

## The Impact of Cashless Transaction in Business

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### Article Info.

E-ISSN: 2583-6528

Impact Factor (SJIF): 6.876

Peer Reviewed Journal

Available online:

[www.alladvancejournal.com](http://www.alladvancejournal.com)

Received: 16/Oct/2025

Accepted: 16/Nov/2025

### Abstract

This study looks at how cashless transactions are changing the way businesses work. It explains how using digital payments like cards, mobile apps, and online transfers can make business faster, safer, and more convenient. Cashless systems help reduce theft, save time, and improve customer service. However, they also come with challenges such as internet problems, transaction fees, and the risk of cyberattacks. Not everyone has access to digital tools, which can make it hard for some businesses and customers. Overall, going cashless has many benefits, but it needs good planning to work well for everyone. The rapid shift toward cashless transactions has significantly transformed modern business operations. Digital payment systems such as mobile wallets, UPI, debit/credit cards, Internet banking, and online payment gateways-have enhanced the speed, accuracy, and convenience of financial activities. Businesses benefit from reduced cash-handling costs, lower risks of theft, improved transaction transparency, and more efficient record-keeping. Cashless systems also enable better customer experiences through faster checkouts, seamless online purchasing, and flexible payment options. For firms, these technologies support better financial planning, real-time tracking of sales, and easier integration with accounting and inventory software. However, the transition also presents challenges. Small businesses may face high transaction fees, dependence on network connectivity, cybersecurity threats, and resistance from cash-preferred customers. Despite these issues, the overall impact is largely positive, promoting greater efficiency, accountability, and scalability. As digital infrastructure expands, cashless transactions are expected to become an essential component of sustainable business growth and competitive advantage.

**Keywords:** Digital payment, financial efficiency, transaction transparency, customer convenience, operational cost reduction.

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### Introduction

Cashless transactions are becoming more common in today's business world. Instead of using physical money, people now pay through mobile apps, bank cards, and online transfers. This change is helping businesses work faster and serve customers more easily. It also reduces the risk of theft and the cost of handling cash. Many companies can now sell their products online and reach more people. However, some businesses still face challenges like internet problems and high transaction fees. Not everyone is comfortable with digital payments. Even so, cashless systems are shaping the future of business.

### Literature Review

Azmi *et al.*, 2021 Globally, cashless payment systems have attracted growing interest for their ability to streamline

operations, lower transaction costs, and drive digital transformation within businesses. However, in developing nations like Malaysia, the adoption rate among businesses continues to lag despite these apparent advantages Pradeep H. Tawade (2017) The government needed to take proactive measures to establish a cashless economy. This included ensuring that banks maintained sufficient liquidity to facilitate transactions and improving infrastructure to encourage greater participation in internet and net banking. In conclusion, the cashless system offers significant advantages, providing increased convenience and efficiency for society, businesses, and the government alike. Igbara, Felis N., Emerenini Fabian M., and Daasi Gibson L.K. (2015) Investigated the impact of the cashless policy on small-scale businesses in Ogoni Land, Rivers State, Nigeria. Their study revealed that the adoption level of the cashless policy was statistically low and had an

adverse effect on the performance and growth of small-scale businesses in the region.

### Statement of the Problem

Many businesses are moving towards cashless transactions, but not all are fully prepared for this change. Some small businesses face issues like poor internet access, high transaction fees, and lack of digital tools. Others worry about the safety of online payments due to cybercrime. Also, not all customers are comfortable with using cashless methods. These problems can make it hard for businesses to fully benefit from digital payments. There is a need to understand how cashless systems affect different types of businesses. This study aims to find out both the benefits and the challenges of going cashless in business.

### Objectives of the Study

1. To know the challenges faced by the business in cashless transaction
2. To know the various digital mode used in business transaction
3. To analyse how cashless transaction influence business operations

### Scope of the Study

This study explores the impact of cashless transactions on business operations, focusing on how businesses adapt to digital payment systems. It will examine the different types of cashless payment methods used in business, such as mobile apps, debit/credit cards, and online banking. The study will address the challenges faced by businesses, such as technical difficulties, transaction fees, and customer adaptation. It will also analyse how cashless payments influence business performance, customer service, and operational efficiency. The study primarily focuses on small and medium-sized businesses, both in physical stores and online platforms, and seeks to understand how they manage the shift to a cashless environment.

