Demographic Perspectives on Awareness and Adoption of A Cashless Economy in Uttar Pradesh

Ms. Aarti
Research Scholar
Department of Economics
DAV College
Bulandshahr
Email: aartichauhan0293@gmail.com

Prof. (Dr.) Rajeev Sirohi
Associate Professor
Department of Economics
DAV College
Bulandshahr

Abstract

Policy actions in India have encouraged digital payments, and the country is quickly moving towards a cashless economy as a result of the fast progress of digital technology. The research looks at how different demographics in Uttar Pradesh perceive and use the concept of a cashless economy. The study looks at how gender, education level, and age affect people's use of digital payment methods using main data obtained from 130 participants through a structured questionnaire. The results show that people's levels of awareness range from moderate to high, with those with greater levels of education and younger respondents showing more adoption. The study highlights the importance of targeted digital literacy programs to guarantee inclusive growth and finds that demographic factors greatly affect the adoption of cashless transactions.

Keywords

Cashless Economy, Digital Payments, Demographic Factors, Awareness.

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Ms. Aarti
Prof. (Dr.) Rajeev Sirohi

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Introduction

With the advent of the cashless transaction system in the 1950s, "ready money" that eliminates the need to physically handle currency and makes it more resistant to theft by pickpockets and other similar crimes has become standard issue. In the 1990s, cashless transactions became commonplace in technologically advanced nations due to the meteoric rise of online banking. By 2010, the majority of nations had fully adopted digital payment methods. When compared to more conventional banking methods, online banking is both more convenient and time-saving, making it a prime example of information technology in the service sector. Pay Pal, near field communication (NFC) payments using smartphone or electronic card, Apple's digital wallet system, online banking, and bill payment systems all contributed to the gradual elimination of cash from online transactions in the past. Before India's contemporary banking system came into being, there were various payment methods. Transactions moved at a snail's pace since banking procedures were conducted manually. "Book-Keeping," or the human entry of financial transactions into one ledger from another, is an integral part of this system. A lot of money was counted using computers and other modern devices. Handiwork is labor-intensive and time-consuming. "Triton among the minnows" describes a bank with more than one computer, and each additional computer improves the crawling working conditions. For the government, accepting payments in cash is a costly endeavor, according to a regional research. There are a lot of things that can influence people to embrace new technology, but two of them stand out. First, there's "utility," the degree to which users are inclined to use or forego an app based on their perception of how much it will improve their work performance. Secondly, there's the "convenient" factor, which states that people will not embrace and use a piece of technology, no matter how valuable it is, if they find it too difficult to use.

In India, the future of the cashless economy seems to be fraught with controversy and uncertainty. Any monetary transaction that begins with an electronic communication channel or that is paid for using electronic signals associated with deposit or credit accounts is referred to as an e-payment. Any sort of payment that does not involve cash and does not use paper checks is referred to as an electronic payment. Where financial notes are not utilized as a medium of exchange, we say that the economy is cashless. It is a hypothetical phase that supports several forms of currency transaction. Virtual money circulates very little because all transactions are conducted through digital mediums such as cards, wallets, or the internet. Credit cards, debit cards, money wallets, IMPS, RTGS, NEFT, and other electronic modes of payment would essentially eliminate the need for physical currency in a cashless economy.

Having no currency means less paper, less money, no carrying and handling problems, etc., which is the main benefit. Through the use of focus groups, Hirschman was able to determine eleven payment attributes that are very relevant to the choice and application of payment instruments. Spending control, documentation, reversibility, acceptance, transaction time, security, social desirability/prestige, and transfer time were all part of the package. The Dutch central bank outlined four main features of a good payment system: security (the risk to the customer's money when using a digital instrument), speed (the amount of time it takes to complete the transaction), costs (the amount of money the customer has to pay to own and use a payment instrument), and ease of use (the amount of work required by the customer to finish the payment process using an electronic medium).

Review Of Previous Studies

Zargar, Nasir et al., (2023). A growing number of countries are moving toward cashless systems. When compared to traditional cash payments, cashless transactions offer faster processing times, greater security, and greater convenience. The purpose of this literature review is to offer a synopsis of the accepted research on cashless economies, highlighting both the positive and negative aspects of these systems. Technology, governmental policy, and societal factors are the three main determinants of cashless economies, as discussed in this paper. Also covered in the analysis are the possible risks associated with moving towards cashless economies, such as increased vulnerability to cyberattacks and the marginalization of people who do not have access to electronic payment systems. At its end, the analysis offers stakeholders some advice on how to overcome the obstacles to a cashless economy and encourage its widespread adoption. In sum, the findings and analysis presented in this paper shed light on the variables that are influencing the present level of cashless economy acceptance.

