

How Does Cashless Payment Influence Consumer Spending Behaviour

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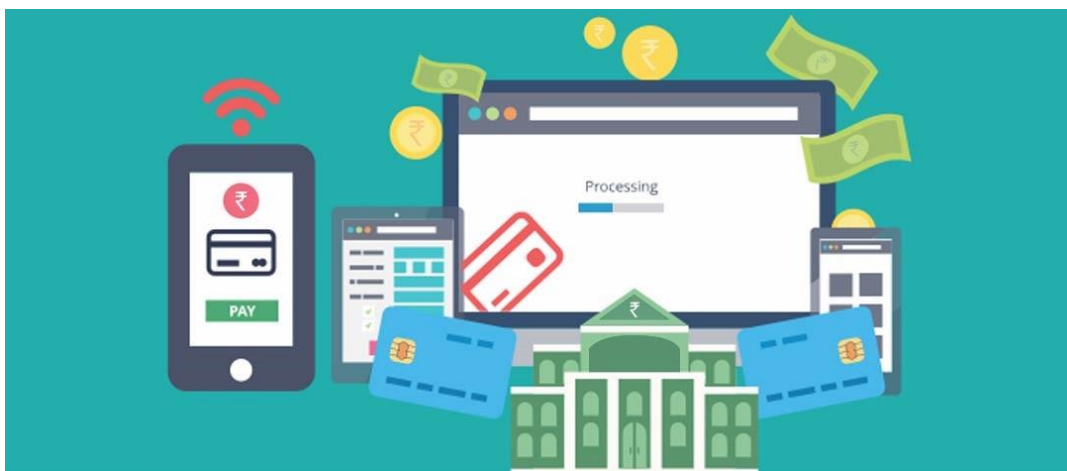
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Abstract:

India, like many societies, recognizes the need to move away from cash-based transactions. The decision to prioritize this transition nationally is driven by complex factors, including the challenges associated with cash circulation such as tracing difficulties, inconvenience, high printing costs, and the need for frequent currency replacements. These challenges are more pronounced in India compared to other countries. The transition aims to eliminate frictions by removing intermediaries, directly transferring benefits to beneficiaries, ensuring universal banking access, and reducing corruption. A comprehensive plan has been developed to propel India's 1.3 billion population towards a "paperless," "people-less," "frictionless," and "cashless" banking environment. The positive response from the Indian populace indicates potential success for the initiative. A cashless economy is expected to boost GDP through e-commerce and digital payments, enhancing economic openness and credibility, attracting more investments. This move aligns with Prime Minister Modi's vision of Digital India and promises significant success in the future.

Keywords: Cashless payments, paperless, UPI, Cashless transactions, digitalization, online payment methods, future of India, demonetization, impacts

1. Introduction



Cash might no longer be king. A cashless economy is one in which there is little to no cash flow and all transactions are conducted electronically. It consists of electronic banking (mobile banking or computer banking), debit and credit cards, card-swipe or point-of-sale equipment, and digital wallets. Digital transactions, often known as cashless transactions, offer increased transparency.

Scalability and accountability. This article examines the concept of a cashless economy, its advantages and disadvantages, as well as the numerous cashless transaction methods. The objective of the digital India programme of the Indian government is to transform India into a digitally-authorized society and knowledge-based economy.

"Faceless, Paperless, Cashless" is one of the declared rules of digital India. As implied by the term, cashless economies rely mainly on plastic or digital currency.

India is reducing the use of physical cash in an effort to transition to a cashless economy. The process of digitalization may facilitate the transition to a cashless society. With the advent of electronic banking in the 1990s, non-cash transactions and settlement became commonplace. In the 2010s, many countries had adopted digital payment methods, including intermediaries like PayPal, digital wallet systems operated by companies like Apple, contactless and NFC payments via electronic card or smart phone, as well as electronic bills and banking.

