

An Exploration on Cashless Society Imperatives and Perception of People Regarding the Concept of Cashless Society in India

Meenakshi

Assistant Professor

Abstract: *Online payment method has fast become the world's preferred form of trade transactions as a result of its compatibility to support a cashless economy and comparative ease of the transaction at the fingertip, short-circuiting the time, stress and long queues of waiting at the bank. In India, the scenario has changed immediately after the demonetization of existing high value currency notes on November 8th, 2016, India took its first step towards an era of cashless transaction as it was considered as a more expedient process of payment, and a method of evading crimes all the way from robbery to extent of money laundering among the crime syndicates and cash stockpiling, but the million dollar question arises here that in a country like India where people depended more on cash on hand concept, a cashless society could be created. The present paper focused on perception of people regarding the cashless Indian society. A survey of 200 male and female was conducted through a structured questionnaire in the National Capital, Delhi through the Random Sample Survey. The finding showed that respondents were hesitating to use electronic payment methods as they felt it unsafe. Apart from that according to the respondents it has increased their monthly expenditure for the maintenance of smartphones and Internet connection and they hate the idea of "go cashless".*

Keywords: Cashless Society, Online Payment and Demonetization

1. Historical Account of Cashless Society

There are several reasons not to like cash, but ours remains a cash-based world. The "Cashless Journey" project was undertaken to track progress towards cashless economies. The results are sometimes surprising. The journey is usually a gradual trek toward electronic payments shaped by local factors. Cash accounts for about 85% of global consumer transactions (MasterCard Advisors analysis, 2013; BIS CPSS, 2011;). This remains true even as much of the world's population is acquiring access to a multitude of non-cash options for making payments. The burden of cash usage on national economies is substantial, representing as much as 1.5% of GDP (McKinsey Global Payments Map, 2008 2. 2013 studies by Tufts University, Fletcher School and Steinbeis University Research Center for Financial Services. Electronic payments have made substantial inroads among consumers in some developed countries. Many of these markets have been building the infrastructure for cashlessness for a long time. Affordable and broadly available financial products, a vibrant and competitive merchant marketplace, a transparent and productive business environment — all of these are strongly correlated with progress toward cashlessness. But even in the most cashless countries on Earth, like France and the Netherlands, cash still accounts for 40% or more of all consumer transactions. In many emerging markets, the cashless share of consumer transactions is effectively negligible. Meanwhile, in most countries the cashless journey has only just begun. The persistence of cash is surprising given its inconveniences and the risks of carrying it around. Electronic payments, in contrast, are proven to boost economic growth while advancing financial inclusion. For those reasons, countries are working to make payment systems less dependent on cash. By several measures, they're making progress. Looking across the 33 countries in the study, shares of cash versus non-cash fall into four categories which we refer to

as: inception, transitioning, tipping point and advanced. Each is an indicator of progress along the road to going cashless. Most inception countries are developing nations where cash accounts for 90% or more of all consumer transactions. This is owed largely to low financial inclusion rates and the absence of a broadly available cashless infrastructure. In countries like Italy and Greece, however, the preference for cash is driven more by cultural factors. The transitioning category includes a mix of developed and developing nations, where cash transactions account for between 80–90% of consumer payments. The reasons for heavy cash use in this category vary in interesting ways. In Japan, the predisposition to cash appears to be cultural, helped by the country's saturated ATM network. Not too long ago, Brazil and China would have fallen into the inception category. Now their growing middle classes are stimulating the uptake of new banking and payment services. In Spain the, high cash usage has much to do with that country's sluggish economy resulting from ongoing effects of the 2008 financial crisis.

2. Advantages of Cashless Payment System

A lot has been said about the convenience of electronic cash, the time it saves for individuals, and the ease of access resulting in money being instantly available for us without having to be carried around while currency exchange will be largely unnecessary. A cashless society will experience a high degree of control as the move from cash to electronic money (electronic credit) is a part of a well-organized attempt to unify the world and control it through its currency. It will be a big booster for bringing the economic uniformity in the world. A cashless society will further enhance the globalization that characterizes our present time. The computerized systems can be used to reduce the amount of paper trail. Also replacing paper cash with cashless credits or electronic money transfers can at least minimize

crime, illegal drug trade, terrorism, illegal immigration, human trafficking, and corruption. A cashless society will go a long way in making our society, and the earth a better place to live, with a reduced rate of criminal activities. Physical paper cash is non-traceable, unaccountable, easy to hide or lose, steal, counterfeit, and spend without a trace. As such, paper cash has allowed all sorts of criminal activity to thrive. However, in a cashless economy, this will change with certain crimes almost eliminated. Violent crimes such as bank robberies, store holdups, armed robberies, employee cash theft, armour car heists, kidnap for ransom, and purse snatching would be significantly reduced, if not entirely eliminated, because carriage of Cash would be little, also reduction in card production costs when customers pay with their personal mobile phone or their personal payment card, information on the paper is transferred together with the money, thus omitting the need for loyalty, bonus and member cards.