### Limitation

This study is limited in several ways. First, it may not capture all the challenges faced by businesses, as some issues may vary greatly between industries and business sizes. Second, the study focuses only on the most common digital payment methods, so it might not explore every emerging payment option in depth. Additionally, the research may not cover all geographical areas, limiting the diversity of business experiences with cashless transactions. The study is also constrained by the availability of businesses willing to share data on their operations and the challenges they face, which may lead to a bias in the findings.

### Research Methodology

A research strategy is suggested research project's blueprint. The research adheres to a descriptive design. Studies that use descriptive methods focus on characterizing the traits of a particular individual or group. The what, when, where, how, and by what methods issues are raised by this design.

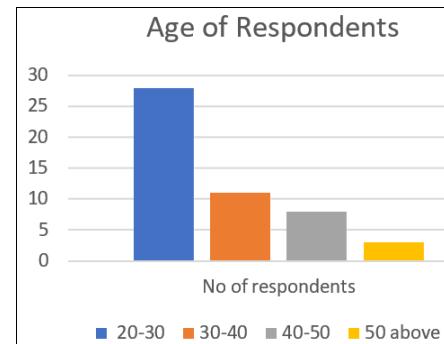
### Source of data

Primary data  
Secondary data  
Sample size 50 respondents

### Data Analysis, Interpretation and Suggestion

#### 1. The Table Showing the Age Respondent

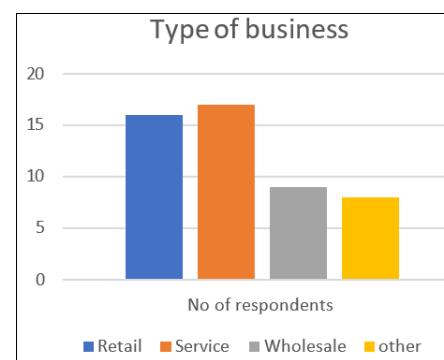
Particulars	No of respondents
20-30	28
30-40	11
40-50	8
50 above	3
Total	50



**Interpretation:** It is clear from the table that 28 of respondents are between the age group of 20 to 30, 11 of respondents are between the age group of 30 to 40, 8 of respondents are between 40 to 50, 3 of respondents are in the age group of 50 above. The graph depicts that majority of the respondents belongs to the age group of 20-30. This shows that the majority of respondents are youths.

#### 2. Table Showing the Type of Business do you Operate

Particulars	No of Respondents
Retail	16
Service	17
Wholesale	9
other	8
Total	50



**Interpretation:** The table shows that 16 of respondents are operating retail business 17 of respondents are operating service business 9 respondents are operating wholesale business and 8 respondents are operating other businesses. The graph clearly interprets that majority of respondents are operating retail business.

#### 3. Table Showing do you Currently Accept Cashless Payment

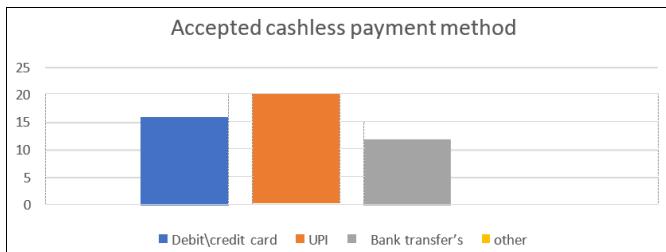
Particulars	No of Respondents
Yes	46
No	4
Total	50



**Interpretation:** The table shows the table 92 percent of respondents are accept cashless payment 8 percent of respondents are not accepting cash less payments. The graph conveys that majority of respondents are accepting cashless payments.

#### 4. Table Showing Which Cash Less Payment Method does you use

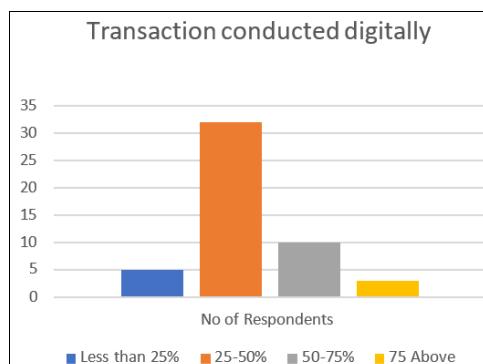
Particulars	No of Respondents
Debit\credit card	16
UPI	20
Bank transfer's	12
other	2
Total	50



**Interpretation:** The table depicts that 20 respondents use UPI for their payments. 12 respondents use bank transfers. 16 respondents use debit\credit cards. only 2 respondents use other methods to make cash less payments. The graph depicts that 20 respondents use UPI for their payments.

