

THE MARCH TOWARDS A CASHLESS ECONOMY: AN ASSESSMENT

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ABSTRACT

Cash resembles water a fundamental need without which survival is a test. By the by, cash utilize doesn't appear to wind down all that much, with around 85% of worldwide payments still made utilizing cash. One of the principle reasons is that there is nothing to really rival the adaptability of notes and coins. The computerized period is a comment, and new techniques for payments will keep on being presented. Be that as it may, Indians need to observe the dangers and advantages of various payment instruments, the dangers related with electronic payment instruments are significantly more assorted and extreme. The capacity of Indian monetary foundations to secure the electronic money came into question additionally a critical motivation behind why individuals support money.

KEYWORDS: *Cashless Economy, Global Payments, Payment Instruments, Hackers & Financial Institutions.*

Introduction

A Cashless Economy is an economy in which an extensive variety of trades are assisted through electronic suggests. It consolidates e-saving money (Mobile dealing with a record or saving money through PCs), charge and Visas, card-swipe or reason for bargains (POS) machines and propelled wallets. The paper under scrutiny tries to hurl light on the rising example of electronic trades in India being finished in various cashless modes over the span of the latest couple of years yet in the meantime acting normally making alert of the negative impact of going cashless thus demonstrating downside of cutting edge India. As the all inclusive community of India are exhibiting dumbfounding response towards move of digitalization, it is the gigantic marker of prosperous future for India to be cashless India. So the need of a hour is to distinguish the weaknesses related with cashless trades and work out on them to achieve the vision of Prime Minister Modi's Digital India.

Objective of Study

The objectives of study were based on:

- To understand the concept of Cashless Economy.
- To study the current position of Cashless India
- To suggest the future prospects of Cashless India

Research Methodology

The readied paper is a descriptive study in nature. The study has been completed in view of the accumulation of the relevant secondary information. Secondary information accumulation depended on different sources, for example, published books, articles published in different journals & newspapers, periodicals, conference paper, working paper and websites, etc.

What is a Cashless Economy?

Cashless economy or cashless means every one of the exchanges completed between two people will happen by payment through payment entryways or through the plastic cash. It is finished with the essential point of revealing the non-enrolled exchanges. The Indian government with another mean to advance the economy through non-money exchanges has presented mediums, for example, Banking cards, USSD, AEPS, UPI, Mobile Wallets, Banks Pre-Paid Cards, Point of Sale, Internet Banking, Mobile Banking, Micro ATM's.

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History of Cashless Economy

During the 1990's, the developing prevalence of electronic managing an account influenced the utilization of non-to money exchanges and settlements well known among the people of probably the most technologically advanced countries of the world. Computerized payment techniques turned out to be settled in nations over the world by the 2010's. Online apparatuses like PayPal, NFC payment by advanced mobile phone or electronic cards, computerized wallet frameworks worked by Apple, electronic saving money and bill payment frameworks helped individuals make cashless exchanges on the web. A few nations even began as far as possible on exchange esteems that can be utilized for non-electronic payments to support cashless exchanges.

Global Scenario

The economic transactions in India almost 98 per cent are put through cash. Total cash transactions will not be eliminated in cashless economy. It means most of the transactions are performed cashless. On this background it is interesting to know the world scenario on this score. The following table shows the top ten countries where cashless economy is practiced.

Top Cashless Countries

Countries	Cashless Transactions
1-Singapore	61%
2-Netherlands	60%
3-France	59%
4-Sweden	59%
5-Canada	57%
6-Belgium	56%
7-United Kingdom	52%
8-USA	45%
9-Australia	35%
10-Germany	33%
11-South Korea	29%
12-Spain	16%
13-Brazil	15%
14-Japan	14%
15-China	10%
India	2%

Source: Master card Advisor's Measuring progress toward a cashless society

This demonstrates the developed nations are on the edge of getting cashless and this isn't being accomplished overnight yet by influencing their economies to all around prepare to go cashless. the general population having platinum cards shift roughly between half to 90% of the population however their non trade spending lies out the window of 80-95% among these nations which demonstrates that not just card installments assume part in making economy cashless yet in addition the utilization of advanced gadgets similarly assume a critical part. So the innovation is itself an essential requirement for going cashless

