



# Demonetisation and Digitisation - A Diagnostic Study

March 2017



## About the study

On November 8, 2016 Government of India (GoI) withdrew the legal tender status of ₹500 and ₹1,000 denomination banknotes with the stated objectives to: a) reduce black money stashed in cash; b) stifle counterfeit Indian banknotes and c) curb terror funding.\* In addition to the achievement of these objectives, GoI promoted the use of cashless methods to get more and more transactions through digital methods.

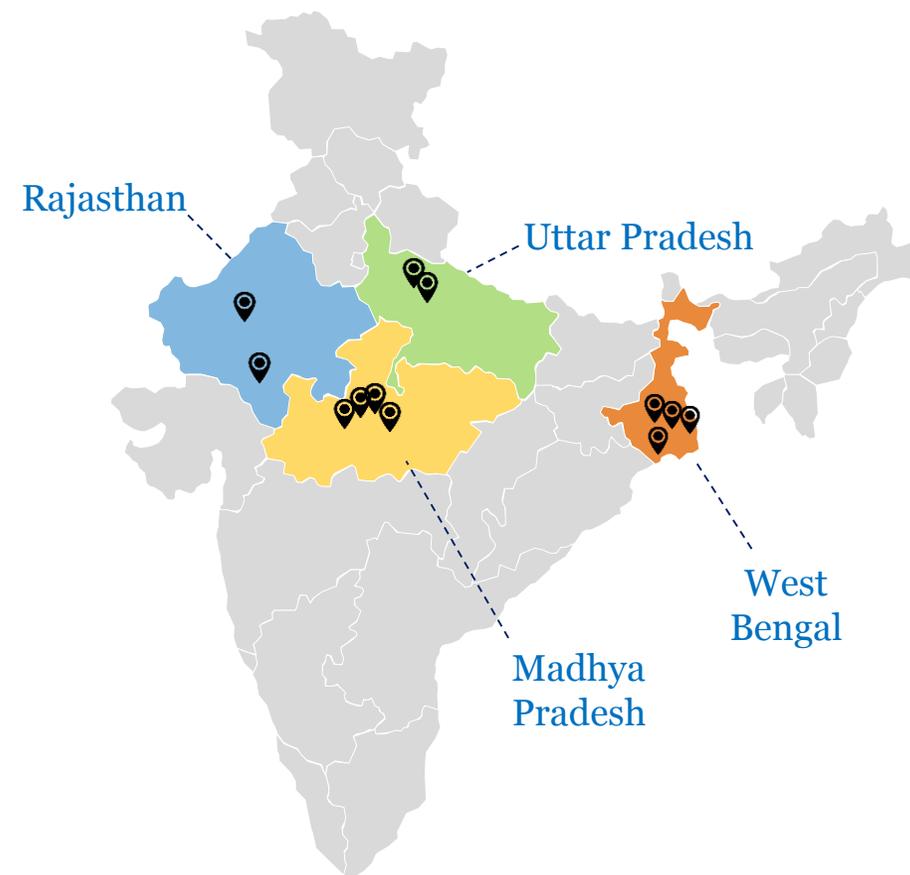
We conducted a diagnostic study (December, 16 to January, 17) to understand the impact that demonetisation had on the income, expenses and cashless solutions adoption of four segments – agriculture and allied sector earners, self-employed, informal sector workers and salaried and their dependents.

### The study has been conducted...

- To gauge the experience of users adopting cashless modes, barriers (behavioural and functional) to uptake and usage of cashless solutions.
- To study the impact of demonetisation on the primary source of income of individuals, their expenses, coping mechanisms adopted and the change in the mode/channel used for conducting financial transactions.

### Approach to the exploratory study

- Primary research in the **four states** of India with a focus on the demand side.
- In-depth **structured interactions** with **147 respondents** spread across rural, semi-urban and urban geographies.
- Respondents included individuals associated with **different value chains** and those having **varied skill sets**.
- Observed varied **cashless modes to transact**, including **cheques**.



- ❖ Debit cards and cheques are the most popular cashless solutions among people. However, post demonetisation the uptake of cheques and mobile wallets has significantly increased, while that of debit cards has largely remained the same.

Debit cards are a popular cashless mode of payment among people due to the convenience it provides in terms of ease of handling and acceptance. Cheques are also widely used by people since it is one of the oldest payment methods. Moreover post demonetisation, cheques acted as an easy substitute for cash which led to significant increase in its usage. Some DFS providers, such as Paytm, also took advantage of demonetisation by strategically marketing its product because of which awareness and usability of mobile wallets have increased.

- ❖ 66% of the people using digital solutions likely to transition permanently, given sufficient access points and training is provided.

Demonetisation has created a push for most people to adopt cashless solutions. However, the permanent transition to cashless as reported by 66% of respondents will be subject to providing sufficient financial access points and training on how to use DFS solutions. The remaining 34% who mentioned that they would prefer using cash over digital methods faced either behavioural or functional issues. Behavioural issues include issues with trust, perception and risk. Functional issues are issues related to awareness, usability, costs, infrastructure and grievance redressal.

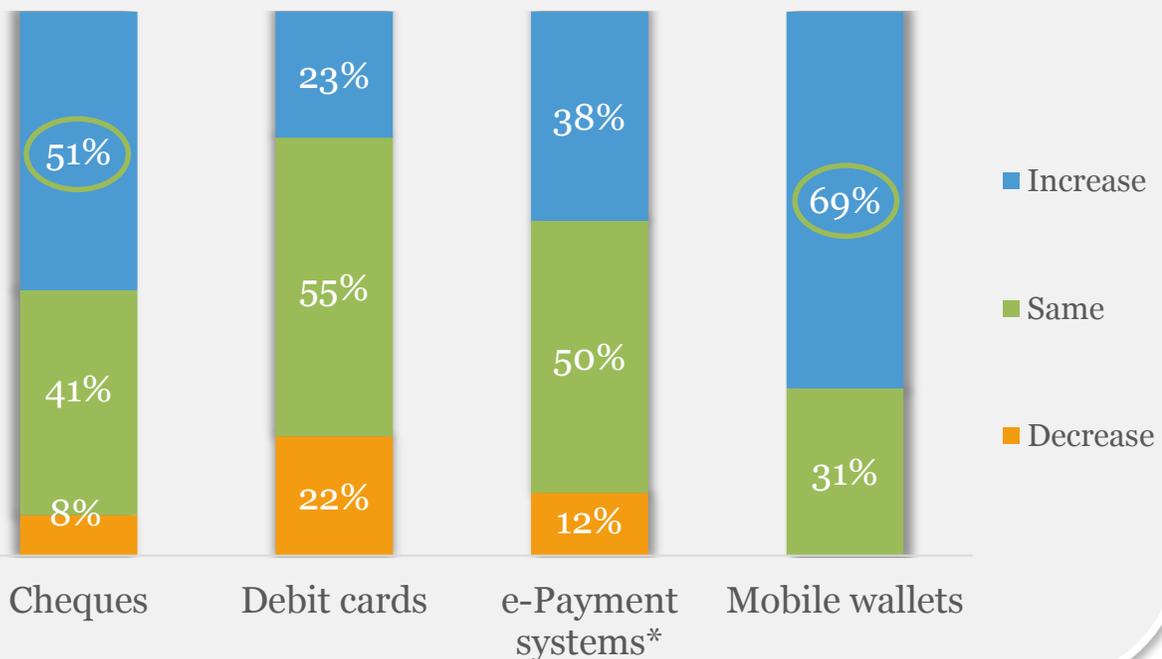
- ❖ Demonetisation had varied impact across segments. Consequently, the coping mechanisms deployed by each segment differed.