Chaurasia, Akash et al., (2023). The government of India has taken numerous steps in recent years to promote the usage of digital payments, and the country's economy has been moving steadily towards a cashless model. The goals of this research are to take a look at these efforts, figure out how e-commerce and mobile technologies influenced the shift, and assess the pros and cons of India's cashless economy. Digital transactions are anticipated to experience a surge in the country due to the government's initiatives aimed at promoting them and the widespread adoption of technology. Unfortunately, not all Indians have ready access to computers and the internet, so moving toward a cashless economy will not be an easy feat. The study stresses the need of collaboration between banks and the government in facilitating a fair and inclusive shift away from cash.

Hasan, Aslam et al., (2020). The government of India has begun the transition to a cashless economy in an effort to stem the flow of illicit funds, prevent money laundering, and ensure a stable economy. A new age has begun in the country, one in which digital currency is the norm. The article will begin with defining cashless system, then go on to describe online banking procedures in India, the government's plans to implement cashless system across the country, and finally, the difficulties associated with electronic payment systems and a cashless economy. The study's overarching goal is to take a look at the major obstacles that Indians encounter when trying to go cashless. Interviews will be carried out in order to accomplish the goals of this exploratory kind of self-study.

N., Ramya & Ali, Dr. (2018). Financial transactions in a cashless society typically do not include actual currency such as banknotes or coins but rather the exchange of digital information, which is essentially an electronic representation of money. Prior to the advent of digital currencies like bitcoin, cashless transactions were only feasible in societies that relied on barter or other forms of alternative exchange. The Indian government, headed by Prime Minister Narendra Modi, has embarked on a drive to eliminate the country's reliance on cash and to deposit the vast amounts of unaccounted for black money that have been sitting around. When the government demonetized outdated currency notes like Rs.500 and Rs.1000 on November 8, 2016, it was a significant move toward a cashless economy. To reach the goal of the Indian payment and settlement system: Vision 2018, several actions were required from every angle to facilitate the transition to a cashless society and digital India.

Sahu, G. & Singh,. (2017). In this paper, we will try to identify the key elements that led to India's e-payment system's smooth launch. Analyze the prevalence of e-Payment imitators across India and assess the current state of e-Payment in Allahabad, a city in Uttar Pradesh. The research was carried out using a qualitative approach, which included a thorough literature review, interviews, and expert opinions. Using NVivo 11 Pro, we can examine the data and determine what contributed to the success. The program helped identify thirteen elements that would be important for the effective adoption of digital payment in Allahabad: anonymity, bank involvement, drawer, infrastructure, mobility, parties, popularity, range of payment, risk, security, transfer limit, transfer mode, and transfer time. The results will be useful for other cities in India to establish digital payment systems.

Research Objectives

1. To examine the level of awareness regarding cashless economy among different demographic groups in Uttar Pradesh.

2. To analyze the influence of demographic factors such as age, gender, and education on the adoption of cashless payment systems.

Research Methodology

1. Nature of the Study

The current investigation is both an analytical and descriptive one. This study intends to look at the demographics of Uttar Pradesh to see how different age, gender, education, and income brackets see the cashless economy and how they perceive it.

2. Area of the Study

Urban and semi-urban regions, where digital payment options are more widely available, will be the main emphasis of the study's selection of districts in Uttar Pradesh.

3. Sources of Data

Primary and secondary sources will both contribute to the study's foundation.

- **Primary data** data that will be gathered from people who fill out a standardized questionnaire.
- **Secondary data** information will be gathered from a variety of sources, including academic journals, government reports, newspapers, RBI publications, and relevant online resources.

4. Sample Size and Sampling Technique

The study will use a convenience sample of 130 participants to collect data. Those who are familiar with or make use of digital payment systems will make up the bulk of the respondents.

5. Data Collection Tool

The amount of awareness, usage, and perspective towards cashless transactions will be measured by a close-ended questionnaire, which will be used to collect primary data. To gauge how people feel about different parts of the cashless economy, we'll utilize a five-point Likert scale.

6. Data Collection Method

The survey will mostly be disseminated through digital channels like social media and email to educated individuals who have access to various digital payment options. We will only analyze valid and complete replies from the questionnaires that were circulated.

