy are more likely to adopt digital payment methods, while those with limited education and digital familiarity tend to prefer cash.

Older consumers, in particular, often exhibit resistance to digital payment systems due to lack of trust, fear of fraud, and unfamiliarity with technology. These factors contribute to the continued reliance on cash among

⁸ Cash vs. Digital (With Reference to India) (Dr. Bharti Harnal, IJPR): <https://www.psychosocial.com/index.php/ijpr/article/view/5032>

⁹ Cashless Economy in India — Growth & Trends, <https://jcrm.psgim.ac.in/index.php/jcrm/article/view/713>

¹⁰ Digital payments comprise 99.8% of total transactions volume in H1 2025: RBI, The Economic Times, Oct. 23, 2025, <https://economictimes.indiatimes.com/news/economy/finance/digital-payments-comprise-99-8-of-total-transactions-volume-in-h1-2025-upi-transactions-rbi/articleshow/124760861.cms?from=mdr>

¹¹ Digital Payments Surge; Cash Usage Declines (RBI Analysis) <https://www.punjabkesari.in/business/news/digital-payments-surge-cash-usage-declines-post-pandemic-in-india-2051540>

¹² Cashless Economy in India — Growth & Trends, <https://jcrm.psgim.ac.in/index.php/jcrm/article/view/713>

certain population segments. The literature thus suggests that digital payment adoption is not merely a technological issue but also a social and educational challenge.

Tracking & Security

Digital payments create a digital record, aiding in expense management, but carry risks of data theft. Cash is anonymous, preventing digital tracking but making it hard to track spending, sometimes leading to higher, unchecked expenditure.

Reduced travel time and cost of collecting payments

When payments are made in cash, distribution generally takes place at designated government offices or similar locations, often with specific days and time restrictions for beneficiaries to collect their funds. In contrast, digitally transferred payments can typically be accessed from multiple withdrawal points, including ATMs, bank branches, and authorized banking agents. In most instances, digital payment systems provide greater convenience and enable recipients to access their funds more easily and at a lower transaction cost.¹³

Advantages of Digital Payments

Digital transactions are faster and often more convenient than cash, aiding in everyday commerce and long-distance transfers.¹⁴ Digital payments reduce the need for printing, storing, and transporting physical currency, lowering operational costs for governments and businesses. A cashless economy offers various modes of digital payments, including mobile wallets, UPI, internet banking, NFC-based payments, and QR code scanning. Each mode caters to different preferences and requirements, ensuring convenience, security, and accessibility in conducting financial transactions.¹⁵ Platforms like UPI and AePS increase access to financial services for previously unbanked populations, thereby enhancing financial inclusion. Digital trails improve accountability, reduce informal cash transactions, and support easier auditing and taxation.¹⁶

Disadvantages & Challenges of Digital Payments

Increased digital transaction use has raised concerns about online fraud, data breaches, and security challenges that must be addressed through robust legal frameworks and awareness.¹⁷ Lack of digital literacy and infrastructure in rural or underserved regions inhibits full adoption of digital payments.¹⁸ Vulnerable segments without smartphones or internet access face challenges in using digital payment modes efficiently, risking exclusion from financial systems.

Policy & Regulatory Perspectives

Authorities like RBI advocate for enhanced cybersecurity, consumer protection, and financial literacy programs to sustain digital payment growth and reduce dependency on cash. Government and payment stakeholders continue to promote digital adoption through supportive measures, infrastructure investment, and awareness campaigns. Continued support for financial literacy programs and cybersecurity frameworks is key to reducing

¹³ xx. Georgina Marin, Minita Varghese and Ambrose Wong, 'Cash vs Digital: How do digital government-to-person payments ease the lives of recipients?' World Bank Blogs (Digital Development, 15 March 2024) <https://blogs.worldbank.org/en/digital-development/cash-vs-digital-how-do-digital-government-person-payments-ease-lives-recipients>

¹⁴ RBI Reports on Digital Payment Growth & Inclusion (Times of India digital growth coverage) <https://timesofindia.indiatimes.com/business/india-business/india-drives-85-of-transactions-through-upi-dpps-boost-financial-inclusion-rbi-governor/articleshow/124607940.cms>