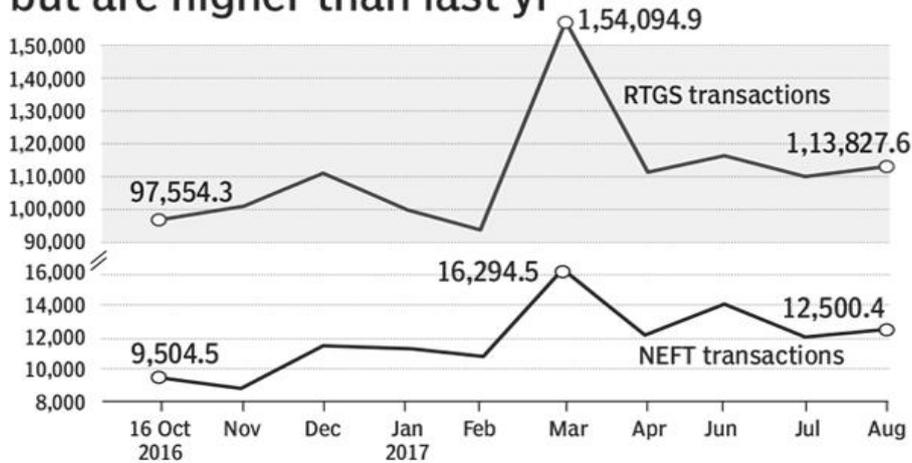
Cashless Transactions in India

Demonetization was a push for a cashless economy; it has been working gradually. As indicated by Reserve Bank of India the use of wallets, non-UPI managing an account applications and Aadhaar-empowered payment has been ease back to get on, while that of platinum cards has fallen. The UPI payments have been developing, and a noteworthy lump of them are portable based. By and large, electronic payments remained at Rs 200 trillion in August-an expansion of 5 for each penny over August, 2016 however 0.7 for every penny lower than at the pinnacle of demonetization in December a year ago (Rs. 201 trillion).

A few classes of computerized payment have in truth fallen beneath their pre-demonetization levels. Versatile managing an account saw the most honed fall of 30 for each penny since August a year ago, and 46 for every penny since the demonetization-time frame high of Rs. 1.5 trillion. Plastic payment additionally fell by 2.2 for every penny to Rs. 2,706 billion this August from Rs. 2,767 billion in October, 2016. This was regardless of a 4 for each penny increment in the quantity of platinum card exchanges. Individuals are swiping their cards all the more regularly for littler sums at ATMs as approximately 10 for every penny less trade is out dissemination contrasted and the pre-demonetization period.

The most touted advantage of demonetization was the expansion in portable managing an account and wallets. Be that as it may, as of August, 2017, portable keeping money frames just 0.33 for every penny (Rs. 799.13 billion) of aggregate online payment. Versatile wallets, including Paytm, Mobikwik and those from banks, frame just 0.051 for each penny (Rs. 102.88 billion) of the aggregate. Their offer of the computerized pie is practically unaltered since August 2016. Portable saving money ascended from 0.37 for every penny of e-payment in August to 0.71 for each penny in November 2016 preceding falling back to 0.33 for each penny.

Digital transactions have fallen off the peak, but are higher than last yr

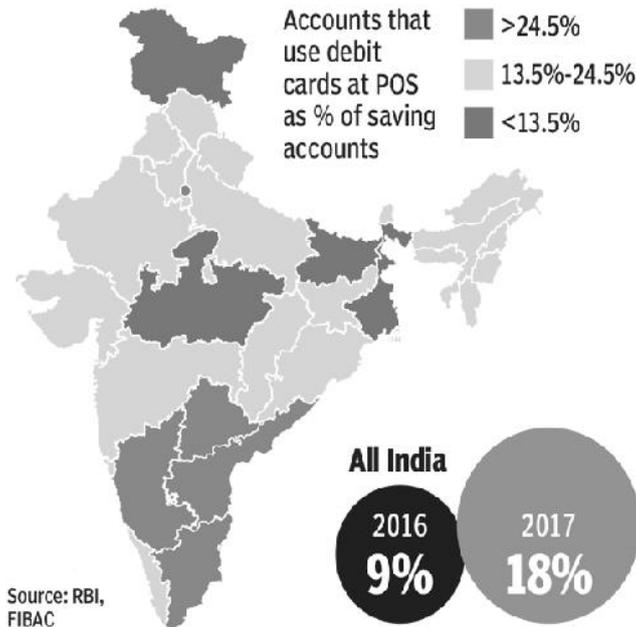


Value of **IMPS** or Immediate Payment Service transactions has jumped 90% to over Rs 650 cr

At around Rs 2,700 cr a month **debit card** usage has remained same, in value terms

RBI data suggests mobile banking is down but it is also part of other modes such as NEFT and RTGS

