

The World Moving Towards A Cashless Society

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Abstract— In recent years we have witnessed a growing trend in cashless transactions as well as products and services sold exclusively in this way. A ‘Cashless society’ describes an economic state whereby financial transactions are not conducted with money in the form of physical bank notes or coins, but rather through the transfer of digital information (usually an electronic representation of money) between the transacting parties. Also, after the onset of the global financial crisis, private crypto currencies. Appeared that have raised some concerns. All of these changes beg the question of whether modern societies are moving towards cashless society. Cashless societies have existed, based on barter and other methods of exchange, and cashless transactions have also become possible using digital currencies such as bit coin. However, this article discusses and focuses on the term “cashless society” in the sense of a move towards, and implications of, a society where cash is replaced by its digital equivalent- in other words, legal tender (money) exists, is recorded, and is exchanged only in electronic digital form. The paper concludes with the observation that it is not reasonable to expect the transition to a cashless society in the near future but the next step in the evolution of money might be the appearance of central bank digital currencies, at least in some countries.

Key words:- Cashless society, financial transaction, digital information, transacting parties, global financial crisis, private crypto currencies, modern society, evolution of money.

I. INTRODUCTION

The trend towards the use of non-cash transactions and settlement in daily life began during the 1990s when electronic banking became common. By the 2010s digital payment methods were widespread in many countries, with examples including intermediaries. The manner of payment has changed in parallel with the aforesaid changes. Credit and debit cards have become widespread and started squeezing out cash, whereas the emergence of contactless technologies has further enhanced the use of these payment instruments. There have been growing number of products and services paid without cash such as various applications, bus fares, airline tickets, internet stores, and the like. Smart phones also revolutionized payments. There has been less high-denomination banknotes and coins in circulation, the latter in particular due to high minting and handling costs. Banks have

been reducing the number of their branches and employees and started encouraging cashless payments.

Introduction includes has not yet fully become a reality it is a modern approach or an updated version of using money. As we have seen with the rise of alternative payment options. From a technical stand points, it is certainly possible. (For example: Google pay, Phone pay, Paytm, BHIM, etc.). The cashless society, where expensive to handle coins and notes are replaced by efficient electronic payments using various platforms, using plastic cards, and mobile phone.

Some governments encourage a shift toward digital services because they see it as a way to address money laundering, tax evasion and also to boost competition in financial services. Others argue that digital payments protect consumers from being robbed or losing money, as well as sparing them the hassle of constantly carrying a wallet. India is looking to step away from traditional cash transactions. The government withdrew some high denomination bank notes from circulation over a year ago. India’s Prime Minister Narendra Modi created dozens of cashless townships where notes and coins are discouraged.

II. ADVANTAGES OF A CASHLESS SOCIETY

A. Reduced business risks and costs

Cashless payments eliminate several risks, including counterfeit money (though stolen cards are still a risk), theft of cash by employees, and burglary or robbery of cash. The costs of physical security, physically processing cash (withdrawing from the bank, transporting, counting) are also reduced once a business goes completely cashless, as is the risk that the business will not have enough cash on hand to make the change.

B. Reducing transmittal of disease via cash

Cash provides a good home for disease-causing organisms (i.e. Staphylococcus aureus. Salmonella species, Escherichia coli, COVID-19). However, cash has been found to be less likely to transmit disease than commonly touched items such as credit card terminals and pinpads. Such

concerns prompted the German central bank, Deutsche Bundesbank, to state that "cash poses no particular risk of infection for public".

C. *Transaction speed*

Restaurant chain sweetgreen found cashless locations (with customers using payments cards or the chain's mobile app) could process transactions 15% faster.

D. *Elimination of high-denomination notes for purposes of reducing criminal activity*

One significant societal advantage cited by proponents is the difficulty of money laundering, tax evasion, performing illegal transactions, and funding illegal activity in a cashless society, many countries have regulated, restricted, or banned private digital currencies such as Bitcoin, partly to prevent illegal transactions. Large amounts of value can also be stored in real estate, antiques, or commodities like diamonds, gold, silver, and platinum. Some have proposed a "reduced cash" system, where small bills and coins are available for anonymous, everyday transactions, but high-denomination notes are eliminated. This would make the amount of cash needed to move large amounts of value physically awkward and easier to detect. Large notes are also the most valuable to counterfeit

E. *Better collection of economic data*

Rather than conducting "costly and periodic" surveys and sampling of real-world transactions, "real data" collected on citizens' spending can assist in devising and implementing policies that are deduced from actual data. With recorded

financial transactions, the government can better track the movement of the money through financial records which enables them to track the black money and illegal transactions taking place in the country.