#### 5. Table Showing what Percentage of your Business Transaction are Conducted Digitally

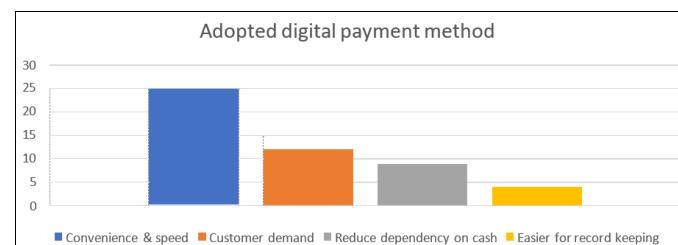
Particulars	No of Respondents
Less than 25%	5
25-50%	32
50-75%	10
75 Above	3
Total	50



**Interpretation:** The table depicts that 32 respondents are using 25-50% of digital payment for transaction. 10 respondents are using 50-75%. 5 respondents are using less than 25%. 3 respondents are using above 75% using digital transaction in their business. The graph shows that the respondents using digital transaction more than 25 - 50 %.

#### 6. Table Showing what Motivated you to Adopt Digital Payment Method in your Business

Particulars	No of Respondents
Convenience & speed	25
Customer demand	12
Reduce dependency on cash	9
Easier for record keeping	4
Total	50



**Interpretation:** It can be analysed that 25 respondents motivated from convenience and speed 12 respondents are motivated from customer demand 9 respondents are motivated from the reduce dependency on cash and 4 respondents are motivated for keeping records. The graph clearly shows that majority of respondents are motivated from the speed and convenience factor.

#### 7. Table Showing have you face any Challenges While Using Digital Payment Method

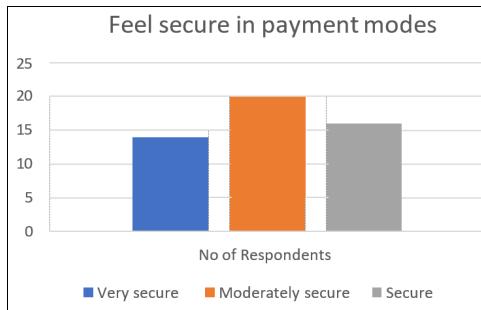
Particulars	No of Respondents
Yes	44
No	6
Total	50



**Interpretation:** The table shows that 87 percent of respondents are said yes for the challenges faced in digital payment method. 13 percent of respondents are responded no for the challenges faced in digital payment method. The graph clearly shows that majority of respondents are facing the digital payment challenges.

## 8. Table Showing how Secure do you feel Using Digital Modes of Payment for your Business

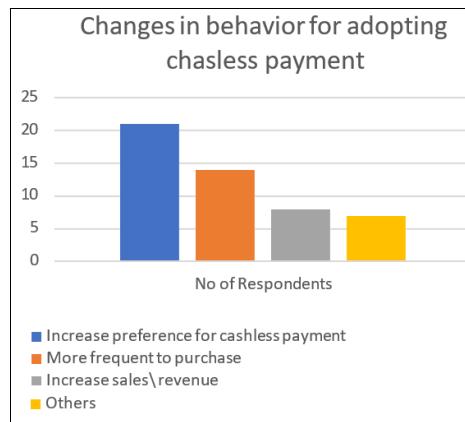
Particulars	No of Respondents
Very secure	14
Moderately secure	20
Secure	16
Total	50



**Interpretation:** The tables shows that 20 respondents feels that moderately secure. 14 respondents feels very secure and 16 respondents feels secure in digital payments. The graph clearly shows that majority of respondents feels moderately secure in business payment.