7. Tools for Data Analysis

To understand demographic variations in cashless transaction awareness and adoption, we will code, tabulate, and do simple percentage analysis on the data we collect from respondents.

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Results and Discussion

Table 1.1:

Demographic Profile of Respondents (N = 130)

Demographic Variables	Category	Frequency	Percentage
Gender	Male	78	60.0
	Female	52	40.0
Age Group (Years)	18–25	32	24.6
	26–35	46	35.4
	36–45	30	23.1
	Above 45	22	16.9
Educational Qualification	School Level	26	20.0
	Graduate	54	41.5
	Postgraduate & Above	50	38.5
Total		**130**	**100**

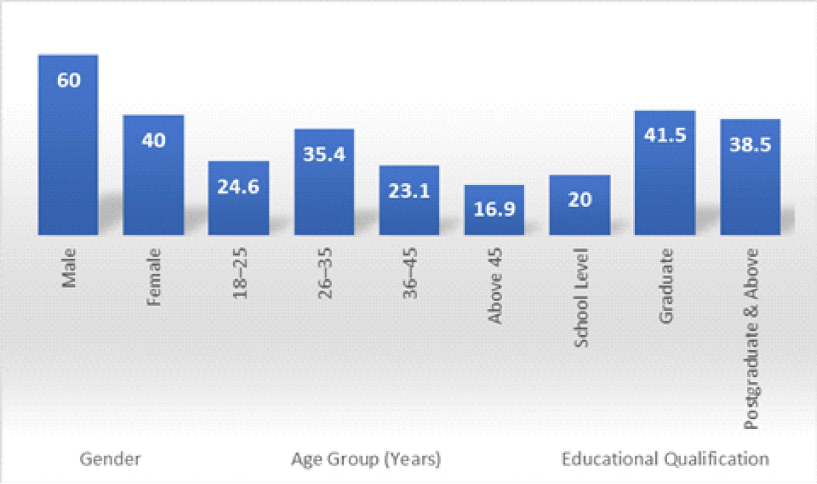

Figure 1.1: Demographic Profile of Respondents (N = 130)

The study's 130 participants' demographic information is shown in Table 1. Gender breakdown shows that there is a fairly even split between the sexes, with 60% of responses being men and 40% being female. The age group comprising those between 26 and 35 years old accounts for 35.4% of the total, with those between 18 and 25 years old making up 24.6% and those between 36 and 45 years old 23.1%. The youngest age group comprised of respondents (16.9%) is those above the age of 45. As far as educational attainment is concerned, a sizeable percentage of the sample possesses graduate degrees (41.5%), closely followed by individuals with

postgraduate and above qualifications (38.5%). Twenty percent of the overall responders have completed some kind of formal schooling. According to the data in the table, the majority of the respondents are between the ages of 18 and 35 and have completed some college. This makes the sample a good one to use for studying people's familiarity with and willingness to use cashless economy practices.

Table 1.2:

Level of Awareness about Cashless Economy

Awareness Level	Frequency	Percentage
Very Low	10	7.7
Low	18	13.8
Moderate	42	32.3
High	38	29.2
Very High	22	16.9
Total	**130**	**100**