¹⁵ Advantages & Disadvantages of Cashless Economy, <https://cleartax.in/s/cashless-economy>

¹⁶ RBI Reports on Digital Payment Growth & Inclusion (Times of India digital growth coverage) <https://timesofindia.indiatimes.com/business/india-business/india-drives-85-of-transactions-through-upi-dpps-boost-financial-inclusion-rbi-governor/articleshow/124607940.cms>

¹⁷ Advantages & Disadvantages of Cashless Economy <https://cleartax.in/s/cashless-economy>

¹⁸ The Rise of Digital Payment Systems in India: A Cashless Economy, India CSR, June 22, 2024, <https://indiacr.in/the-rise-of-digital-payment-systems-in-india-cashless-economy/>

risks and improving adoption.¹⁹ Central banks monitor trends using indicators like the Cash Usage Indicator (CUI) to balance currency planning and digital growth.²⁰

Case Laws:

1. Harshita Chawla vs WhatsApp Inc. and Others (18 August 2020)

In *Harshita Chawla vs WhatsApp Inc. and Others*, the Competition Commission of India (CCI) dismissed allegations that WhatsApp and its parent Facebook abused their dominant position under Section 4 of the Competition Act, 2002 by bundling WhatsApp Pay with the WhatsApp messaging app. The complainant alleged that this constituted anti-competitive conduct in the UPI-enabled digital payments market by leveraging WhatsApp's dominant messaging position to gain an unfair advantage in the payments market. However, the CCI concluded there was no prima facie contravention of competition law and closed the case under Section 26(2) of the Act.²¹

2. Abhijit Mishra v. Reserve Bank of India (2023)

In *Abhijit Mishra v., Reserve Bank of India & Anr.*, the Delhi High Court dismissed a Public Interest Litigation challenging the operation of Google Pay as an unauthorized payment service provider under the Payment and Settlement Systems Act, 2007 and alleged violations of the Aadhaar Act, 2016 and Banking Regulation Act. The petitioner argued that Google Pay accessed and stored sensitive personal data without RBI authorization. The Court upheld that Google Pay functions as a third-party application on the UPI platform and not as an independent "payment system provider" requiring separate RBI authorization, and therefore found no merit in the petition.²²

3. Internet and Mobile Association of India v. Reserve Bank of India (2020)

In *Internet and Mobile Association of India v. Reserve Bank of India (2020)*, the Supreme Court of India struck down the RBI's circular that barred banks and regulated entities from dealing with virtual currencies, holding that the restriction disproportionately restricted trade and violated Article 19(1)(g) of the Constitution. While affirming that the RBI has broad powers to regulate payment systems and financial stability under the Payment and Settlement Systems Act, 2007, RBI Act, 1934, and Banking Regulation Act, 1949, the Court clarified that such powers must be exercised in a reasonable, proportionate, and evidence-based manner, respecting constitutional rights.²³

Part-II Non-Doctrinal Research

A survey was conducted through Google form and data is collected. The survey results are presented through pie-charts and tables and percentage method is used in tables. The total number of sample respondents is 125. Below are the data collected through Google form survey and percentage method is used in each tables. It also includes pie charts.

¹⁹ Analyzing the transition from cash to digital platforms (Navneet Kaur, 2024, ShodhKosh Journal):

<https://www.granthaalayahpublication.org/Arts-Journal/ShodhKosh/article/view/6055>

²⁰ Digital payments surge; cash usage declines in India, RBI economist analysis — The Economic Times (2024):

<https://economictimes.indiatimes.com/news/economy/finance/digital-payments-surge-cash-usage-declines-post-pandemic-in-india-says-rbi/articleshow/114471507.cms>

²¹ *Harshita Chawla v WhatsApp Inc and Others* (Competition Commission of India, Case No 15 of 2020, 18 August 2020)

<https://www.cci.gov.in/antitrust/orders/details/118/0>

²² *Himakshi Bhargav v. Union of India & Ors.*, W.P.(C) 118/2026, High Court of Delhi, order dated 7 Jan. 2026,

