

# Cashless Society is a Boon or Bane

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## ABSTRACT

The cashless transaction system in a developing country like India is always trial and error sequence. This is the extension evader of demonetization for the development of Indian economy. But the lateral factors which influences this system is basic facilities which is required to operate this system is a big question. Moreover the superstitious looting personalities in the country is enormously available, which another remarkable aspect in India. But still the younger generation shows a vast interest In this cashless system so this paper thrown a light towards both the sides of a coin and the status of the country after accomplishment in the world market.

## 1. Introduction

A **cashless society** indicates an economic state in which financial transactions are not accomplish with money in the form of physical notes or coins, but rather through the transfer of digital information between the transacting customers. Cashless culture have been continue from the time when human society came into existence, that is barter system and other techniques of exchange medium, and cashless transactions have also become possible in modern times using digital currencies with the help of crypto currencies like Bitcoin, Litecoin , Dogecoin , Ripple, etc,. This paper focuses on the term "cashless society" in the sense it move towards, and implications of, a society where cash is replaced by its digital equivalent - in other words, monetary will exist, is documentation, and is exchanged only in electronic digital form.

Such a concept has been discussed widely, because the world is experiencing a speedy and growing usage of digital methods of recording, organizing, and exchanging money in commerce and trade practice, investment and daily life throughout the world, and the traditional method of transactions are now made electronically.

## 2. Cashless Society - Hypothetical Move

A **cashless society** is a society wherever legal tender notes or hard cash money are not worn in pecuniary dealings. It is a situation in favor of alternative means of exchange. ... Nevertheless the at hand impression of a **cashless society** or **country** is an utterly new-fangled thing. A quantity of countries at this instant set perimeters on transactions and contract ethics for which non-electronic disbursement may be with authorization used.

In the ranking of cashless country **Sweden** becomes the world's first cashless society. As contactless payments are on the climb, the use of ready money in **Sweden** is dilapidated and it is on the verge of flattering the world's first country to use digital only funds

A **cashless society** depicts a **financially viable** state whereby pecuniary transactions are not conducted with money in the form of corporeal banknotes or coins, but moderately through the transfer of digital information between the transacting parties.

## 3. Objective

1. To be aware of the need for digital payments
2. To draw attention to the initiative taken by the Indian Government for Digital India
3. To understand confront faced by the common public in going cashless.
4. To understand the opportunities in long run with digitalization.

## 4. Methodology

The study tries to reason out the various opportunities and challenges with digitalization for going cashless. The data collected is based on secondary sources from various articles and websites.

## 5. Review of Literature

**Srinivas, N. (2006)** in his study —An analysis of the defaults in credit card payments, has tried to analyze the socio-economic profile of the defaulters of credit cards, to categorize the deposit of factors which accord to such defaults and imply pertinent procedures to curtail the default cases scrutiny of motivations stipulate to facilitate fiscal hardship is the foremost rationale notorious by mainstream equivalent the illustration units follows by rigid payment structure and loss of job/business. The focal implication is that the banks fretful should spruce up the payment structure of credit card nonpayer's in a flexible and inexpensive installment.

**Chakravorti (2003), "Theory of credit card networks: A survey of the literature"** shows that credit card provide benefits to customers and merchants not provided by other payment instruments as evidenced next to volatile escalation in the numeral and value of dealings over the preceding 20 living. In recent times, platinum card networks have approach



became policy when the prime minister proclaim it via a disclosure in the television address at 10:15 PM on November 8, 2016. One of Modi's main brands is that of a corruption warrior, and his demonetization idea was rushed into consequence in an effort to grab hold of the black market off guard which could potentially pilot to a big payday for the central bank if a great amount of illicit cash wasn't exchanged. That plan flopped, as almost all of the recalled notes were officially accounted for one way or another.

## 8. Cashless society: A massive threat to our freedom

### 1. Risk of Confiscation

The convenience of digital money that allows spending the money more easily also makes it easier for banks, governments and thieves to take it. The message to depositors is clear- when they put money in a bank holder is a creditor of the bank and if it goes bust the holder are at the bottom of the list of creditors. Money will be seized as part of any official plan, perhaps even before the broke bank files for bankruptcy.