Presently, this concept of a cashless India is only feasible in the so-called "ideal world," where every citizen is sufficiently educated to handle virtual currency using various money cards and vouchers. Again, it is still difficult to implement this cashless India concept in rural India where poverty and hunger are still bigger issues to be resolved. The major issue with transacting in digital currency is fluctuation in value, a stable value of currency is an important aspect in online transactions. In, present scenario we have different cards as a digital currency, but there are some risks & restrictions associated with those cards, such as some merchants don't accept the cards yet some customers are not eligible for cards, there are many frauds happening with Credit & Debit Cards. End users are not well trained to use the cards for daily use because of illiteracy.

"WE WISH TO HAVE ONE MISSION AND TARGET: TO MOVE THE NATION FORWARD, DIGITALLY AND ECONOMICALLY," said SHRI NARENDRA MODI.

Mr. Narendra Modi, the Prime Minister, initiated the "Digital India" Program with the goal of transforming India into a digitally empowered nation and establishing a cashless, paperless economy. At the moment, only about 7% or 8% of all payments in India are made electronically. The government of Narendra Modi abolished currency notes with denominations of INR 500 and INR 1000, an unprecedented step toward combating corruption and counterfeit currency. In addition, the Reserve Bank of India (RBI) recently released a document titled "Payments and Settlement Schemes in India: Vision 2018," which lays out a strategy to encourage electronic payments and allow India to transition to a cashless society or economy in the medium and long term. As a result of the scarcity of cash caused by demonetisation, digital and e-transactions have grown in popularity, with e-banking, e-wallets, and other transaction apps becoming commonplace. A cashless economy is both secure and eco-friendly. You will play an important role in guiding India toward a more digital economy. Digitalization is a process that can assist the economy in transitioning to a cashless society.

Two decades ago, it was difficult to imagine a world without cash. However, as cashless payment methods gain popularity, a cashless society may soon become a reality. The COVID-19 pandemic is a major driver of the shift. To avoid direct contact, people gravitated toward payment methods that did not require the use of physical money, such as bank cards and payment apps.

The global shift to cashless payment methods is hastening. According to experts, we will soon be living in a cashless society. In fact, some countries are already working to completely eliminate cash from their economies.

Sweden has cut the amount of cash in circulation in half over the last decade.

Traditional cash transactions accounted for only 1% of Sweden's GDP, according to the European Payments Council, and ATM cash withdrawals are declining by 10% per year. According to the Swedish Central Bank, cash is currently used for transactions by only 9% of the country's population.

According to analysts, Sweden will become the world's first cashless nation by 2023. In *2025 & Beyond: Navigating the Payments Matrix*, PwC examined the ongoing transition from cash-based to cashless payment methods, the development of digital economies, and the impact of new payment trends.

The Government of India's flagship programme, Digital India, aims to transform India into a digitally empowered society and knowledge economy, but the "cashless economy" has recently gained media attention. For several decades, its effects and implications have been a source of contention in our society. However, futurists predict that a cashless society will become more popular, and that cash transactions will decline (Worthington, 1995). However, in the context of payment, there are critical issues related to security and privacy that must be addressed.

Payment is made without the use of cash. Customers can now pay with cash or a credit card for their purchases. Traditional payment mechanisms, such as card payments, have grown in popularity as technology has advanced and lifestyles have changed (Green 1997). In recent years, new generation payment mechanisms such as smart cards and EPS, which account for a significant portion of transactions, have emerged (Marlin 1998). Consumers today are more likely to use credit cards to purchase long-lasting consumer goods rather than short-term goods.

Aside from the choice of payment, which can be motivated by a simple consideration such as acceptability, accessibility, or habit, it can also be unintentional, such as payment made through when sufficient funds are not available in one's wallet. Consumers experience psychological pain when paying with cash, according to some studies. Although using a credit card to make a payment reduces the feeling of value loss, the association changes as the payment system shifts from card to cash. This meant that understanding people's associations with cash differed from understanding people's associations with electronic systems. The psychological pattern expressed by a consumer when dealing with notes and coins differs from that expressed when purchasing through an electronic system.

In addition to payment choice, which can be motivated by a simple factor such as acceptability, accessibility, or habit, payment can also be unintentional, such as payment made through when sufficient funds are not available in one's wallet. According to some studies, consumers experience psychological pain when paying with cash. Although using a credit card to make a payment reduces the sense of value loss, the association changes as the payment system changes from card to cash. As a result, understanding people's associations with cash differed from those with electronic systems. When dealing with notes and coins, a consumer's psychological pattern differs from that expressed when purchasing through an electronic system.