- *Demonetisation has had adverse impact on farmers and traders involved in vegetable and cattle trading, whereas dairy and grain farmers have been least affected as they could resort to alternate means. For example, dairy farmers shifted to aggregators providing cash and grain farmers started accepting cheques for their produce.*
- *In 'self-employed' segment, businesses offering durable/white goods and services and non-essential products were highly impacted due to demonetisation as purchases for such products and services were postponed to a later date. Hence, demonetisation has affected the owners of such businesses, however, being relatively better-off than other segments they have been able to absorb losses.*
- *Demonetisation has had the most acute impact on some sub-segments within 'informal sector workers' segment, such as daily-wage labourers and artisans, who had little or no work for almost two months. Another factor attributing to the acute impact was high dependence on cash and low uptake of cashless solutions. Low literacy levels and small transaction ticket sizes inhibit this segment from adopting cashless solutions.*
- *Demonetisation has had least impact on 'salaried and their dependents' segment largely due to the nature of their employment and the already digitised salary payments. However, lack of financial access points restricts them from frequently using cashless solutions.*

- ❖ Significantly more concerted efforts are required from multiple stakeholders to (a) enhance customer awareness in practical terms (product features, pricing, safety and security measures of payment instruments) and (b) for readiness of last mile infrastructure (POS devices, network connectivity, electricity) in order to drive higher uptake and regular usage of DFS products.

## Demonetisation has led to increased use of mobile wallets and cheques

### Change in usage of payment methods since demonetisation



Post demonetisation, most people have increased use of cheques since they were able to withdraw larger amount using it vis-à-vis using debit cards. People have also started using cheques for smaller transaction ticket size than they otherwise did due to its high acceptability.



The net use of debit cards increased since a number of people tried using it for the first time. However, 22% of respondents mentioned that they have decreased using the payment instrument because of long queues and the ceiling on cash withdrawals. Some debit card users even mentioned that they have now switched to using cheques.



Use of mobile wallets, in particular Paytm, has increased as demonetisation enabled adoption of easier-to-use digital payment methods.

RBI and NPCI data supports our findings. Post demonetisation there is a shift towards increased use of cheques, debit cards at POS and mobile wallets. The detailed analysis of the RBI and NPCI data is presented in [Slide No. 9](#).

## 66% of people using digital solutions likely to transition permanently, if sufficient access points are available and training is provided

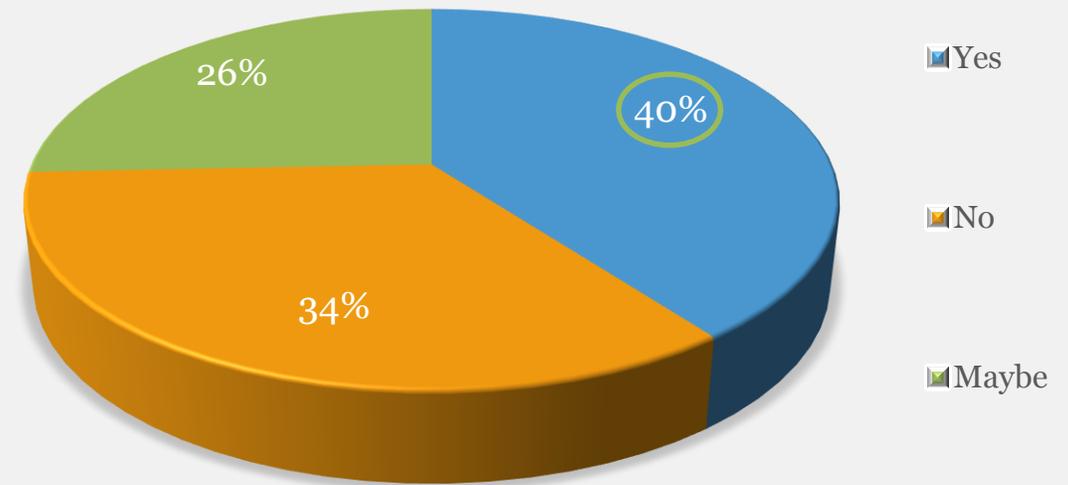
❖ 40% of the respondents indicated that they would permanently transition to digital payments even after cash circulation in the economy returns to pre-demonetisation levels. 26% of the respondents mentioned that they may switch to digital payments provided:

- *Sufficient acceptance points are available,*
- *Peers and communities adopt digital payments methods, and*
- *They are trained on the use of digital payment methods and solutions.*

❖ 34% of the respondents however will not adopt digital payments and revert to cash as soon as possible, because:

- *Small ticket size payments are not accepted by merchants digitally, disallowing consumers with low and erratic income to adopt digital solutions,*
- *Their financial behaviour is difficult to change as their experience of using cashless solutions has been limited to two months vis-à-vis their experience of dealing in cash for years.*

### Likelihood of permanent transition to DFS\*

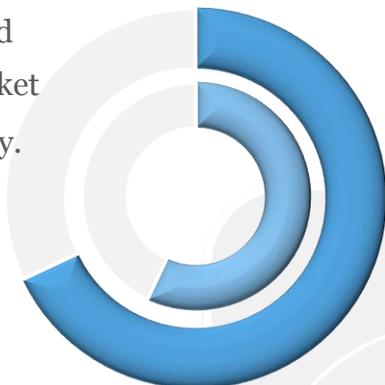


# Demonetisation had varied level of impact on different segments

## Agriculture and allied sector earners

- Demonetisation had adverse impact on vegetable and cattle farmers and traders as cash continued to be a preferred mode of payment, because of small transaction ticket size and lack of familiarity with purchasers respectively.
- Dairy farmers and grain farmers remain largely unaffected as dairy farmers had option to shift to aggregators paying in cash and grain farmers were able to sell their produce at prevailing rates.
- Income of farmers might be impacted in future as homegrown seeds were used for sowing instead of buying seeds from the market.