F. *Easier consumer budgeting*

As digital payments are made, transactions are kept in records. Cashless payments facilitate the tracking of spending expenditure and record the movement of money. Having recorded transactions, it can help citizens to refine their budget more efficiently

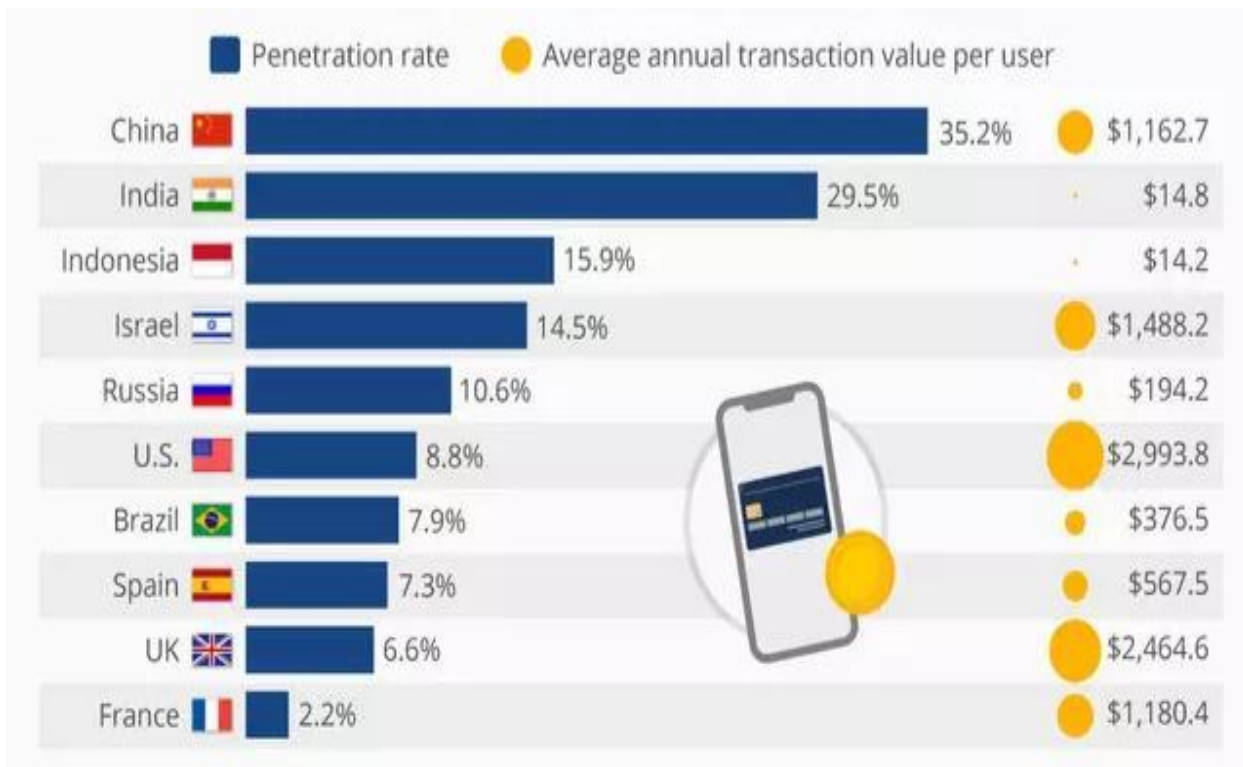
III. THE BENEFITS OF THE CASHLESS SOCIETY

The first recognizable coins were produced in China more than 3000years ago. The new global payments ecosystems, including both physical cash as well as mobile wallets, is the result of the convergence of three large and powerful industries: telecommunications, banking, and retails.

And if the private and public sector can work together to harness the latest technology and realize the full potential of a cashless society, there will be enormous benefits.