Source: RBI FIBAC



Digital adoption has grown but with significant regional disparities

STATE/UT	2016	2017	CHANGE	STATE/UT	2016	2017	CHANGE
D&N Haveli	9%	40%	31%	Maharashtra	5%	21%	16%
Daman & Diu	10%	35%	25%	Goa	6%	21%	15%
Telangana	9%	32%	23%	Meghalaya	5%	19%	14%
Chandigarh	8%	31%	23%	Himachal	4%	18%	14%
Puducherry	8%	31%	23%	Tripura	3%	16%	13%
Andhra	4%	26%	22%	Jharkhand	5%	17%	12%
Karnataka	6%	26%	20%	Nagaland	5%	17%	12%
Delhi	9%	28%	19%	Assam	3%	15%	12%
Manipur	2%	20%	18%	Rajasthan	3%	15%	12%
A&N Islands	6%	24%	18%	Chhattisgarh	3%	14%	11%
Tamil Nadu	7%	25%	18%	Mizoram	6%	17%	11%
Gujarat	5%	22%	17%	Odisha	4%	15%	11%
Haryana	4%	20%	16%	UP	3%	13%	10%
Punjab	2%	18%	16%	Lakshadweep	9%	18%	9%
Sikkim	6%	22%	16%	MP	2%	11%	9%
Uttarakhand	4%	20%	16%	West Bengal	3%	12%	9%
Arunachal	5%	21%	16%	Bihar	2%	9%	7%

Initiative Taken by Indian Government to Promote Cashless Transactions

- **No cess on cashless payment less than Rs. 2,000:** No service tax will be charged on digital transaction charges/MDR for transactions upto Rs.2000.
- **POS machines in villages:** To grow computerized instalment framework in country regions, the Government through NABARD will stretch out monetary help to qualified banks for sending of 2 POS gadgets each in 1 lakh towns with populace of under 10,000. These POS machines are proposed to be conveyed at essential agreeable social orders/drain social orders/farming information merchants to encourage agri-related exchanges through computerized implies. This will profit ranchers of one lakh town covering an aggregate population of almost 75 crores who will have office to execute cashless in their towns for their agricultural needs.
- **Buy railway tickets online:** Railway through its sub urban railway network is giving impetus by method for markdown upto 0.5 percent to clients for month to month or occasional tickets from January 1, 2017, if payment is made through computerized implies. Almost 80 lakh travellers utilize occasional or month to month ticket on rural railways, to a great scope in real money, payments worth about Rs 2,000 crore for each year.
- **Rupay Kisan Cards for farmers:** The Government through NABARD will likewise encourage Rural Regional Banks and Cooperative Banks to issue "Rupay Kisan Cards" to 4.32 crore Kisan Credit Card holders to empower them to make computerized exchanges at POS machines/Micro ATMs/ATMs.
- **0.75 % discount on fuel:** The Government Petroleum PSUs might give motivating force by offering a rebate at the rate of 0.75 percent of the purchase to customers on buy of oil or diesel if payment is made through advanced means.
- **No transaction fee on digital payments:** Government offices and PSUs will guarantee that exchanges expense/MDR accuses related of payment through advanced means might not be passed on to the purchasers and every single such cost should be borne by them. State Governments are being prompted that the State Governments and its associations ought to likewise consider engrossing the exchange expense/MDR charges identified with computerized payment to them and shopper ought not to be requested to shoulder it.
- **Free accidental insurance:** All railway passengers buying online ticket shall be given free accidental insurance cover of upto Rs 10 lakh. Nearly 14 lakh railway passengers are buying tickets everyday out of which 58% tickets are bought online through digital means.
- **Benefits for merchants, traders:** Public sector banks are exhorted that dealer ought not be required to pay more than Rs 100 every month as month to month rental for PoS terminals/Micro ATMs/versatile POS from the traders to expedite little vendor board the computerized payments

eco framework. Almost 6.5 lakh machines by Public Sector Banks have been issued to shippers will's identity profited by the lower rentals and advance computerized exchanges.

- **Incentives for railway passengers:** For paid services e.g. catering, accommodation, retiring rooms etc. being offered by railways through its affiliated entities/corporations to the passengers, it will provide a discount of 5 per cent for payment of these services through digital means. All the passengers travelling on railways availing these services may avail the benefit.