<https://indiankanoon.org/doc/197687444/>

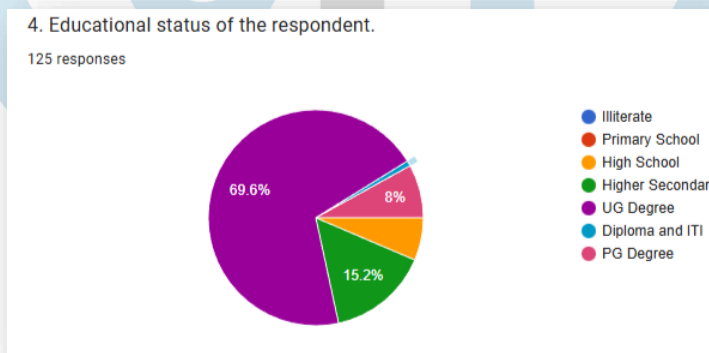
²³ *Internet and Mobile Association of India v. Reserve Bank of India*, 2020 INSC 264, Supreme Court of India, judgment dated 4 March 2020, <https://indiankanoon.org/doc/12397485/>

Table Number 1: Educational and Occupational Status of the Respondents.

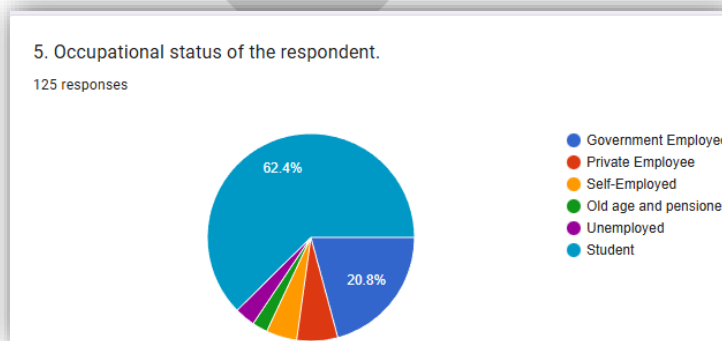
Particulars	Government Employee	Private Employee	Self-Employed	Old-age and pensioner	Unemployed	Student	Total
Illiterate	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)
Primary School	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)
High School	0 (0.00)	0 (0.00)	2 (1.60)	0 (0.00)	1 (0.80)	5 (4.00)	8 (6.40)
Higher Secondary	0 (0.00)	2 (1.60)	2 (1.60)	1 (0.80)	0 (0.00)	14 (11.20)	19 (15.20)
UG Degree	23 (18.40)	4 (3.20)	1 (0.80)	1 (0.80)	1 (0.80)	57 (45.60)	87 (69.60)
Diploma and ITI	0 (0.00)	0 (0.00)	1 (0.80)	0 (0.00)	0 (0.00)	0 (0.00)	1 (0.80)
PG Degree	3 (2.40)	2 (1.60)	0 (0.00)	1 (0.80)	2 (1.60)	2 (1.60)	10 (8.00)
Total	26 (20.80)	8 (6.40)	6 (4.80)	3 (2.40)	4 (3.20)	78 (62.40)	125 (100.00)

Source: Primary data

Educational status of the respondent:



Occupational status of the respondent:



From the above charts, it is evident that among the 125 respondents, most are undergraduates at 69.6 percent, followed by those with higher secondary education at 15.2 percent and postgraduate qualifications at 8 percent. A small proportion of respondents fall under high school at 6.4 percent and diploma/ITI at 0.8 percent, with no respondents being illiterate or having only primary education. In terms of occupation, the majority of

respondents are students at 62.4 percent, followed by government employees at 20.8 percent. Private employees account for 6.4 percent, self-employed respondents for 4.8 percent, unemployed respondents for 3.2 percent, and old-age pensioners for 2.4 percent of the sample.

Table 2: Consumer's preference in mode of payment by nativity

Particulars	Cash	Digital	Total
Rural	12 (9.60)	26 (20.80)	38 (30.40)
Urban	17 (13.60)	42 (33.60)	59 (47.20)
Semi-urban	5 (4.00)	23 (18.40)	28 (22.40)
Total	34 (27.20)	91(72.80)	125 (100.00)

Source: Primary data

As indicated in Table 2, the sample of 125 respondents demonstrates a dominant preference for digital modes of payment at 72.8 percent, compared to 27.2 percent for cash, indicating a clear shift toward digital transactions.