68%  
57%



## Self-employed

- People in this segment being relatively better-off than other segments, have been able to absorb the losses incurred by demonetisation.
- Sellers offering essential products (grocery, dairy, medicines) continued to receive constant income although sale volumes decreased.
- Sellers offering durable/white goods (mobiles, clothes) had to provide short-term credit to ensure ongoing sale.
- The income of sellers offering non-essential products (cosmetics, restaurants) reduced by more than half.

91%  
56%



74%  
60%

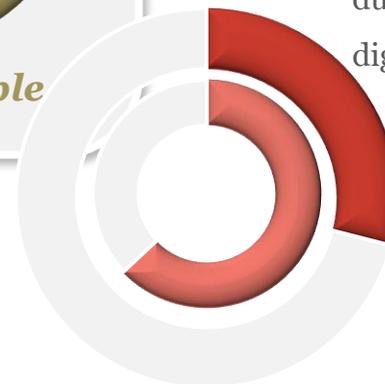


Total Sample

## Salaried and their dependents

- This segment has been relatively least affected largely due to the nature of their employment and the earlier digitisation of their salary payments.
- In stray cases, some of them took 2-20 days in getting their salary cheques cleared due to long queues at branches.
- Decrease in consumption of discretionary items; households resorted to thrifty purchase of essential items.

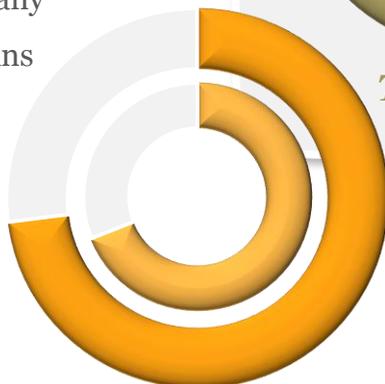
29%  
63%



## Informal sector workers

- Demonetisation has had the most acute impact on some sub-segments within this segment as many respondents, such as daily wage labourers and artisans had little or no work for almost two months.
- The income of rickshaw/auto/taxi drivers also declined significantly as they accepted payments only in cash.
- However, the income of maids and mill workers largely remained unaffected.

73%  
69%

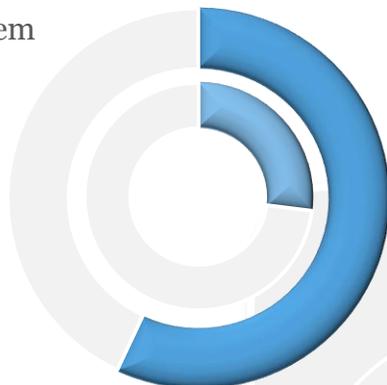


# Demonetisation has created a push to adopt cashless solutions for most segments

## Agriculture and allied sector earners

- Post demonetisation, mode of income for grain farmers shifted from cash to cheques. However, it takes them up to a fortnight to encash cheques.
- Semi-medium and medium farmers (land holding of 2 – 10 hectares) shifted to cheques for payments to input suppliers.
- Cash is still the preferred mode for transactions and is extensively used for expenses.
- Trust and familiarity with payee is acting as a determining factor to accept cashless solutions.

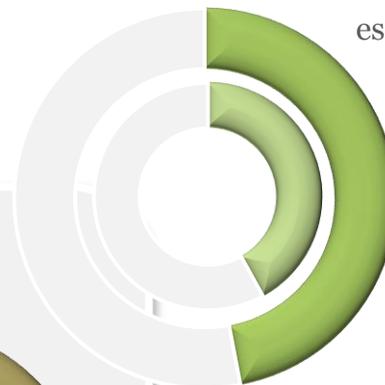
57%  
27%



## Self-employed

- Due to low cash availability, shopkeepers offering essential products (grocery, dairy, medicines) have started paying their suppliers/wholesalers in cheques.
- Shopkeepers offering durable/white goods (mobiles, clothes) in semi-urban and urban areas obtained POS machines and subscribed to mobile wallets due to increased demand from customers to pay using cashless solutions.
- Some shopkeepers have also started using NEFT/RTGS for business transactions.

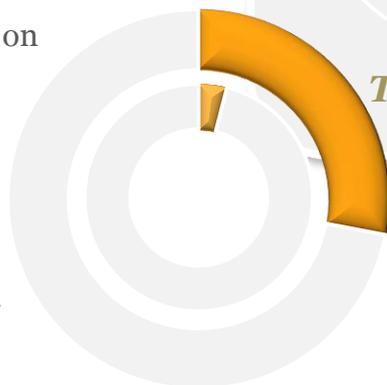
47%  
42%



## Informal sector workers

- This sector has been greatly impacted due to demonetisation since they were highly dependent on cash and adoption of cashless solutions was low. Also, majority of people in this segment have low levels of education and deal with small transaction ticket size owing to erratic income.
- For drivers, mill workers and maids, the mode of receiving wages changed from cash to cashless.

28%  
4%



45%  
28%



Total Sample

## Salaried and their dependents

- Due to digitised income inflow this segment was more accustomed to digital solutions.
- Comfort with technology is relatively higher for this segment owing to high education levels and familiarity with long-term usage of financial services, such as bank accounts and debit cards.
- Lack of financial acceptance points restricts frequent use of cashless solutions.

31%  
21%



# Customer's meaningful awareness and readiness of last mile infrastructure need to be revisited

- Fear of safety and security of cashless solutions since lately people have been receiving fraudulent calls.
- Low trust with financial service providers especially, non government entities, such as private sector banks and mobile wallet providers.