3. India as a Cashless Society

India has one of the highest cash to gross domestic product ratios in the world, and lubricating economic activity with paper has costs. According to a 2014 study by Tufts University, *The Cost Of Cash In India*, cash operations cost the Reserve Bank of India (RBI) and commercial banks about Rs21,000 crore annually. There is a shift away from cash will make it more difficult for tax evaders to hide their income, a substantial benefit in a country that is fiscally constrained.

RBI has also issued licenses to open new-age small finance banks and payments, banks which are expected to give a push to financial inclusion and bring innovative banking solutions. Things are also falling in place in terms of technology in India. The recently launched Unified Payments Interface by National Payments Corporation of India makes digital transactions as simple as sending a text message. It is possible that a section of people, which has used electronic mode of payment for the first time due to the cash crunch will continue to transact through this medium, but there are still a number of hurdles in making India a cashless economy. First, a large part of the population is still outside the banking net and not in a position to reduce its dependence on cash. According to a 2015 report by PricewaterhouseCoopers, India's unbanked population was at 233 million. Even for people with access to banking, the ability to use their debit or credit card is limited because there are only about 1.46 million points of sale which accept payments through cards.

Second, about 90% of the workforce, which produces nearly half of the output in the country, works in the unorganized sector. It will not be easy for the informal sector to become cashless, and this part of the economy is likely to be affected the most because of the ongoing currency swap. Third, there is a general preference for cash transactions in India. Merchants prefer not to keep records in order to avoid paying taxes and buyers find cash payments more convenient. Although cashless transactions have gone up in recent times, a meaningful transition will depend on a number of things such as awareness, technological developments and government intervention. For instance,

mobile wallets have seen notable traction, and it is possible that a large number of Indians will move straight from cash to mobile wallets. A study by Boston Consulting Group and Google in July noted that wallet users have already surpassed the number of mobile banking users and are three times the number of credit card users.

4. Review of Literature

The "cashless society" is becoming an increasingly popular matter of discussion in the media. In fact, it has been a topic of frequent debates in society for several decades now. Futurists see the establishment of such a society as inevitable and indeed in countries where electronic payments have reached a higher degree of acceptance the eventual doom of cash does not seem too distant in the future. However, the extent to which individuals can make use of the alternative systems varies greatly from country to country and so does the frequency of using the different payment methods; such disparities are even more so strongly exhibited within Europe itself. (Worthington, 1995) One of the key points that the proponents of a society where there is no cash in circulation like to maintain is that anonymity would decrease and along with it a decline in illegal economic activities would follow. (Rogoff, 2014) This is especially the case when the use of electronic transactions is officially endorsed by authorities such as the ECB with similar purposes in mind. (Iliev, 2016) It is worth to note that this development also raises the danger of governments being able to exercise "totalitarian-like" control over their own citizens. (Eisenstein, 2011) Other major factors which contribute to the ever more extensive use of electronic transfers include the increased security of storing money in a bank account and of transferring these funds to other accounts electronically and even the superior convenience of paying with e.g. a bank card as opposed to paying with cash. (McArdle, 2016) In fact, some assert that cash is so rarely used in some places like for instance Scandinavia that these countries are practically on the verge of going full-blown "cashless". (Bolton, 2015) (Edwards, 2015)

5. Objectives of the Study

- To know the awareness and knowledge regarding the cashless movement in India.
- To know the benefits of cashless movement in India
- To know the problems regarding the cashless movement in India

6. Data and Methodology

The research design used in this study was the descriptive survey method. The population of this study was taken from the National capital Delhi. A sample size of 200 was selected using the Random sampling procedure. The sample included both literate and illiterate. The method used to collect data for this study was structured questionnaire. A total of 200 copies of the questionnaire was personally administered out. This represented a response rate of 87%. The responses from the respondents were collected and analyzed using the simple percentage procedure.