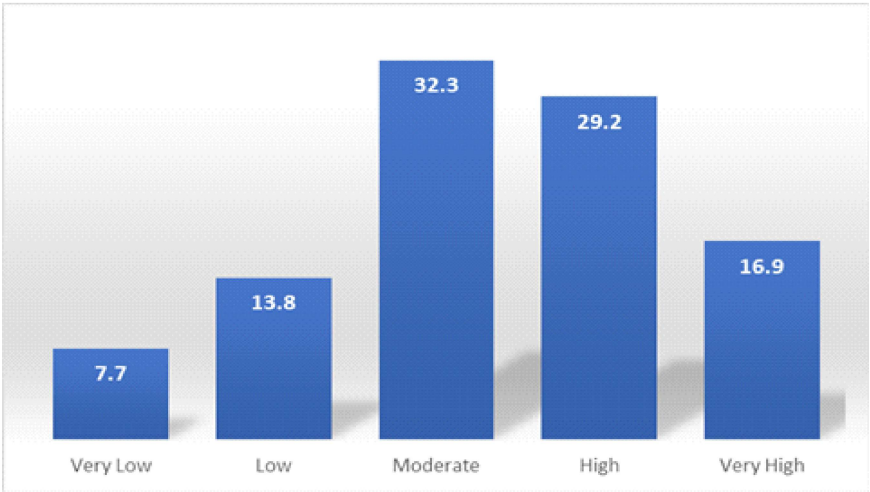

Figure 1.2: Level of Awareness about Cashless Economy

Table 1.2 shows that most people are aware with the concept of a cashless economy. A considerable portion of the population understands the basics of digital payment systems and cashless transactions, since the findings show that 32.3% of respondents had a moderate level of awareness. Nearly half of the sample had a reasonably high level of consciousness, with 29.2% indicating a high level of awareness and 16.9% indicating a very high level of awareness. However, there is a smaller but significant segment of respondents who have poor awareness (13.8%) and extremely low awareness (7.7%), indicating that there are gaps in awareness. The data in the table

show that although most people have a good grasp of what the cashless economy is, there has to be more education and outreach to help the less informed.

Table 1.3:

Level of Awareness about Cashless Economy

Awareness Level	Frequency	Percentage
Very Low	10	7.7
Low	18	13.8
Moderate	42	32.3
High	38	29.2
Very High	22	16.9
Total	**130**	**100**

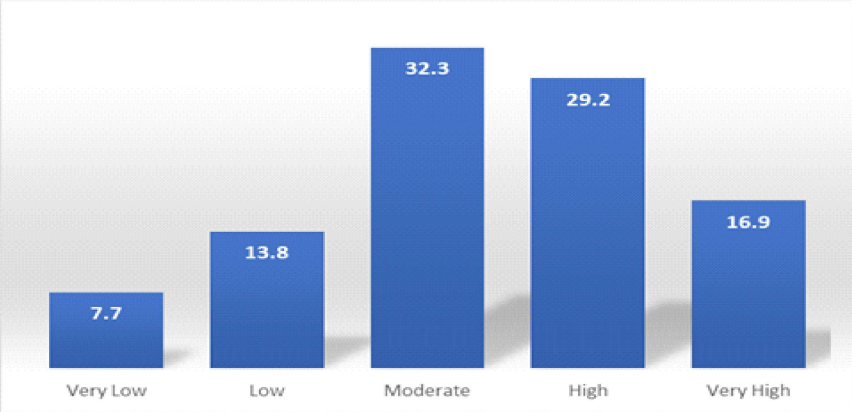

Figure 1.3: Level of Awareness about Cashless Economy

Based on their knowledge of the cashless economy, Table 3 shows how the respondents were distributed. A sizeable majority of the population has at least a rudimentary grasp of cashless principles, as the highest percentage of respondents (32.3%) fell into the intermediate awareness category. After this group comes those with a high level of awareness (29.2%), followed by those with a very high level of awareness (16.9%), indicating that around half of the participants have a solid grasp of the cashless economy. However, there is a noticeable awareness gap because a smaller percentage of respondents express poor awareness (13.8%) and very low awareness (7.7%), which combined make up nearly one-fifth of the sample. There needs to be targeted education and awareness campaigns to reach the groups with lower levels of awareness, but overall, the table shows that people are typically satisfied with their degree of knowledge of the cashless economy.

Influence of Demographic Factors on Adoption of Cashless Economy

Table 1.4:
Education and Adoption of Cashless Payments

Education Level	High Adoption (%)	Moderate (%)	Low (%)
School Level	22	38	40
Graduate	46	36	18
Postgraduate & Above	62	28	10

