

Cashless Society

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Abstract: *Cashless societies have existed since time immemorial, based on barter and other methods of exchange, and cashless transactions have also become a partial reality in the form of digital currencies such as bitcoins. Now a day, Most of the people are using smart phone and technology. Mobile users can use their smart phones for money transaction or payment of bills by various digital wallet applications. Where countries around the world are catching up in the race of going cashless, India too has plunged in this race with the aim of digitizing the economy through Modiji 's ambitious Digital India Programme. Cash is still a king in India with less than 5% of the payments are made electronically. In line with other developed economies of the world, India is now trying to shift its preference of transactions from cash driven to cashless economy.*

Mobile users can use their smart phones for money transaction or payment of bills by various cashless wallet applications. The present study tries to study the various factors that can influence a millennial decision to adopt cashless wallet as a mode of online payment. The present paper explores the various payment instruments available to the people of the country, tries to identify the factors that influence cash transactions, the perils of going cashless, the steps taken by the government post demonetization to promote cashless transactions and analyses the benefits of cashless transactions.

Keywords: Cashless Economy

I. INTRODUCTION

WHAT IS CASHLESS SOCIETY?



A cashless society is a financial system that operates entirely without physical cash. Instead, all transactions are made using digital means such as credit/debit cards, mobile payments, or online transfers. In a cashless society, all financial transactions are recorded in digital form, which means there is no need for paper currency or coins.

Digital wallets allow you to pay when you're shopping using your device so that you don't need to carry your cards around. You enter and store your credit card, debit card, or bank account information and can then use your device to pay for purchases.

KEY TAKEAWAYS:

1 Digital wallets are financial applications that allow you to store funds, make transactions, and track payment histories on devices like phones and tablets.

Privacy is the third challenge raised. Cash can be exchanged anonymously, leaving no digital trail.

In a cashless world, a government could track an individual via their spending, and even cut them off, leaving them unable to pay for goods and services.



ADVANTAGES OF A CASHLESS ECONOMY IN INDIA

- The main advantage of a cashless society in India is that a record of all economic transactions through electronic means makes it almost impossible to sustain black economies or underground markets that often prove damaging to national economies.
- This reduces the chances Of BLACK MONEY entering the system.
- Circulation of Fake Currency notes can be curbed.
- Digital transactions bring in better transparency, scalability and accountability.
- A lot of data transfer happens due to the cashless transaction. This data will help the government plan for future expenses such as housing, energy management, etc from the pattern of the data transmission.

DISADVANTAGE OF A CASHLESS SOCIETY INDIA

- Are less privacy
- Greater exposer to hacking
- Technology dependency
- Not all people have access to banking facilities which has become a major challenge for the Cashless Economy.
- Overspending
- Cybercrime
- Identification fraud

II. REVIEW OF LITERATURE

The major emphasis of research has been on various issues like frauds, security, usage patterns, new method of e-payment, etc. The previous work done on cashless economy needs perusal. It has been reviewed to indicate in a general way the type of work done in this project in India.

Also many studies concentrated on individual cards, for instance, debit or credit card and neglected the joint effect and new innovative cards like smart card, charge card and check card.

WORTHINGTON (1995), “THE CASHLESS SOCIETY” paper describes the cashless society, where clumsy-to-handle points and notes are replaced by efficient electronic payments initiated by various types of plastic cards is a boom for the 21st century.

OBJECTIVES OF THE PAPER

- To study the concept of cashless economy/society.
- To know the benefit and challenges of cashless society.
- To know the modes of cashless transactions.

III. RESEARCH METHODOLOGY

The study is based on secondary sources of data/information. Different books, articles, journals, newspapers and relevant websites have been consulted in order to make the study an effective one. It includes e-banking (mobile banking or computers), debit and credit cards, card-swipe or point of sales (POS) machines, internet banking and digital wallets. The RBI and the government are making several efforts to reduce the use of cash in the economy by promoting the digital or payment devices including prepaid instruments and cards RBI'S effort to encourage this new varieties of payment and settlement facilities aims to achieve the goal of a 'less cash' society. Cashless economy helps in restriction black money, depresses tax fudging and eventually lends to reduce funding for illegal trades and activities counting terrorism. Cashless transaction economy does not mean the shortage of cash rather it indicates a culture of people settling transactions digitally.

In a modern economy, money moves electronically. A step in the right direction certainly, but not one without its problems. Although India has around 220million smartphone users as of February 2016, there is still a long way to go until 100% of population has mobile internet access.

On November 8th, government withdrawn INR 500 and INR 1000 notes-two highest denominations in circulation. Main objectives were to fight against money and black money. The action has given tremendous boost to cashless transactions has cards based digital payments were not hindered when all high denominations cash transactions suffered because of absence of high denomination currencies.

CHALLENGES OF CASHLESS ECONOMY:

- Costly swipe machines
- Low literacy Rate
- Transactions are mainly in cash
- Not enough smart phones
- Not enough debit and credit cards
- No law on cyber security

MODES OF CASHLESS TRANSACTIONS:

CREDIT CARD OR DEBIT CARD:

Credit card or debit card is another cashless payment method. However, usage of credit card and debit card is increasing now because of demonetization.

CHEQUE:

The cheque is one of the oldest methods of cashless payment.

The entire transaction done through cheque gets recorded and there is a proof of payment.