7. Data Analysis and Interpretation

Table 1: Awareness and knowledge about cashless economy

Have you heard about India's Cashless Economy?	Strongly Agree	135	67.5 %
	Agree	45	22.5%
	Undecided	10	5.00%
	Disagree	10	5.00%
	Strongly Disagree	0	0.00%
	Total	Total	100.00%
Cashless Economy should be introduced in India.	Strongly Agree	112	56%
	Agree	68	34%
	Undecided	10	5%
	Disagree	10	5%
	Strongly disagree	0	0

Table 1, above, indicates that there's a excessive degree of awareness among the population about the cashless economy. Ninety% of the respondents are privy to cashless financial system in India. Few respondents however display a undecided and dislike for the cashless economy but that percentage become minimals. While general ninety% of the respondents favored that cashless financial system should be introduced India most effective 10 % respondent had been no longer in the favor of cashless economic system. The following reasons may had accounted for the low enthusiasm approximately its immediate introduction: the dearth of preparedness for the gadget, the kingdom having different issues to resolve now, freedom to apply cash to any amount, insufficient generation, and that go with the flow of cash might be hampered. Table 2, below gives the perceptions of blessings of the cashless economy by the respondents.

Table 2: Benefits of cashless economy

It would reduce risk of carrying cash	Strongly Agree	70	35%
	Agree	70	35%
	Undecided	15	7.5%
	Disagree	25	12.5%
	Strongly Disagree	20	10.0%
	Total	200	100%
It would prevent money laundering	Strongly Agree	120	60%
	Agree	40	20%
	Undecided	5	2.5%
	Disagree	35	17.5%
	Strongly Disagree	0	10.0%
	Total	200	100%
It can reduce corruption	Strongly Agree	150	75%
	Agree	10	5%
	Undecided	20	10%
	Disagree	20	10%
	Strongly Disagree	0	10.0%
	Total	200	100%

Table 2, suggested that the maximum anticipated gain of the cashless economy to India was its ability to lessen the risk of carrying cash round. 70 % of the respondents believe that the maximum full-size advantage of the cashless economic system become that it decreased the hazard of carrying cash as that become without problems amenable to armed theft, theft and misplacement. In the same spirit almost 80%% of the respondents believed that the cashless financial system could assist fight in opposition to cash laundering as the cash flowing thru the device could without difficulty be traced

and accompanied. Seventy five % of the respondents believed that the cashless economy had something to contribute toward lowering corruption. This turned into because as full-size amount of money can't change hands any extra people could be forced to do things the proper way. Another envisaged advantage of the cashless economic system become found that that it would stimulate financial boom as monies hitherto hidden in other illegitimate areas that could now be freed up. Apart from that 66.3% of the respondents believed that with the immergence of cashless financial system, financial increase might be experienced. This isn't always a ways faraway from the reason why made this announcement that an efficient and modern charge device is undoubtedly correlated with the monetary improvement and served as a key enabler for monetary growth. From the regulatory attitude, this policy might also create an surroundings for more effective financial policy implementation, create a greater solid pricing gadget and cut down the menace of inflation that's a determinant to the growth and improvement of any financial system. Table 3, underneath gift's responses to the query at the envisaged problems with the cashless economic system.

Table 3: Problems due to the cashless economy

The literacy required is basic numerals	Strongly Agree	100	50%
	Agree	70	35%
	Undecided	0	0%
	Disagree	25	12.5%
	Strongly Disagree	5	2.5%
	Total	200	100%
It Increase in ATM snatchers	Strongly Agree	120	60%
	Agree	40	20%
	Undecided	5	2.5%
	Disagree	35	17.5%
	Strongly Disagree	0	10.0%
	Total	200	100%
Increase in Internet fraud	Strongly Agree	150	75%
	Agree	10	5%
	Undecided	20	10%
	Disagree	20	10%
	Strongly Disagree	0	10.0%

Table 3, above shows that there are some problems which the respondents are envisaging to come with the cashless economy which may be informing their apparent unwillingness and lack of enthusiasm about the cashless economy. 57.4% concurred that the basic literacy needed to operate the post of sale is just the numeracy techniques used for operating the mobile phones, which will ultimately increase the users of the cashless methods.

More than 80 % of the respondents believed that ATM snatcher would be on the rise because physical cash might not be readily available as usual. Internet fraud was seen as the major problem to be tackled in the cashless economy as 75% of the respondents see exposure to fraudulent activities as a big problem to the actualization of cashless economy.

8. Conclusion

From the above stated evaluation, it regarded that lots had already been finished on the difficulty of attention of cashless economy and that a giant share of the human beings had been in reality expecting the creation of the cashless

economic system. It also appeared that many human beings surely consider the authorities on the usefulness of the cashless economy and that cashless gadget would be beneficial in the combat against corruption and money laundering. One maximum substantial contribution of the cashless economic system turned into found that it was expected to lessen the risk associated with wearing cash. Since most transactions might now be settled electronically, people could had much less need to transport around with cash and therefore, lack of cash, theft and armed theft would be extensively reduce. One main trouble in the operating of the cashless economic system became that internet associated fraud. Numeracy illiteracy was additionally observed a primary factor. The cashless financial system successfully an e-financial system and in any e-machine there may be almost no vicinity for the non-literate. It turned into concluded among different matters that since the international become moving from coins to a cashless one through the usage of electronic- based transactions, it's far imperative for Nigeria to transport within the equal path. The advantages of the above recommendations covered multiplied economic growth, more financial inclusion, and faster get admission to to capital; lessen danger of cash associated crimes amongst others. To make for the easy implementation of the cashless gadget in Nigeria, the following measures are advocated There is the want to intensify the public enlightenment programme about the cashless system so that everyone will be familiar with the device before its advent given that it's going to have an effect on every body. There need to be ok regulation on all elements of the operations of the cashless operations.