The use of cashless payment systems is on the rise, and as a result, forwardthinking companies are learning to use the data they generate to better meet the needs of their customers.

For the first time ever, cashless payments have surpassed cash transactions.

Since 2015, cashless payments have become more common than cash transactions. It is predicted that by 2025, only 25% of all transactions will be conducted in cash. This is in part due to the proliferation of new cashless payment options available to consumers.

Chip-and-PIN and contactless payments using credit and debit cards. Online banking and shopping are available through a wide variety of channels now, including the likes of PayPal and even Bitcoin.

When it comes to making cashless payments, customers have fewer hurdles to jump over. Originally reserved for large purchases, they are now accepted for virtually all purchases. This is beneficial to businesses because cashless payments collect significantly more data, such as:

- In-store card payments are accepted: the time, date, location, and customer identity are all recorded.
- Online payments: The IP address, which is usually associated with a specific location, is recorded.
- Mobile payments: Obtains the purchase location via Wi-Fi or phone tower triangulation.

Cashless payments are an effective way to analyse customer purchasing habits and adapt your services as a result of their ubiquity and data collection.

Some of the questions that cashless payment data can help you answer are as follows:

1. Shopping online vs. shopping in person

- Is it more likely that the customer will shop in-store or online?
- Do they purchase different items online and in-store?
- Is this a common occurrence among customers?
- Data collection on these variables can help you decide whether to invest more in your company's online or physical presence.

2. Purchased Item Types

- What products do certain customers buy?
- How often and at what intervals do they purchase specific items?
- Is there a distinction between items purchased with cash and those purchased with cashless?
- Do they tend to spend more when they don't use cash?
- Do the items they purchased allude to a larger theme? (For example, going on vacation)

Understanding these responses can help you improve your customer profiles, more effectively allocate resources, and identify opportunities to improve payment systems.

Marketing investigation

- Is there a daily routine in place for sending out targeted marketing materials?
- Have customers seen an advertisement or a billboard before going to a store?
- Have they purchased something soon after receiving a marketing email?
- Which marketing resources do customers find most appealing?
- What is the value of a particular customer or customer demographic?

Knowing the answers to these questions can help you add depth to your customer personas, more effectively personalise marketing, and evaluate the ROI of various marketing initiatives.

Distribution of resources

- Where can I put my human and physical resources to best use?
- How much of a particular item should I stockpile?
- How frequently should I reorder specific items?

By gathering and analysing data on these variables, you can optimise your staffing and resource allocation, as well as fine-tune your logistics network.

The use of cashless payment methods is rapidly expanding. Gain a competitive advantage by converting cashless payment data into an asset that allows us to tailor services to specific customer purchasing habits. Traditional forms of business, such as barter trade, were much more uncomfortable than cash transactions. As the business world evolved, cashless transactions emerged, further simplifying the mode of doing business. A cashless transaction involves the use of debit/credit cards, checks, online payments, bank transfers, and mobile applications without the exchange of physical money.

The cashless transaction offers clients a straightforward and risk-free transaction.

Cash and cashless transactions in the market enlist different consumer behaviours.

Consumer behaviour refers to an individual's or a household's purchasing habits.

Making decisions and taking actions in the discovery, acquisition, consumption, and disposal of a product. It also includes how customers select, buy, or use a product or service based on their needs and desires.

Financial attributes and demographics are important factors in determining an individual's payment behaviour. Consumer preference for cash or cashless transactions is influenced by demographic factors such as education, age, gender, and marital status. Individuals in their younger age brackets prefer cashless payment methods to consumers in their older age brackets. The development of cash payment methods such as mobile applications and internet banking corresponds to the development of the new generation.

The millennial generation is known for its openness to new experiences and its preference for simple payment methods. People of a more senior generation, on the other hand, remember a time when currency was valued in the form of physical coins. People with higher levels of education tend to favour cashless methods over cash, such as debit cards. Ignoring the hassles of electronic payment systems is a common practise among the illiterate. It makes sense that people with lower incomes would prefer cash payments. Higher-income people, on the other hand, are more likely to use credit cards for routine purchases.