### 2. Safety as a Myth

The bank account can be raided by government authorities, like the Internal Revenue Service (IRS) without notice or reason given. If the IRS believes the bank account deposit and/or withdrawals activity is suspicious and/or may involve a pattern designed to avoid reporting requirements, they may seize for the account. So the opinion of cash is safe at bank account is a myth.

### 3. Risk of Theft

Digi cash a bit of trap-it can be stolen. It can be easily stolen without any evidence and without any uncertainty

### 4. Offense is Easier

Some really believe that in a cashless society that crime will go down and drug dealers will go out of business. That's again a myth.

In a cashless society, theft will occur on line and in a bigger amount than cash heists. An online thief never has to confront his victim, commit violence, crack a safe, get past an alarm system, dog or armed guards and carry away his loot. Rather, in a cashless society, the virtual thief merely has to hack the systems where the 'money' is. The online heist involves no risk of loss or threat to the thief's personal safety and can be done from anywhere in the world.

### 5. Buying small things

Attending an exam, just to grab a Snicker. If you had cash, pay ₹25 and get done with it. But when there are cashless, we have to take out the phone to scan the QR code at the shop. Type in the amount, pay it. The shopkeeper verifies. Now the transaction is done. So, basically this cashless approach is not good for small and quick purchases.

### 6. Risk of System Failure

Without cash, the value of currency would have no independent value outside a functioning banking system to

which holder has access. The money wouldn't 'work' without a functioning banking system. If the banking system is down due to a power outage, solar flare, financial crisis, Internet failure, hack or network crash, the money is unavailable and potentially lost

### 7. Children's savings in economic value

In a society that uses cash, acts like making change and giving tips provide market participants with a tangible sense of economic value. Children when they grow up saving money in piggy banks and counting their pennies, nickels and dimes learn the value of money through the perceptible experience of handling money. A cashless society turns money and value into digital abstractions as defined and controlled by the banks and central planners.

### 8. Risk of Being Exiled From the System

Even if the digital banking system was 100% fool proof, this may end up being shut out of the system for wrong doing (actual or alleged), bad credit or failure to pay banking fees. Or this may be the victim of identity theft and as a "precaution" of the account may be closed.

### 9. Results in a Loss of Freedom

While going cashless may be convenient when people choose to buy something, but if a purchase is thrust officiously upon payer by government order, money can be removed from the account to pay for it, conveniently of course. This type of forced convenience results in a removal of freedom of choice of how the people wish to spend the money.

### 10. Loss of property rights

Property rights are the foundation of a free society. If there is an out of control, ready access or the ability to spend the money when actually needed, and do not really own it. **Rather, holder is a co-owner with the currency issuer (the bank) who has veto rights over holder's use of the currency.**