References

- [1] R. J. Anderson. (2008) Security Engineering: A guide to Building Dependable Distributed Systems. Wiley
- [2] Au, Y.A & R.J, Kauffman. (2007). The economics of mobile payments; Understanding stakeholder issues for an emerging financial technology application. Electronic Commerce research and Publication, Volume 7, issue 2, (pp. 141-164)
- [3] D. Balaban. (2010). Sony Faces and Uncertain Market for NFC Technology. From NFC Times. Retrieved from <http://www.nfctimes.com/news/chart-article-contactless-e-money-jaqpanfelica-chips>
- [4] E.V Buskirt. (2010). Why your Phone Can't Really Replace Your Credit Card. Retrieved from <http://www.wired.com/epicenter/2010/08/phone-credit/all/1>
- [5] S. Calrk. AT & T, Verizon, (2010). T-Mobile confirm Isis mobile payments joint venture, Retrieved from <http://www.nearfieldcommunicationsworld>
- [6] T. Dahlberg, N. Mallat, J. Ondrus, & A. Zmijewska . (2008) Past, present and future of mobile payments research: A literature review. Electronic Commerce Research and Applications, Volume, Issue 2, (pp. 165-181)
- [7] EIU & IBM (2010) Digital economy ranking 2010- Beyond e-readiness. Retrieved from http://www.graphics.eiu.com/upload/EIU_Digital_economy_2010_FINAL_WEB.pdf
- [8] D. D. Garcia-Swartz, R. W, Hahn, & A. Layne-Farra. (2006). The move Towards a Cashless Society: Calculating the costs and Benefits. Review of Netw Economics, Volume 5, Issue 2, (pp. 199-228)
- [9] L. Gormes. Visa's Mobile Payments Plan, 2010. Retrieved from <http://www.forbes.com/forbes/2010/1025/technology-mobile-payments-cellphones-fraud-visacalling.html>
- [10] D. Knights, F. Noble, T. Vurdubakis, & H. Willmott (2007). Electronic Cash and Virtual Marketplace: Reflection on a Revolution Postponed. Organization, Volume 14, Issue 6. (pp. 147-768)
- [11] V.G. Kopytoff. (2010) For PayPal, the future is Mobile. Retrieved from http://www.nytimes.com/2010/11/29/technology/29paypal.html?_r=1&ref=business
- [12] N. Mallat. (2006). Exploring Consumer adoption of Mobile Payments- A Qualitative Study. Sprouts: Working Papers on Information Systems, Volume 6, Article 44.
- [13] Jan Ondrus & Yves Pigneur, (2006) -Towards A Holistic Analysis of Mobile Payments: A Multiple Perspective Approach- Electronic Commerce Research and Applications, Vol. 5, Issue 3, pp. 246- 257.
- [14] K. Prashanth. (2004). PayPal's Business Model. ECCH Collection, (pp. 1-18)
- [15] M. E. Porter, & V. E. Miller, (1985). -How Information Gives you Comparative Advantage" Harvard Business Review (July-Aug.) 63 (4), 149-174
- [16] Central Bank of Nigeria -Towards a cashlite Lagos" retrieved from www.cbn.gov.ng/cashlite
- [17] European Payment Council (2010)
- [18] S.L. Sanusi, 2012 Central Bank Governor [http://www.voice of nigeria.org/Nigeria/Cashless-Policy-enabler-of-Economic-growth-Sanusi.html](http://www.voiceofnigeria.org/Nigeria/Cashless-Policy-enabler-of-Economic-growth-Sanusi.html)
- [19] Betalingsrådet. (2013). Rapport om nye betalingsløsninger. Copenhagen: Nationalbanken.
- [20] Blazheva, V. (2014). The number of transactions with bank cards has doubled during the last 5 years. Retrieved March 8, 2016, from https://www.unicreditbulbank.bg/bg/Media_Centre/News/2014/BG_NEWS_28_07_2014
- [21] Bolton, D. (2015). Denmark moves closer to a cashless society. Retrieved February 14, 2016, from <http://www.independent.co.uk/news/world/europe/denmark-moves-closer-to-a-cashless-society-10231995.html>