The term "cashless payment option" refers to any method of making a purchase that doesn't involve the physical exchange of money. It includes electronic banking (online or mobile banking), debit and credit cards, card readers (also called "swipe machines"), and digital wallets. Payment is made by means of a card or other digital medium in this transaction. In a cashless society, people no longer exchange physical currency for goods and services; instead, they rely on digital information (typically an electronic representation of money) to settle their financial transactions.

Consumer spending has a significant impact on the economic growth and development of a country. People from various socioeconomic groups have varying spending habits. People in the middle class, for example, prioritise basic necessities, education, and investments for their children's future, before spending money on luxury items. Wealthy people spend more money on luxury items and international brands. Finally, the super-rich invest in ultra-luxurious items. As disposable income rises, people prefer branded goods and shift to processed foods.

Furthermore, spending on food, beverages, transportation, and communication is increasing. In India, a variety of factors influence consumer spending behaviour. Individuals have more disposable income as income levels rise, as do their attitudes toward consumption, price changes, the introduction of new products, the availability of credit such as loans, payment options, mortgages, and credit cards, rising aspiration levels, increased literacy, growing brand consciousness, and rapid urbanisation.

There has been a rapid shift toward more digital payment methods in India. The retail sector accounts for a large share of all monetary transactions. Cashless payment methods, such as Cards, Digital Wallets, and so on, are increasingly being accepted by retailers. There is a nationwide effort to update the country's financial infrastructure. Now more than ever, it's necessary for consumers to quickly adapt to the growing

trend of conducting cashless transactions, as more and more retailers (including street vendors) accept digital and electronic payment methods. Internet and in-store purchases are now easier than ever thanks to cashless payment systems. The shift from cash to cashless or digital payment methods is taking longer than expected, despite banks' efforts to promote the use of debit cards and the introduction of new payment methods. The buyer is considered the "King" of the market because of how much influence their purchases have.

Their buying habits, in particular, have a major bearing on how well a company does.

Sales, profit, and so on. The current study is an attempt to analyse the factors that influence cashless payment options for consumers, as well as how these factors influence consumer spending behaviour.

In today's rapidly expanding economy, no one has time to wait for days or hours to send a message or to stand in lines to withdraw money to pay for their purchases. Contemporary women still have to work and often find themselves too busy to go grocery shopping. Moving into the digital realm is now an unavoidable necessity. Consumers' decisions regarding "how much is spent" or "what is bought," as well as "what is the preferred mode of cashless payment option used in the purchase," are influenced by the prevalence of cashless payment systems. This could have long-term effects on consumers' approaches to managing their finances, including their spending habits, ability to save, and retirement plans. Digital money is gaining popularity as a form of payment in today's cashless economy. Previous studies have examined the impact of various payment methods, including cash and credit cards, on consumers' discretionary spending habits. The overarching goal of this study is to combine different payment method models. Their impact on shoppers is also investigated.

The study's findings are more useful for policymakers, government officials, administrators, business owners, academics, and others interested in the cashless payment system.

1.1 BENEFITS OF GOING CASHLESS

Convenience:

One of the strongest arguments in favour of switching to digital is the convenience it brings to handling financial transactions. There will be no need for you to carry around bulky amounts of cash or plastic cards, or to stand in long lines at ATMs. As an added bonus, this method of making purchases while travelling is safer and more hassle-free. Director of Transcend Consulting Kartik Jhaveri warns that ignoring the needs of the poor will present a significant obstacle. "It's helpful and uncomplicated for the rest of the nation.

He believes its greatest utility will be in "hospital emergency rooms and similar settings." According to Jayant Pai, PPFAS Mutual Fund's Head of Marketing, "you have the freedom to transact whenever and wherever you want." There is no necessity for your physical presence or the confinement of business hours to complete a transaction."

Discounts:

One of the government's incentives to promote digital transactions is the recent waiver of service tax on card transactions up to Rs 2,000. There then ensued a flurry of discounts and freebies. If you make use of them, now is an excellent time to boost your savings. The current price of gasoline in Delhi is Rs 63.47 per litre, but if you pay for it digitally you can get it for Rs 62.99 per litre.