## 9. Table Showing have you Noticed any Changes in Customer Behaviour Since Adopting Cashless Payment

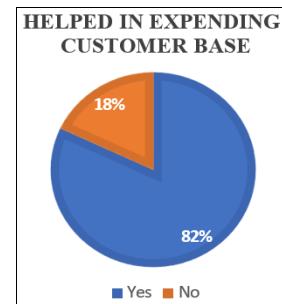
Particulars	No of Respondents
Increase preference for cashless payment	21
More frequent to purchase	14
Increase sales\revenue	8
Others	7
Total	50



**Interpretation:** The table depicts that 21 respondents customers behaviour changes due to increase preference for cashless payment. 14 respondents due to more frequent purchases. 8 respondents are due to increase in sales and revenue and 7 respondents are due to other factors. The graph depicts that 21 respondents of customer's behaviour changes due to increase preference for cashless payment.

## 10. Table Showing Has Adopting Cashless Payment Helped in Expending your Customer Base

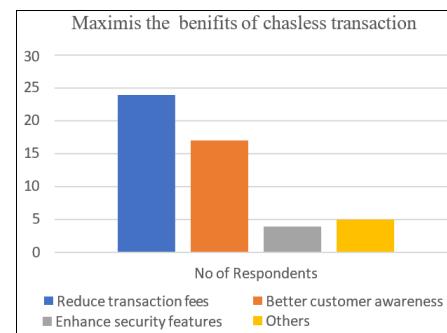
Particulars	No of Respondents
Yes	41
No	9
Total	50



**Interpretation:** The table conveys that 89percent of respondents are helped in expanding the customer base.11 percent respondents are not ready for expanding the customer base for making cash less payments. The table conveys that 89percent of respondents are helped in expanding the customer base for making the cashless payments.

## 11. Table Showing what Additional Support Would you help you to Maximize the Benefits of Cashless Transaction

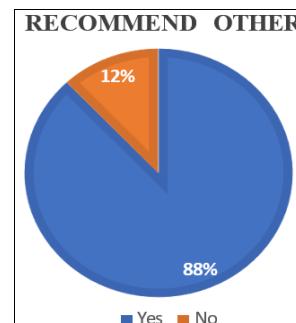
Particulars	No of Respondents
Reduce transaction fees	24
Better customer awareness	17
Enhance security features	4
Others	5
Total	50



**Interpretation:** According to above data 24 respondents responded to reduce transaction fees. 17responded to create better customer awareness 4 responded to enhance security features and only 5 responded to others that help you to maximize the benefits of cashless transaction. According to above graph 24 respondents responded to reduce transaction fees that help you to maximize the benefits of cashless transaction.

## 12. Table Showing Would you Recommend other Business to Adopt Cashless Payment System

Particulars	No of Respondents
Yes	44
No	6
Total	50



**Interpretation:** The tables clearly shows that 96percent of respondents recommend other business to adopt cashless payment system. Only 4percent responded are not recommend other business to adopt cashless payment system. The graph shows that 96percent of respondents recommend other business to adopt cashless systems

### Findings

- A majority 17 respondents are operate the businesses in service sectors.
- A majority 46 respondents are currently accept the cashless payment.
- An overwhelming 20 respondents are cashless payment method used.
- Having a majority 32 respondents are business transaction are conducted digitally.
- A majority 25 respondents are motivated to adopt digital payment method in the business.
- An overwhelming 41 respondents are adopting cashless payment helped in expending your customer base.

### Suggestion

- To help businesses handle the challenges of cashless transactions, it's important for them to invest in training for their staff and ensure strong security measures to protect against fraud.
- Small businesses can also partner with payment providers to reduce transaction fees.
- Offering various digital payment methods, like mobile wallets and QR codes, will give customers more options and build trust.
- Businesses should keep an eye on how these payments impact their daily operations and customer satisfaction, looking for ways to improve.
- In places where cashless systems are still growing, businesses might consider offering both cash and digital payments.
- Lastly, using data from digital transactions can help businesses improve customer experience, inventory, and marketing strategies for better growth.

### Conclusion

This study aimed to explore the impact of cashless transactions on businesses. The first objective was to identify the challenges that businesses face when adopting cashless systems, such as technical issues, security concerns, and transaction fees. The second objective focused on understanding the different digital payment methods used by businesses, including mobile wallets, debit/credit cards, and online banking. The third objective analysed how cashless transactions affect business operations, customer service, and overall growth. The findings suggest that while cashless systems offer convenience and security, businesses must overcome certain hurdles, such as cybersecurity risks and customer adaptation.

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