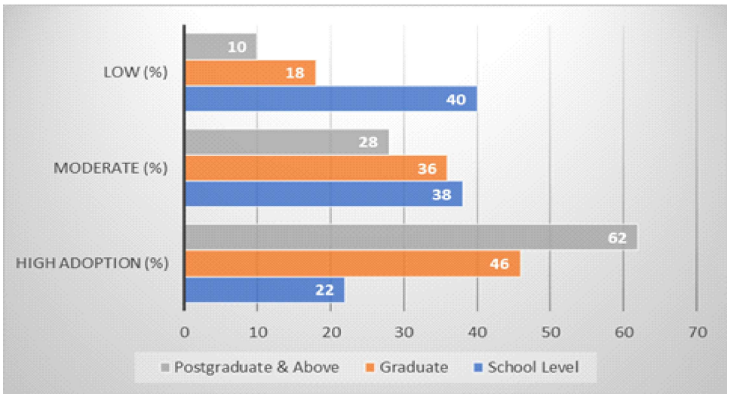

Figure 1.4: Education and Adoption of Cashless Payments

Table 1.4 shows that the use of cashless payment methods is positively and strongly correlated with education level. An overwhelming majority of respondents (62%) had a high level of adoption among those with a bachelor's degree or higher, suggesting that these individuals are more knowledgeable about and comfortable using digital financial technologies. Additionally, graduates show a high level of adoption; 46% are classified as highly adoptive, while 36% are moderately adoptive. On the other hand, those who have only completed high school have the lowest rate of high adoption (22%), and the largest rate of low adoption (40%), which indicates that they have limited access to or literacy with digital technologies. Taken as a whole, the data in the table show that people with more education are far more likely to use cashless payment methods, whilst those with less education are less likely to bother.

Table 1.5:
Age-wise Adoption of Cashless Payments

Age Group	Regular Users (%)	Occasional Users (%)	Non-users (%)
18–25	58	30	12
26–35	64	26	10
36–45	46	36	18
Above 45	30	38	32

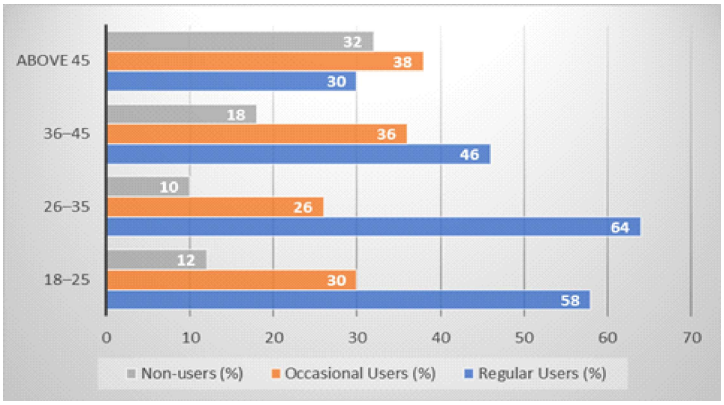

Figure 1.5: Age-wise Adoption of Cashless Payments

The adoption of cashless payment methods varies significantly by age group, as seen in Table 5. The 26-35 age group uses digital payment methods the most (64%), followed by the 18-25 age group (58%), suggesting that younger persons are more at ease and knowledgeable with these techniques. Partial acceptability but limited regular dependence on cashless transactions is shown by the highest rates of occasional use among those aged above 45 years (38%) and 36-45 years (36%), however this level of use is quite mild across all age categories. In the age ranges of 26–35 and 18–25, the percentage of non-users is lowest, at 10% and 12%, respectively, indicating that young people have embraced digital technologies. On the other hand, the percentage of respondents who do not use it grows substantially with age, reaching 32% among those over the age of 45. This suggests that there may be some resistance or a lack of accessibility or digital knowledge. In general, the data shows that people are becoming less likely to use cashless payment methods as they get older.

Conclusion

Using age, gender, and education as proxies, this research looked at how people in Uttar Pradesh perceive and use cashless transactions. Digital payment systems are becoming more prevalent in the state's metropolitan and semi-urban areas, as shown by the fact that a large percentage of respondents have a moderate to high level of knowledge of the cashless economy.

A larger percentage of people in the economically engaged and youthful (18–35) age bracket have adopted and regularly use cashless payment methods than those in the older age brackets, according to the demographic data. This points to the importance of exposure to online financial services, comfort with technology, and ease of access to digital platforms in determining adoption behavior. There has

to be focused awareness and capacity-building programs because responders over 45 years old exhibit substantially lower adoption levels.

It became clear that level of education was a major factor in adoption. People with more education, such as a graduate or postgraduate, are more likely to be familiar with and use cashless payment methods than those with only a high school diploma or less. This highlights the significance of education in raising levels of digital competence, self-assurance, and faith in online monetary transactions. Despite disparities in engagement levels, respondents of both sexes showed signs of increasing comfort with cashless systems, suggesting a more inclusive adoption of digital financial practices.

In sum, the research shows that demographics play a major role in determining how widespread the idea of a cashless economy is in Uttar Pradesh. Disparities between age and education groups remain, notwithstanding the clear progress towards digitization. Governments and banks should prioritize digital literacy initiatives, accessible technology, and public education initiatives, with an emphasis on the elderly and the less educated, if they want to see growth that benefits everyone. The state's transition to a sustainable and inclusive cashless economy can be accelerated by stepping up these initiatives.

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