You can do the same by purchasing your train tickets, tolls, and insurance in bulk. This is in addition to the cashback and discounts offered by mobile wallets like Paytm, as well as the reward points and loyalty

benefits offered by preexisting credit and store cards, which may help you improve your cash flow to a small degree.

"If all transactions are recorded, it will be very easy for people to keep track of their spending," says one expert. It will also be useful when filing income tax returns and, in the event of a lawsuit.

People will find it easy to explain their spending under scrutiny," says Manoj Nagpal, CEO of Outlook Asia Capital. "Aside from the tax, it will have a positive impact on budgeting," Pai says.

Budget discipline:

It is much easier to stick to a budget if you can track your spending in writing. In the coming years, Jhaveri predicts, a plethora of apps and tools will assist individuals in analysing their spending habits and gleaning valuable insights.

Spending restraint may also encourage more capital expenditure.

The latte factor could decrease if the same amount of cash does not return to circulation and more people continue to use electronic payment methods. Since smaller currency notes and loose change are less common, the Rs 10 you spent on snacks or your daily cup of coffee at the office may be diminished. You are less likely to experience budgetary leaks and unaccounted for expenditures if you wait until the last few days of the month to make large purchases.

Lower risk :

It's easy to put a remote block on a lost credit card or mobile wallet, but there's no way to get the money back. The digital option offers "limited security" in this regard, according to Pai. This is especially important to keep in mind when travelling, especially internationally, where replacing lost cash can be a major hassle. More so, if the cards are right for the future, adjust to usage.

Small gains:

It may not seem like much of a benefit, but being cashless makes it simple to avoid borrowing. It's also convenient because you don't have to worry about having enough change or getting it back from merchants if you pay exactly what you owe.

Fund transfer-

Transfer of money which used to take 2-3 days has now become possible in 2 mins with an extra limit of transferring funds. This saves a lot of time for people who don't need to go bank for conducting transactions.

Payments-

After the advent of FinTech, consumers began making all kinds of payments electronically instead of using physical currency. This includes everything from the payment of utility bills to the purchase of mobile phone minutes, television shows, gas, airline tickets, and even movie tickets. With this, users can make instant payments without having to withdraw cash from a bank.

Security of data and account details-

Before FinTech, There was a high risk of data and account details if the bank passbook or cheque book gets stolen or lost. This risk is secured by FinTech as they protected all the data by protecting it with a

password that is available with the users only and is changed periodically. Thus no one other than the user can open a banking application or view any data within it as it is password protected. This means no one can view any details or open the bank application without inserting a security pin. Users can now add passwords, PIN/TAN, biometrics as well which are newly arrived.

Credit facility-

Users can now receive credits and loans very conveniently without any long and frustrating process. This helps the user to take loans easily and faster when in need of cash without any tension and waiting for a longer time.

Other features-

Many elite banks such as AXIS, ICICI, KOTAK, and other banks provide many other features such as Demat services, shopping facility, insurance, investments options, and sending money abroad. They also provide UPI and scanning options and offers on buying products from partnering companies. Thus, competing with digital wallets and other online payment systems as the users of these banks don't need to add any other apps like insurance apps, google pay, investment app, a shopping apps. These banks have integrated many apps and added them in their banking app so that the customers don't need to go anywhere and provide greater satisfaction. All the financial services that a user needs are provided in these banking apps and all this is possible through FinTech. These banks have integrated all FinTech services that a customer needs in their banking app. This is the future of the banking system in India.

1.2 THE IMPLICATIONS OF DIGITAL TRANSACTIONS

Increased risk of identity theft "The greatest concern is the risk of identity theft. "Because we are culturally unaccustomed to digital transactions, even well-educated people are vulnerable to phishing traps," says Nagpal. With the increasing prevalence of online fraud, the risk of hacking will only increase as more people use the digital platform.