ONLINE TRANSFERS- NEFT or RTGS:

The simplest method for cashless transactions is online transfer using NEFT or RTGS. In order to do online money transfer, you need internet banking facility. Online transfer using NEFT or RTGS is comparatively faster than cheque or DD

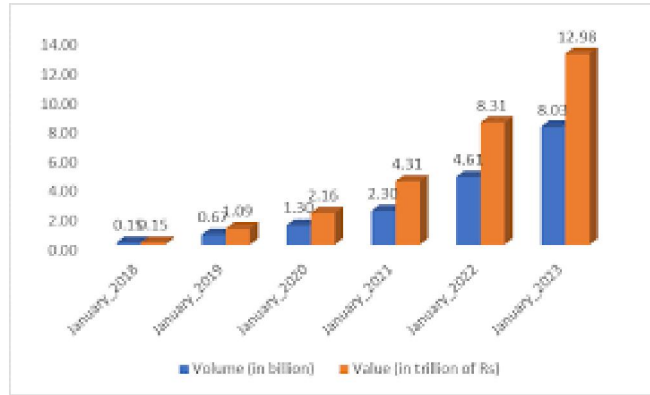
E-WALLETS:

E-Wallet is next cashless payment option. In order to use E- Wallet customer and merchant, both require a smart phone with active internet connections. The most popular example of E-Wallet is Googlepay, Paypal etc.

UPI APPS: UPI is a mobile system which allows you to do various financial transactions on your smartphone. UPI allows you to send or receive money using virtual payment address without entering bank information. The examples of few UPI apps are SBI Pay, Union Bank UPI App, etc.

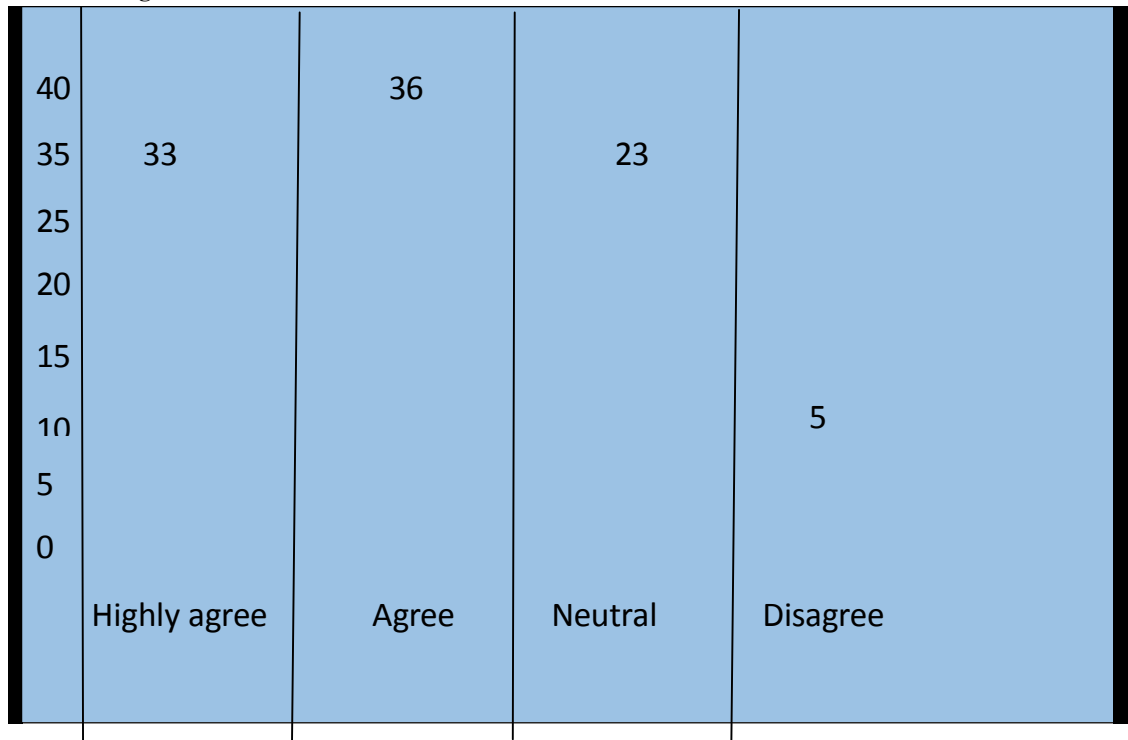
GIFT CARD: The next cashless payment method is a gift card. Gift card is a readymade card and can be purchased from a merchant or from the bank.

USAGE OF CASHLESS TRANSACTIONS IN INDIA



SECONDARY INFORMATION

Preference of digital wallets over cash



IV. FINDINGS OF THE STUDY

- The majority 34% of the respondent are using Phone pay.
- The majority 34% of the respondent are using digital wallet for shopping purpose
- The majority 64% of the respondent are deposits their amount up to 1000 to 15000
- The majority 34% of the respondent are faced problems in transactions once a time.
- The majority 36% of the respondent are prefer digital wallets over cash were highly agree.

V. CONCLUSION

Cash is the life blood of any economy, which can be defined as the legal common way for all kinds of material transactions in an economy, supporting the large informal, unorganized economy; the livelihoods of the majority of the poor population also runs in cash. Cashless transaction is a system which allows individuals to purchase goods or services without the exchange of anything tangible. Greater application of digital payments will save a lot as it will help in bringing down the cost of cash in India. The development of a cashless economy would lead to transparency, curb corruption and lead to convenience for economic growth.

The transformation of rural areas is the biggest challenge in front of the Indian economy. The government must take necessary steps to pave the way for its transformation in the long run from traditional branch based model to technologically driven cashless economy in order to bring transparency, flexibility, efficiency, convenient, customer friendly banking facilities in India.

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