- Negative word of mouth or stories of failed digital transactions of a friend or a neighbour, creating barriers to the uptake of cashless solutions

- A text-intensive and complicated user interface
- Lack of content in vernacular languages

For cashless solutions, limited knowledge of:

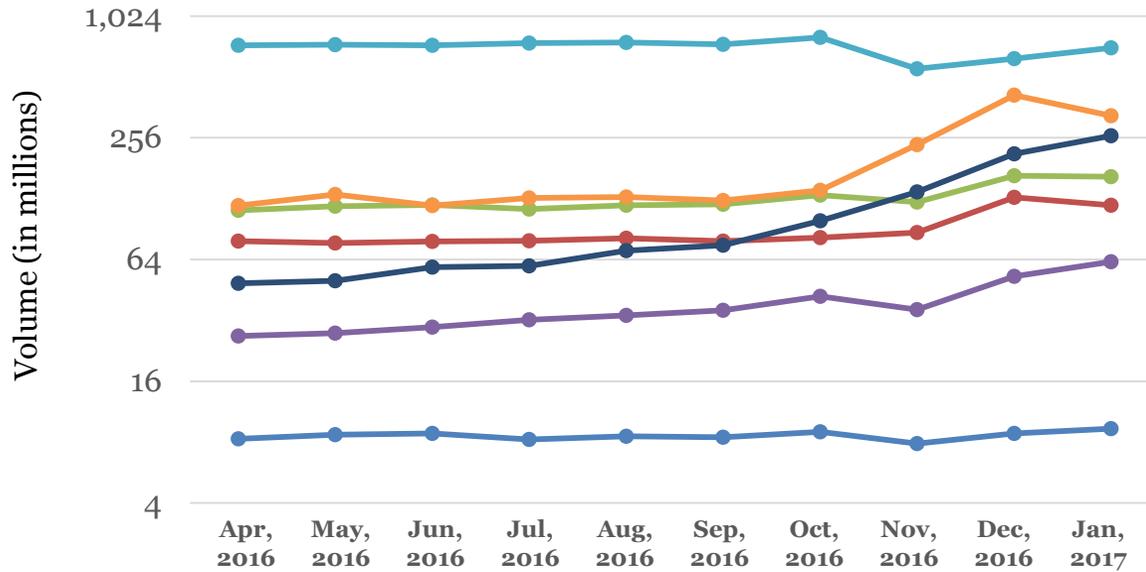
- the process of on-boarding and of carrying out transactions
- the benefits (of cashless methods)
- the safety and security features



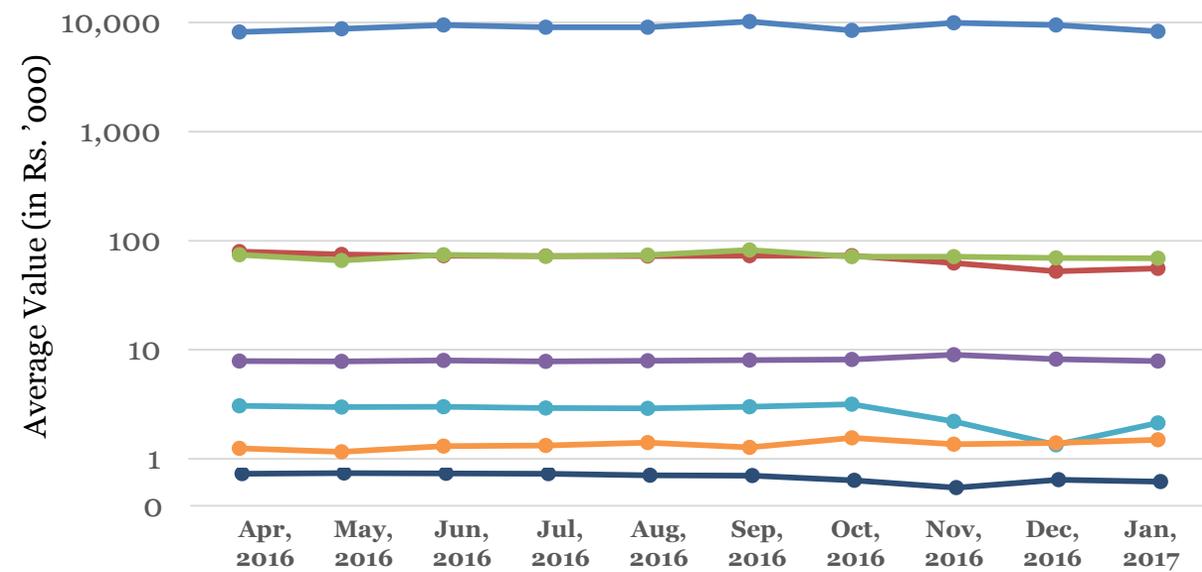
# Impact of demonetisation on digitisation: Long-term or short-lived?

Post demonetisation, the transaction volume has increased for cheques, debit card at POS and m-wallet, whereas, the average transaction value has decreased for these payment instruments. Thus, post November people have started using these three payment instruments more frequently and for smaller value transactions than they otherwise did. However, the impact of demonetisation seems to be short-lived as the transaction numbers of the cashless payment instruments in January, 17 are nearing the transaction numbers pre-November, 16.

### Transaction Volume (2016-17)



### Average Transaction Value (2016-17)



RTGS	8.3	8.7	8.8	8.3	8.6	8.5	9.0	7.9	8.8	9.3
Cheque (CTS)	79.0	77.2	78.6	79.2	81.6	78.9	82.0	87.1	130	118
EFT/NEFT	112	118	119	113	119	120	133	123	166	164
IMPS	26.8	27.7	29.7	32.2	33.9	35.9	42.1	36.2	52.8	62.4
Debit card at ATM	733	738	732	752	757	742	802	561	630	712
Debit card at POS	118	134	118	129	131	125	141	236	415	329
M-wallet	48.8	50.3	58.6	59.5	70.7	75.3	99.6	138	213	262

RTGS	8,223	8,764	9,494	9,081	9,064	10,247	8,497	9,959	9,513	8,305
Cheque (CTS)	79.3	74.9	72.9	72.1	72.6	72.7	72.8	62.2	52.4	55.9
EFT/NEFT	74.4	65.8	74.1	71.8	73.9	82.2	71.3	71.6	69.4	69.2
IMPS	7.86	7.82	7.99	7.81	7.92	8.05	8.16	8.98	8.18	7.87
Debit card at ATM	3.07	2.99	3.01	2.91	2.90	2.99	3.18	2.20	1.35	2.13
Debit card at POS	1.25	1.16	1.31	1.32	1.41	1.27	1.56	1.36	1.40	1.49
M-wallet	0.47	0.48	0.47	0.46	0.43	0.42	0.34	0.24	0.35	0.32

**Please note:** The graph above is based on RBI data (<https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications>) and NPCI data ([https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=38779](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=38779)) for April, 16 – January, 17. The data for some payment instruments such as, debit card and mobile wallet is unavailable for January, 2017 and hence is not presented above.