Challenges in Establishing Cashless Economy

- **Risks associated with mobile Banking**
 - **Mobile managing an account application being mapped to a wrong mobile number:** For bank clients who don't utilize mobile banking, a representative of the bank could join a partner's mobile number to the ledger and introduce a mobile application on his cell phone. The client's record is traded off by the partner and he or she doesn't get any notice about the same.
 - **Creating fake and non-existent clients on the mobile financial related administrations stage:** Most of the banks appoint a third party vendor to develop a mobile application to be integrated with their core banking system.. The merchant may make two unapproved clients with rights to start and check exchanges, and exchange stores from the association to his partners' wallets, adequately taking cash from the bank.
 - **Malware:** The expansion in the quantity of mobile banking clients is accompanied by a rise in attacks through malware.
 - **Data theft:** Mass attacks are possible through the theft of credentials which can be used for personal benefits.
 - **SIM Swap:** SIM swap implies supplanting the old SIM with another one, when the old gets lost or harmed, or when one needs a contrastingly measured SIM card. On the off chance that a fraudster oversees such a swap, he can complete various deceitful exchanges utilizing the portable number of the casualty. For example, the legitimate versatile station worldwide supporter index number (MSISDN) is moved to another handset. The client has no entrance to their record and gets no warning. The client with the other handset, on knowing the PIN, can execute in the record.
 - **Fake or comparable interface applications:** Fake applications, with the very same UI as the first application, are being made to take classified data shared by the client.
- **Risks Associated with Mobile Wallets**
 - **Expanded danger of illegal tax avoidance:** Transfer of cash into and out of a portable wallet from or to a bank account is currently possible. Trade out from the bank account of an individual and money out to an alternate account balance of another individual can be utilized as a stage for laundering unaccounted cash.
 - **Unapproved deductions from the wallet of a client:** Employees of the mobile wallet service provider may abuse the adjust put away in the wallet of a client by making unapproved derivations. In addition, if there should arise an occurrence of a mis-happening to a client with no selection office, the adjust in the client's record isn't passed on to his relatives and stays with the service provider, which at last turns into a low-hanging natural product for the fraudsters.
 - **Inability to direct appropriate due steadfastness of traders:** If the shipper on-boarded by the specialist co-op is a fraudster, and the payment is made by the client for invented products or administrations from the dealer, money can be pivoted with least exchange charges.
 - **No auto log off office:** An individual more often than not opens the application on his cell phone for benefiting of the administrations and shuts the application, rather than logging out. On the off chance that the cell phone is stolen or lost and a fraudster opens the application, he can abuse the rest of the adjusted in the service provider wallet.

Future Prospects of Cashless Payments in India

Smooth, basic and secure payment procedures will realize behavioral changes and quicker appropriation of computerized payments and saving money among un-managed an account sections. At the point when new players enter the market, each with a marginally extraordinary interpretation of the market and with varying plans of action, the expanded rivalry will help the earth and offer more choices

for shoppers to browse. A bigger pie with more players is unquestionably useful for the changing elements of the payments business, which is as yet early in India. Indian utilization is as yet overwhelmed with money, with cards contributing just 5 percent of the individual utilization consumption. In created nations, 30-50 percent of spends occur through cards. So there is enormous development opportunity. The fast development of advanced mobile phones, Internet entrance and web based business is supplementing these; card payment volumes have been developing in overabundance of 25 percent y-o-y. We anticipate that this pattern will proceed, supported by the proceeded with increment in charge card actuation and utilization; plastic exchanges have been developing at 31 for every penny every year.

Extraordinary rivalry and key joint effort among existing and new market members like the payments and little banks and wallets will help scale up acknowledgment and encourage greater inventiveness, advancement and shopper decision. As indicated by him, the future holds energizing circumstances for the payments business in India, as all partners and administrative specialists meet up to accomplish a "less-money subordinate" and in the end "cashless" society. The Visa business in India sees more noteworthy acknowledgment among purchasers this year. As indicated by World line India Card Payment Report 2014-15, the Visa base developed at 9.8 for each penny in the previous year. World line India is a pioneer in the payment and exchanges benefits in the nation. Elective techniques like portable wallets and prepaid money cards represented 3 for every penny of computerized exchanges. This industry has been becoming consistently finished the previous couple of years. Card exchanges, both by charge and Visas, are on an upward direction. There is fascinating progression influencing everything in the Indian payments industry.

Conclusion

The Government needs to make the vital strides and make some arrangement contemplations when they are planning for a cashless economy. The payments frameworks must be shielded from the digital assaults which are the real danger for cashless exchanges. Likewise, the legislature ought to have the capacity to serve the under managed an account also. Everybody from the general public ought to approach an electronic framework that they can use for such exchanges. Government should take measures to expand liquidity into the framework with the goal that individuals confront less bother. Government ought to likewise endeavour to enhance general framework with the goal that an ever increasing number of individuals can come into saving money net and web. Society has additionally to have its impact. They need to comprehend the significance of cashless economy and acknowledge measures taken by the legislature. As a conclusion, one might say that going cashless gives significantly a greater number of advantages than only accommodation to individuals, organizations and the administration specifically.

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