A. *Eliminate the middleman, close the financial inclusion gap*

It's important to first reflect upon where we are on the journey toward a cashless society. This might sound counterintuitive, but I would argue just about everyone has access to capital. However, for the poorer members of society, there's often a prohibitively high cost to accessing it. A cashless society- along with the transformation of the last mile of money transfers, payments and banking services- will help to close the financial inclusion gap.



B. A tool to fight corruption

Cashless technologies could be some of our greatest assets in the fight against corruption and organized crime, too. Any sums appearing outside of that framework could immediately be flagged and investigated. This would narrow the focus for law enforcement and forensic accountants, making it easier to target and recoup hidden money.

C. The enabling factors

There are, many challenges to overcome as we embrace this level of disruption. And governments will need to take preemptive and proactive action in areas such as identity management and the protection of security and privacy. In developed countries, a cashless society will deliver transactions that are seamless, frictionless and low-cost. And in developing nations, it could deliver life-changing socio-economic benefits.

IV. REVIEW OF LITERATURE**A. Banking cards**

Banking cards like Debit and Credit cards are one of the most used cashless payment methods across the world. Banking cards come with various benefits like secure payments, convenience, and many more. One of the biggest advantages of banking cards is that it can also be used for making other types of digital payments.

B. USSD

Unstructured Supplementary Service Data (USSD) is a cashless payments option for those who don't have smartphone. The USP of this method is that the user can make payments without a smartphone's device or internet facility.

C. Mobile wallet apps

This are quickly gaining traction due to its fast, secure, and convenient payment methods. These are mobile applications which allow the user to send, receive and store money.

D. QR Codes

QR stands for Quick Response. It's a two-dimensional code that has a pattern of black squares which are arranged on a square grid. QR codes are read by imaging devices such as smartphone cameras.

E. Contactless payments

Contactless payment is a convenient and secure method which enables the users to purchase products by simple tapping a card near a point of sale terminal. The card can be simply a debit, credit, or smart card which is also known as the chip card that is based on NFC (Near Field Communication).

F. ECS

Electronic Clearance Service is widely used for making bulk payments, equated monthly instalments, paying off for utility services, and to disburse payments like dividend interests, pensions, and salaries. ECS can be used for both credit and debit services.

G. Gift cards or Vouchers

Gift cards are a great gift idea apart from being a handy way to go cashless. It enables the receiver to buy anything

with the help of a voucher. There are also various stores that give discounts on gift vouchers.

H. POS terminal

It is a handheld device present at the stores. These devices are used to read banking cards of the customers. However, the scope of PoS is expanding as these services are now available on various mobile platforms via the internet.

V. SUGGESTION:

- When the ATM cards are lost, bank should provide alternative cards within 1 hour or provide multiple cards.
- Sometimes transaction in mobile payments will be in limited amount that should be changed because in the large functions like marriages, events, etc. they need to transfer in large number of amounts.
- In ATM cards they will be providing pin numbers, it can be changed for finger prints so that no one can hack the ATM cards.
- Sometimes, the SMS will be delayed in case of transaction so that should be done in seconds of time, it will provide less tension for customers.
- TV recharge, electric city bills tractions will take minimum 2days so it should be done in few hours.
- When the person is died, the nominee should be have rights to transact money with the help of ATM cards by alternative pin codes.
- Insurance premium can be given the online mode of transition.

VI. CONCLUSION

If we look at the history of money, we will notice that it went through evolution changes starting from the barter system, precious metals used as the means of payment, money made from precious metals and gold backed money to money whose value is completely separate from the material from which it was made. Central bank digital currency is a completely logical next step in this process of money evolution.

Cash might be more expensive for the government because of tax evasion, corruption and the need to keep recirculating old, spoilt currency and enabling transfers but digitalization is very expensive for citizens. What is happening here is a transfer of cost of money from government to citizens and a massive collection of data? The idea to force people into adopting cashless payments is foolish and unnecessary. People are hurting and there are no means of meeting that demand in the near term.

- Cashless society is not something that can be expected in the near future, and
- Private crypto currencies are not the backbone on which a cashless society could be based.

It is important and also necessary to adopt a set of new regulations, then deepen our knowledge about them, improve security of IT technology, increase IT literacy, and so on.

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