# Multi-fold efforts are needed to improve the adoption of cashless solutions

- Low income customers can be brought onto digital channels through the **‘pull’ of government schemes** such as Ujjwala, DBT, etc.; however agency networks have to work well to support such schemes.

- Redesign and customise the existing user interface to increase ease of usage.
- Vernacular language UIs are needed.

- RBI with NPCI should lay protocols for grievance redressal for different channels.
- Liability of loss to customer to be clearly fixed as is the case in EMV channel.



- Ensure multiple and active financial access points with required infrastructure, such as POS devices, network connectivity, electricity.

- Need for thrust on communication to reinforce safety and security aspects of digital payment solutions.

- Agencies like MOF/RBI/PMO/NPCI should form a cell to develop and disseminate literacy material on specific digital solutions, such as UPI, BHIM application.

- **Sensitisation campaigns** to enhance awareness and trust levels of customers by building the understanding of product features and pricing of each payment instrument.

# Annexure

GoI	Government of India
e-Payment systems	Electronic Payment Systems
NEFT	National Electronic Funds Transfer
RTGS	Real Time Gross Settlement
IMPS	Immediate Payment Service
UPI	Unified Payments Interface
USSD	Unstructured Supplementary Service Data
DFS	Digital Financial Services
FSP	Financial Service Providers
POS	Point of Sale
ATM	Automated Teller Machine
RBI	Reserve Bank of India
NPCI	National Payments Corporation of India
EMV	Europay, MasterCard and Visa
EFT	Electronic Funds Transfer
MOF	Ministry of Finance
PMO	Prime Minister's Office
CTS	Cheque Truncation System

### **e-Payment systems:**

Electronic payment systems include NEFT, RTGS, IMPS, UPI and USSD.

### **Cashless solutions:**

Payment instruments, such as cheques, debit card, e-Payment systems (NEFT, RTGS, IMPS, UPI, USSD) and mobile wallet.

### **DFS:**

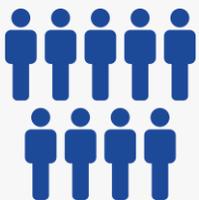
Payment instruments, such as debit card, e-Payment systems (NEFT, RTGS, IMPS, UPI, USSD) and mobile wallet. It excludes cheques.

### ***Mandi***

'*Mandi*' means wholesale market

# Characteristics of respondents of this study

## Sample



**147**

Number of respondents

## Gender



**80%**



**20%**

## Bank Account

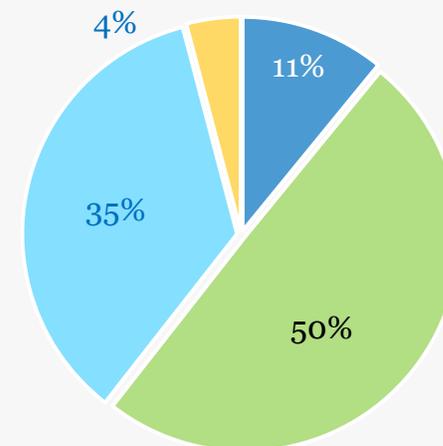


**95%**

Have a bank account

## Age Groups

- < 25 years
- 26 - 40 years
- 41 - 60 years
- > 60 years



## Geography



**20%**  
Urban



**30%**  
Semi-urban

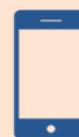


**50%**  
Rural

## Mobile Phone



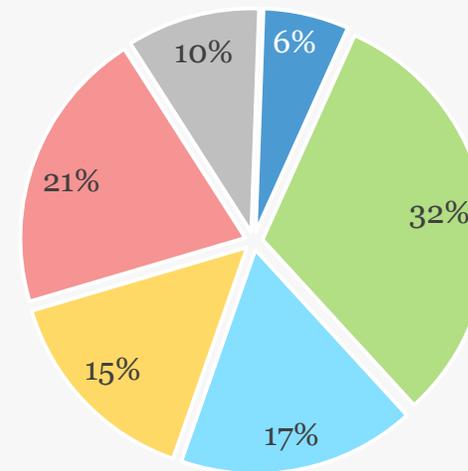
**56%**  
Have feature phone



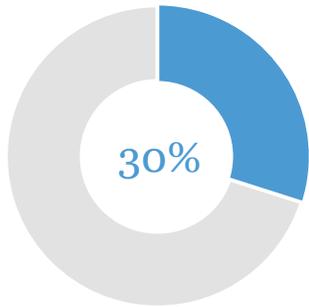
**44%**  
Have smart phone

## Education

- Illiterate
- 1 - 8th
- 9 - 10th
- 11 - 12th
- Graduate
- Post-graduate



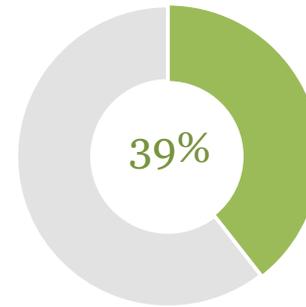
## Agriculture & allied sector earners



This segment includes individuals or businesses who are dependent on agriculture and allied sector.

- Farmers
- Agriculture input shops
- Commission agents in 'mandis'<sup>1</sup>
- Livestock traders
- Dairy and nursery business owners

## Self-employed

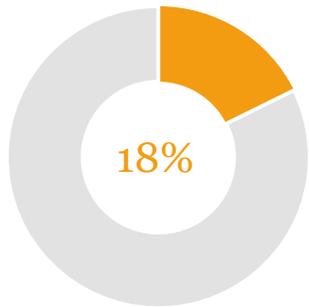


This segment includes individuals who have invested and are running their own businesses.

- Shop owners, small and large (non-agri products)
- Service providers, (beauty parlour, tailors etc.)
- Traders & manufacturers

n = 147

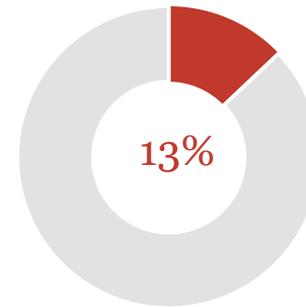
## Informal sector workers



This segment includes individuals who are involved in the informal sector and are wage-earners.

- Mill workers
- Hawkers
- Rickshaw, auto and taxi drivers
- Artisans

## Salaried and their dependents



This segment includes individuals who are or were employed in a public or private sector job and earn salary or pension.

Housewives are also included in this segment. They are more likely to operate on a monthly budget and their expense behavior is most closely aligned to that of a salaried person. This behavioural aspect has been confirmed in our study.