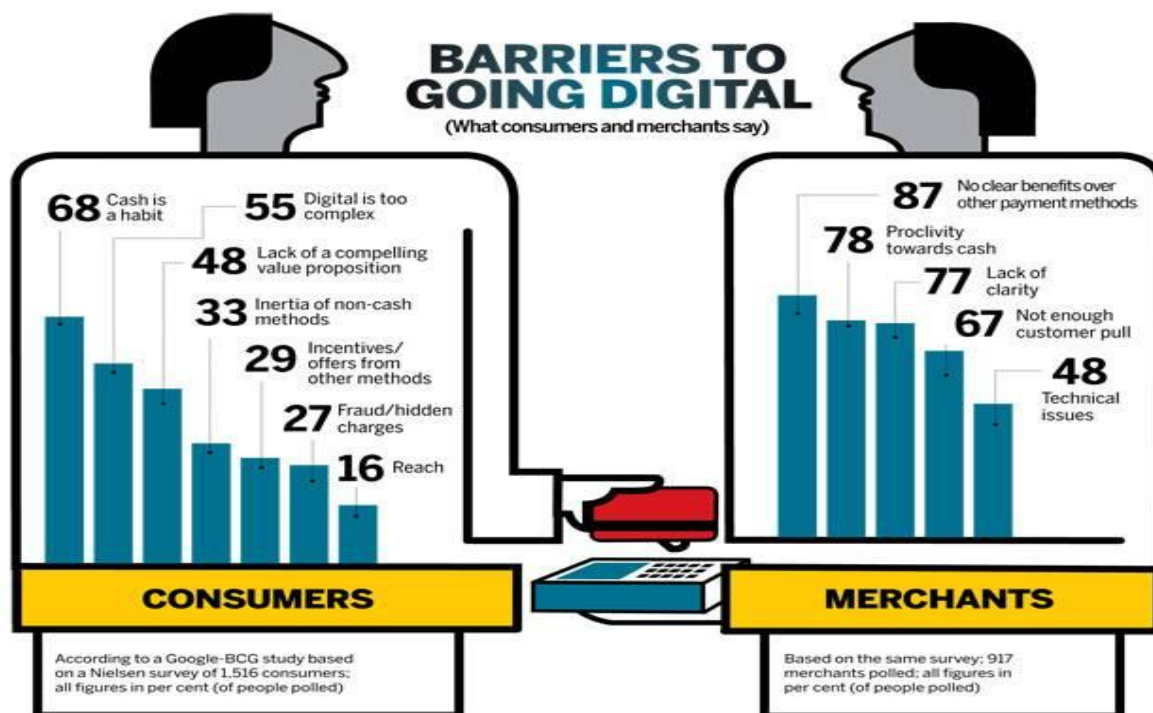
### 11. Loss of Privacy

In a cashless society there is the loss of privacy. Digital money offers the convenience of allowing to track and budget the money online. Such a system, however, also leaves a permanent digital foot print of where there is spent for money, accessible to just about anyone who has access to any account. A common objection to this privacy invasion is that "If account holder have nothing to hide holder have nothing to worry about".

### 12. Loss of Understanding Value & Responsibility

Without cash, consumers are no longer market participants that evaluate tangible value based on how much cash they have in their wallets, but mindless spenders without a sense of the value of the items they are purchasing or a sense of understanding of their actual cost after incurring bank and credit card interest fees.

## 9. Downside of digital transactions



## 10. Higher risk in identifying the theft

"The biggest fear is the risk of identity theft. Since people are culturally not attuned to digital transactions, even well-educated people run the risk of falling into phishing traps," says Nagpal. With the rising incidence of online fraud, the risk of hacking will only grow as more people hop on to the digital platform.

**Lack of bank accounts:** Many poor people do not have their bank accounts. Although Govt launched a scheme under JAN-DHAN yojana yet many are far behind opening of accounts. Without its success India cannot achieve benefits from being cashless.

**Hacking:** Cyber threats and hacking may increase to a large extent. These people may get benefit from the unawareness of common man.

**Only cash deals:** Small retailers who deal in cash only will be in trouble as they may suffer a loss due to low cash in circulation.

**Illiteracy:** After so many years of independence, there are still many areas in India which do not even now about the basic advancements made by technology. Without training them or providing them education, the cashless society will remain a dream.

**High taxes:** With the fear of the high tax, surcharge made on online transactions people will avoid making online banking possible. Govt should encourage discounts for it

**Network connectivity:** While making online transactions a good internet connection is required to make it done.

When connectivity loses in between it might cause people into trouble or letting them run to banks for ensuring their payments.

**Internet availability:** Many hilly states are far behind an internet connection. People living in those areas will have to wait or rely on cash only till net availability.

**Banking infrastructure:** There are still many villages in India where banks are just a name. To implement cashless benefits completely bank need to upgrade themselves and also new banks need to be opened in far by areas of India.

**Affordability:** Since Smartphone is a part and parcel of digitalization so they need to be in reach of everyone. But they cost too high that a basic income earner cannot afford them .

## 11. Suggestion & Conclusion

The shift in change of the transaction system from cash to cashless in India is in a fast growing trend. But at the same time there are less participants from the middle age and senior citizens group people, especially from rural back ground there is vast lag in updating the changes in the system. Proper education and awareness should be done through campaign with the help of bank employees in public places where the people often gather together casually. At the same time the group of people who is already in familiar in using the cashless system should more aware of the threat present in it. They should ensure the proper of transaction before the execution of payment system. The norms related to the pitfalls and also the precaution policies to avoid the theft should also have clear cut knowledge about it.

Almost every online transactions and purchases nowadays become online purchases. The basic requirements of cashless society like smart phone instead of feature phone at a affordable cost, internet connectivity at a minimal charges, source of power at 24\*7 in every locality of the country should be available to make our country globally strong in the world

market. This really consumes very less time and helps the Indian financial players to participate equally in the global market with great efficiency. Hence this is system is a good slave and a bad master. Once the treats and pitfalls are controlled this system really helps India to grow in next level of development.

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