Table 3: Consumer's perspective on role of cash mode of payment in the future by nativity

Particulars	It will be used much less	It will disappear completely	It will remain important	It will remain the primary method	Total
Rural	22 (17.60)	4 (3.20)	8 (6.40)	4 (3.20)	38 (30.40)
Urban	32 (25.60)	14 (11.20)	8(6.40)	5 (4.00)	59 (47.25)
Semi-urban	16 (12.80)	7 (5.60)	3 (2.40)	2 (1.60)	28 (22.40)
Total	70 (56.00)	25 (20.00)	19 (15.20)	11(8.80)	125 (100.00)

Source: Primary data

As indicated in Table 3, among the sample of 125 respondents, 56 percent believe that cash will be used much less in the future, while 20 percent feel it will disappear completely. However, 15.2 percent believe that cash will remain important, and 8.8 percent consider it will continue as the primary method of payment.

12. Testing of Hypothesis

The hypotheses proposed in this study were tested using primary data collected through a structured questionnaire administered through Google Forms. A total of 125 respondents participated in the survey. The following hypotheses were formulated and tested, and the corresponding results are presented below.

Hypothesis 1: Consumers prefer digital mode of payment over cash mode of payment.

Based on the data presented in Table 2, the hypothesis that consumers prefer digital modes of payment over cash is empirically supported. Among the 125 respondents, 72.8% indicated a preference for digital payment methods, while 27.2% preferred cash transactions. The substantially higher proportion of respondents favoring digital payments demonstrates a clear consumer inclination toward digital modes of payment. Accordingly, Hypothesis 1 is accepted, and the null hypothesis (H_0) is rejected.

Hypothesis 2: There is a significant perception among consumers that the use of cash as a mode of payment will decline in the future.

Based on the data presented in Table 3, there is a significant perception among consumers that the use of cash as a mode of payment will decline in the future. Among the 125 respondents, 56 percent believe that cash will be used much less, and 20 percent feel that it will disappear completely. In contrast, only 15.2 percent believe that cash will remain important and 8.8 percent consider it will continue as the primary method of payment. The overall findings indicate a strong consumer expectation of declining cash usage. Accordingly, Hypothesis 2 is accepted, and the null hypothesis (H_0) is rejected.

13. Conclusion

The doctrinal analysis reveals that India's transition from cash-based transactions to digital payment systems is strongly supported by legislative frameworks, regulatory policies, and judicial interpretations. Statutes such as the Payment and Settlement Systems Act, 2007 empower the Reserve Bank of India to regulate and supervise digital payment mechanisms to ensure financial stability and consumer protection. Judicial decisions, including *Internet and Mobile Association of India v. RBI (2020)* and *Pragya Prasun v. Union of India (2025)*, affirm that while the RBI has broad regulatory powers over digital payments, such powers must be exercised in a proportionate and inclusive manner, respecting fundamental rights. The courts have also recognized digital access as integral to the right to life and equality, highlighting the need for accessibility and inclusiveness. At the same time, doctrinal findings indicate that issues such as cybersecurity risks, data privacy concerns, and digital illiteracy remain significant challenges. The non-doctrinal research findings, based on primary data collected from 125 respondents, reveal a clear consumer preference for digital modes of payment over cash. A majority of respondents indicated regular use of digital payment methods and expressed the view that cash usage is likely to decline in the future. However, a smaller segment of respondents still considers cash important for certain transactions, indicating the continued coexistence of both payment modes.

Overall, the findings from both doctrinal and non-doctrinal research indicate a gradual shift toward digital payment methods rather than the complete elimination of cash. The study concludes that a balanced regulatory framework that encourages technological innovation while ensuring security, consumer protection, and financial inclusion is crucial for the sustainable development of digital payment systems in India.

14. Suggestions

- Efforts should be made to improve digital infrastructure and internet connectivity, especially in rural and semi-urban areas.
- Financial and digital literacy programs should be strengthened to increase consumer confidence in using digital payment systems.
- Policymakers and financial institutions should promote inclusive payment systems that support both digital and cash modes to ensure accessibility for all consumer groups.
- Consumers should be provided with adequate security measures and grievance redressal mechanisms to address concerns related to fraud and technical failures.
- Cash should continue to be available as an alternative for small transactions until digital payment systems become fully accessible and reliable.

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