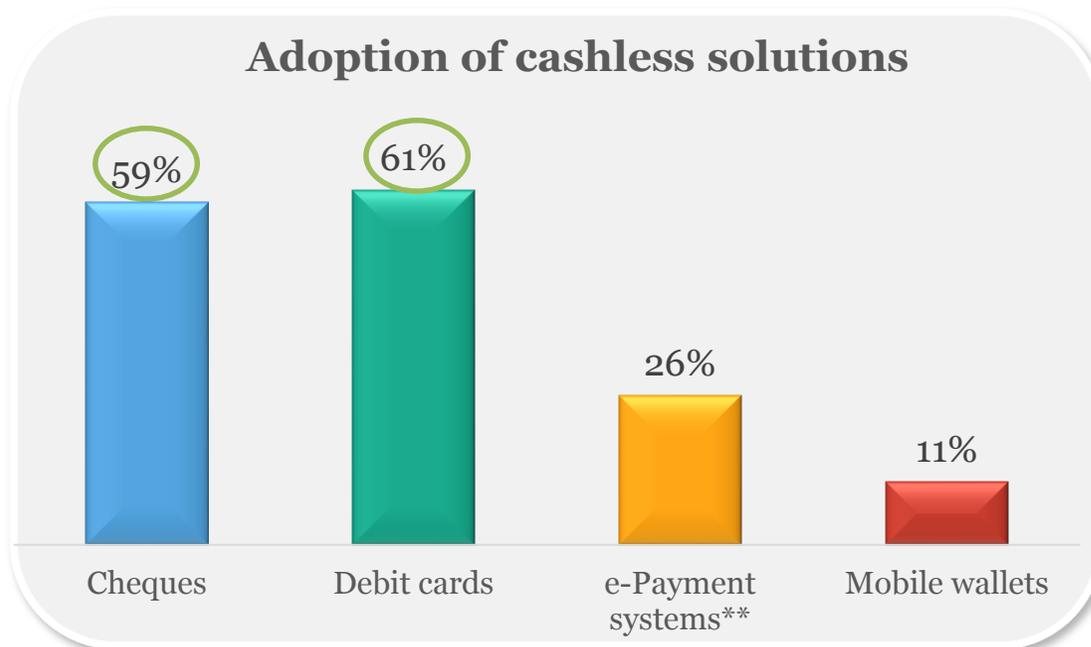
## Debit cards and cheques are the most popular cashless solutions\*



Cheques are a popular mode of payment among people. Since it is one of the oldest and a tangible payment instrument, it is highly trusted by people and acts as a good substitute for cash.



e-Payment systems are still not as popular among people as cheques and debit cards. In comparison to other segments, uptake of e-Payment systems is high among 'salaried and their dependents' and 'self-employed' due to higher literacy levels and better awareness of financial products.



Debit cards are also widely used by people. The convenience that it offers in terms of ease of handling and acceptance continues to make them one of the preferred cashless methods.

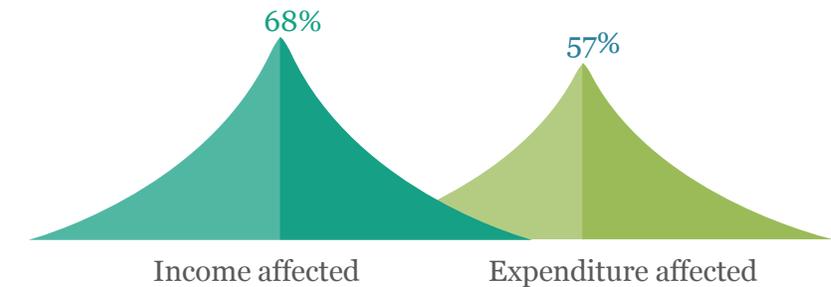


Mobile wallets have become popular among people, especially in the last few months. The popularity can be attributed to high number of 'visible' acceptance points – on offer by large numbers of retailers.

## Impact on income and expenditure

- Income of farmers and traders involved in vegetable and cattle trading were severely impacted as majority transactions are conducted in cash. Vegetables as perishable items, were particularly vulnerable, and prices dropped as wholesalers were finding it difficult to pay farmers in cash – thus suppressing demand.
- Most farmers producing food grains have experienced minor effect on income in terms of value; they were able to sell their produce in the nearby *mandis* at prevailing rates. Sowing for *rabi* crops has however been delayed due to unavailability of cash as well as farm labour; might impact farm incomes in coming months.
- Income from dairy farming remained unaffected as they had option to shift to aggregators paying in cash.
- Most respondents decreased the amount that they spend on household consumption items. Some of them also decreased the frequency at which they purchase these items.
- Farmers used homegrown seeds for sowing instead of buying seeds from market.
- The consumption of discretionary items, such as sugar, meat, tobacco, decreased for most respondents.
- Most admitted to resorting to credit or drawing on their savings to maintain expenses.

## Impact on value of income and expenditure



## Journey to cashless solutions

- Most grain farmers received post dated cheques (PDCs) from traders which took up to a fortnight to encash.
- Semi-medium and medium farmers (land holding of 2 – 10 hectares) shifted to cheques as payment mode to input suppliers.
- Cash is still the preferred mode for transactions. Switch to cashless modes is due to the push created by demonetisation.
- For this segment, trust and familiarity with payee acts as a determining factor to accept cashless solutions.

### REVA, Farmer Producer Organisation, Madhya Pradesh

*“For people who are not educated, receipt should be in Hindi/vernacular language and amount mentioned in the receipt should be in bigger font size. Until and unless we bring people who are not educated in the cashless ecosystem, the whole effort will be in vain”*

Reva is a Farmers Producer Organisation (FPO) working in Madhya Pradesh and covering around 60 villages in the vicinity. Reva is supporting its members by buying cattle, fertilizer, pesticide in bulk from market and selling it to its members on favourable terms and price (both in cash and on credit). It also buys the farm produce from its members and sells in bulk to traders, companies and in *mandis*. Reva's income has been affected severely from cattle trading. It is facing difficulty in purchase of cattle as transactions are done in cash. Reva's office bearers have to travel with high amount of cash to purchase cattle.

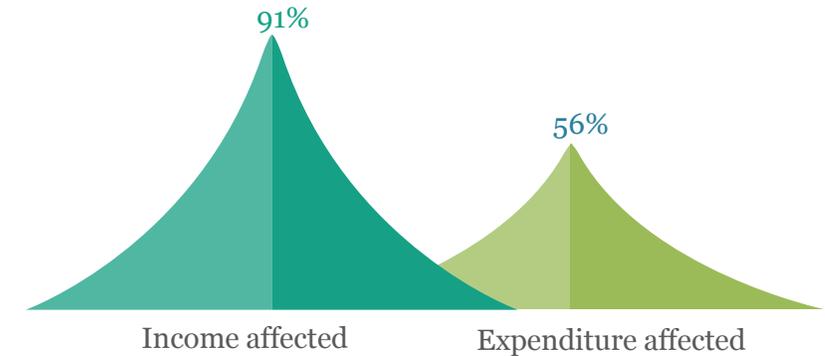
**Before demonetisation, transactions between Reva and its members were mostly in cash, now it is being gradually shifted to cheques. Purchase of agri-input from Reva by its members on credit has increased. Reva was able to provide fertilizers and pesticides to its members well within time on credit. It has purchased commodity from its members on fair price and has made payment through cheques.**



## Impact on income and expenditure

- People in this segment being relatively better-off than other segments have been able to absorb the losses incurred by demonetisation.
- For shopkeepers offering essential products (grocery shops, dairy shops, medical shops)
  - Customers continue to buy essential items although volumes have reduced.
  - Shift to cashless due to low cash availability forcing shopkeepers to pay their suppliers in cheques.
- For shopkeepers offering durables/white goods & services (mobile shops, transport business)
  - Customers are increasingly demanding short-term credit.
  - Shift to cashless resulting from increased demand from customers to pay using cashless solutions. This forced shopkeepers to obtain POS machines and subscribe to wallets.
- For shopkeepers offering non-essential products (cosmetics, restaurants)
  - Income has reduced by more than half, customers view these products to be dispensable at least in the short term.
  - Despite cashless acceptance points, sales were down in semi-urban areas; rural areas saw a more decisive slump, customers refrained from such expenditures due to uncertainties brought in by demonetisation, lack of financial literacy and absence of digital payments ecosystems.
- Shopkeepers preference remains cash/cheque or providing credit (to be repaid in cash).
- Businesses observed decreased stock purchase, delayed payment to labour, cheque payment.

## Impact on value of income and expenditure



## Journey to cashless solutions

- Customers demanded payment acceptance via channels like POS, wallets (PayTM) from store-keepers in urban and semi urban regions; this accelerated cashless adoption.
- Some shopkeepers also started using NEFT/RTGS for business transactions.
- At times a reverse trend of going from cheque to cash was also observed due to stray cases where cheque had bounced.

### Deepak Maran, Eatery Owner, Madhya Pradesh

*“Before demonetisation 90% of transactions were made in cash, it has decreased to approximately 30% after the drive. This was the effect of demonetisation.”*

Deepak Maran is a 38 year old male. He owns a *dhaba* (Baghdi dhaba) which is 30 kms away from Bhopal. He stays in Bhopal with his family.

It all started with customers offering to pay through PayTM. Deepak was himself using PayTM from past 3 years but he was not accepting payment from. Soon after the customer request started coming in he installed PayTM and started accruing its benefits i.e. more customer footfall due to increased choices of payment. He is also planning to install the Point of Sale (POS) machine as he wants to give customers additional payment choice.

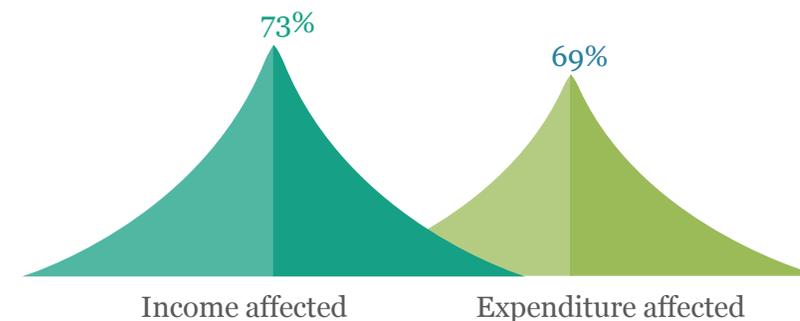
Most of his vendors were resorting to cheque. After the demonetisation drive, his transactions through cheque increased, especially due to stock vendors. He was facing difficulty in procuring liquid cash which led him to postpone his employees' salary as they demanded cash payment.



## Impact on income and expenditure

- Demonetisation has had the most acute impact on some of the sub-segments within this segment as many respondents had little or no work for almost two months.
- Income declined for the sub-segment comprising of rickshaw/auto/taxi drivers that receive on the spot cash payment for their services. They observed their customer base shift to cab service, such as Ola and Uber due to short supply of low denomination currency notes.
- Taxi drivers in the tourism industry were able to cope to some extent either by already having adopted cashless solutions such as PayTM/cheques, or by hiking the rate per tourist even when the overall tourist footfall fell.<sup>2</sup>
- Income declined significantly for daily wage labourers and artisans that typically earn on a piece rate basis. They were out of work for the last two months since they were asked to work on credit to which they refused.
- The sub-segment comprising mill workers and maids who receive income on a fortnightly or monthly basis respectively, experienced no impact in terms of value. Employers ensured payments through one or another means probably because their services were indispensable.
- For mill workers / maids, the mode of receiving salary changed; they either got it directly credited into their accounts or received cheques.

## Impact on value of income and expenditure



## Journey to cashless solutions

- This sector has been greatly impacted due to demonetisation, one of the reasons for this is high dependence on cash and low adoption of cashless solutions. Also, majority of people in this segment have low levels of education and deal with small transaction ticket size owing to erratic income.
- Prolonged cheque clearance time and delayed account transfer increased the overall income realisation cycle.

### Pervez Alam, Artisan, Uttar Pradesh

*“In India, I feel that literacy is not a problem. These days almost everyone knows how to read and write. However, spread of information about financial services is still very poor. That knowledge could have helped people a lot in these troubled times.”*

Pervez Alam, 35, is a *zari* (Indian handicraft) artisan and heads a family of five. He had used account for 10 years, however due to inactivity for a long duration it has now become dormant. He gets orders and the material to work with from his buyers and he gets paid fortnightly in cash. Post demonetisation the orders have slumped and his income avenue has dried up. Even old accounts receivables have not been settled yet.

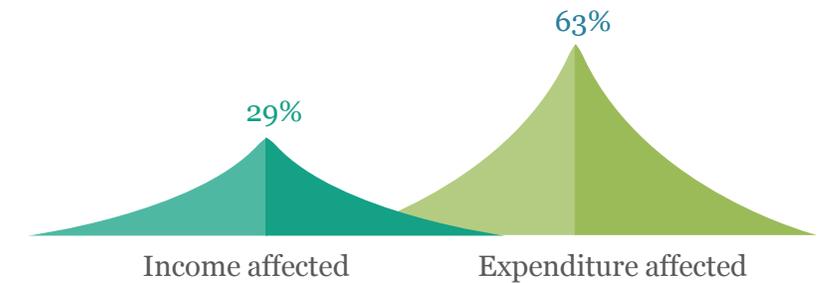
**In January he has started getting some work again and he has been offered payment by cheques from the buyers. Due to dire need of cash at home he has been forced to accept the cheques and become an active bank user in the past few weeks. Though he still prefers cash he appreciates the cashless channel of getting his earnings and has decided to be more active in bank usage.**



## Impact on income and expenditure

- This segment comprises people in the organised public or private sector. This segment experienced little change in their cash inflow - largely due to the nature of their employment and the earlier digitisation of their salary payments.
- In stray cases, some of them took 2-20 days in getting their salary cheques cleared due to long queues at branches. However, since January an improving trend has been observed.
- A few salaried respondents were paid in cash before demonetisation. After November 8 their employers have switched to Post Dated Cheques (PDC) or are transferring the amount directly into bank accounts.
- Due to long queues at bank branches and at ATMs efforts are made to stretch available cash as much as possible.
- Shortage of low denomination currency led to decrease in consumption of tobacco, pan, tea, sugar and other discretionary items; households resorted to thrifty purchase of essential items.
- On account of shortage of smaller denomination notes, instances were reported where owing to lack of change with shopkeeper, respondents were forced to buy more of essential items.

## Impact on value of income and expenditure



## Journey to cashless solutions

- Due to digitised income inflow this segment was more accustomed to digital solutions. Continuity of receiving income, even during demonetisation propelled them to explore cashless solutions while incurring expenses.
- Comfort with technology is relatively higher for this segment owing to high education levels and familiarity with long-term usage of financial services, such as bank accounts and debit cards.
- Lack of financial acceptance points restricts frequent use of cashless solutions.

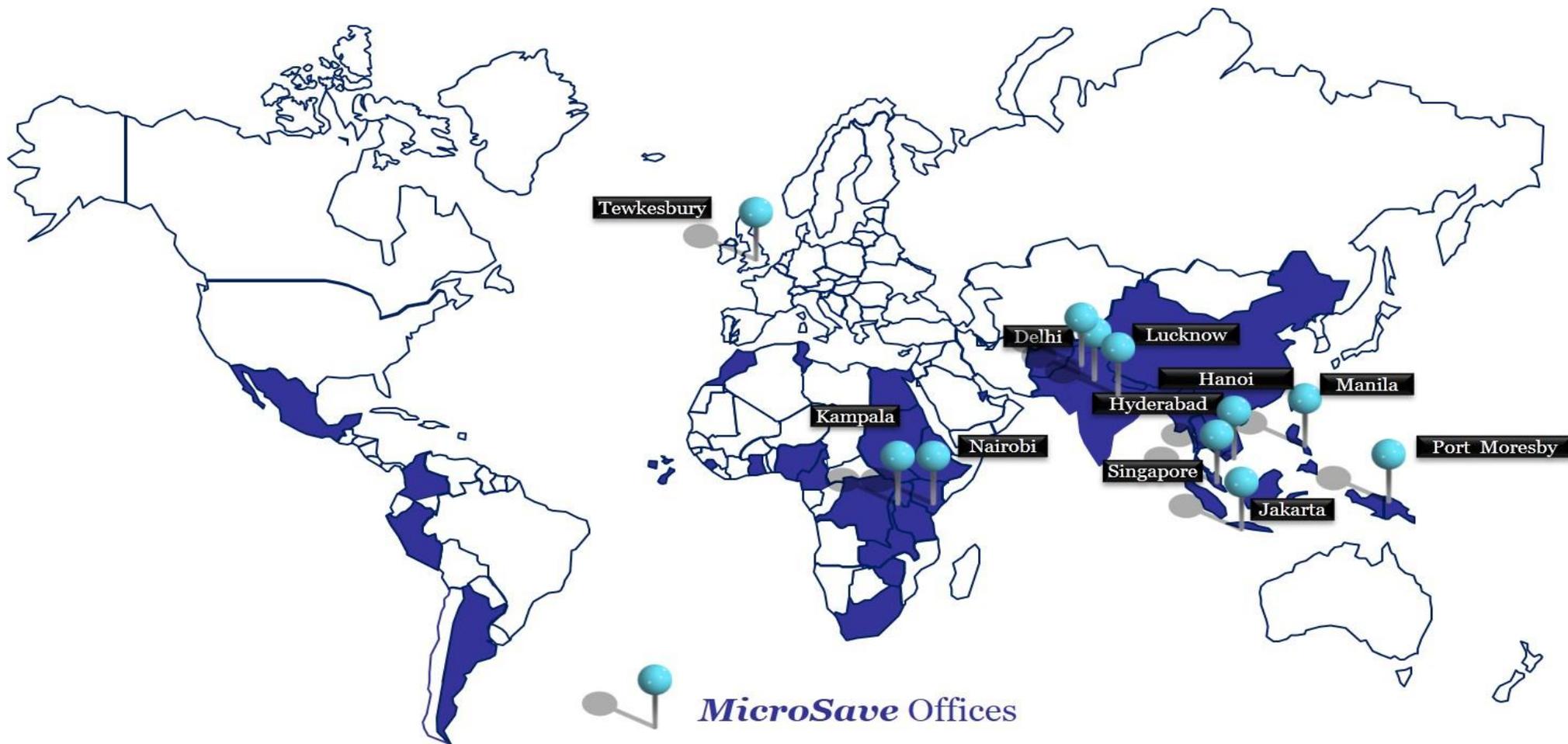
### Malati Sinha, Housewife, West Bengal

*“We should not become laggards. Of course there will be teething issues in digital transactions. If I make food badly one day does that mean that I will stop cooking?!”*

Malati (33) is a housewife, a graduate and a mother of two. Her husband is an employee at the municipal corporation and his salary sustains the household expenses like food, education of her kids, and loan EMI. Post demonetisation the liquid cash available with her has decreased so she has a tab open with the local grocery store. This credit account is generally a small sum but has swelled slightly in the past month.

**She follows the news and seeing many stickers at shops she and her husband downloaded PayTM on their phone and successfully recharged their DTH connection on new year’s eve. Occasionally she shops online but always opts for cash on delivery (COD). Owing to many stories about fraudulent practices she is wary about sharing her account details. She understands the ease and convenience of digital financial solutions and is eager to try more. However, lack of information and discouraging word of mouth is an inhibitor.**





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