Furthermore, the government's recent decision to eliminate the two-factor authentication process for online transactions up to '2,000 will not help. Regardless of the size of the transaction, the lack of this extra layer of security exposes thousands to the risk of identity theft. Another weak link is an insufficient redressal mechanism. "With India's poor redressal system, imagine what a poor rickshaw puller will do if his Aadhaar ID is stolen. ", inquires P.V., a Mumbai-based financial trainer. "Given the lengthy process and poor grievance redressal, people will have no easy recourse if they lose money online," Subramanyam adds. There is no strict legal procedure in place to deal with this type or scale of fraud. Add to that mass identity theft from bank or company databases, and you have a financial nightmare akin to the October data breach in the Indian banking system.

Phone loss:

Since you will be reliant on your phone for all of your mobile transactions, losing it can be a double whammy. It can not only make you vulnerable to identity theft, but it can also render you helpless in the absence of physical cash or any other form of payment. This is especially problematic if you are travelling abroad or in smaller towns or villages with limited resources of banking infrastructure or other payment options. Another disadvantage is that you must keep your phone charged at all times.

If your phone dies, you're out of luck.

You will be stranded, especially if you are in the middle of a major purchase or dealing with an emergency.

Difficult for the technologically challenged:

India has a low Internet penetration of 34.8% (2016), according to Internet Live Stats, and only 26.3% of all mobile phone users have a smartphone (2015), according to Statista figures. Besides the practical difficulty of going digital, "a bigger block is the psychological shift. "You're suddenly jumping three generations to digital," Pai says.

Subramanyam adds, "It's a problem for the elderly, who may suddenly find themselves locked out of their accounts if they can't download an app or don't have cash." The digital medium may prove difficult for the tech-averse, who will require more time to adapt or the availability of other options to conduct transactions.

Overspending:

While there is no denying the convenience of card or mobile wallet transactions, they may expose an unsuspecting population to a spending trap. According to behavioural finance theorists, using physical cash rather than a card makes the pain of parting with money more acute.

As a result, using cash rather than cards or mobile wallets acts as a natural bulwark for people who struggle to control their spending. "This is why people may end up overspending, throwing their budgets into disarray," Pai says.

Furthermore, widespread adoption of the digital payment system is predicated on the same amount of cash not being re-circulated. If it does, people are more likely to revert to the former ease of using cash because it is a difficult habit to break.

The study investigates consumer attitudes toward digital payment. Money transfers via e-mail have been around for a few years now, and the country has benefited greatly from this technological advancement. The government's usage and comfort capability is expanding day by day. Support the development of an e-payment system. People's lives are now more convenient because they can pay their bills online. The worldwide proliferation of technologies such as smartphones and internet access is fueling the trend toward cashless payment. This is altering consumer and business behaviour, hastening the transition away from cash and cheques and toward cashless payments.

Non-Banking Financial Institutions-

With the rise in FinTech, many non-banking financial institutions found an opportunity in this sector and entered into it. The main transformation that FinTech brought was taking Banks on the online platform. This helped Non-banking institutions to launch their application and provide the same services which banks provide more profitably as they don't have any physical presence reducing a large portion of operational cost. This helped them to provide services to customers on a low charge with more profit as Banks can't afford to compete with the same offer due to higher operational costs and brick and mortar banks. This builds a lot more competition to small banks leading them to leave the sector.

Customers Reliance-

Most of the customers who are old and illiterate can't understand FinTech and online banking as they can't read or write. Apart from this, Many customers are now comfortable with the traditional banking process

and don't want to learn online Banking systems. Some Users don't rely on online banking payments as they lack a personal touch and can't understand its process.

Internet Access-

Users who live in remote areas don't have electricity and thus can't have internet access as well. A large portion of India resides in rural areas than in urban areas discouraging them to use online banking services. People sometimes don't get proper internet access in urban areas or get bad connections due to which they can't access the banking services anytime.

Security-

As we know security system of the banking sector and FinTech is high though it's prone to hacking. Although the security is very strong, we still hear about various scams, and apart from this Online payment is riskier than a traditional payment. This frightens many users to switch to online banking. However, Online payment systems are continuously working on improving the security of transactions. The above negative impacts can be solved and banking systems are focusing to improve them. Thus, these problems are not permanent and can be solved.

2. Review of Literature

“Many empirical studies on the topic of 'cashless economy' have been conducted in India and elsewhere. The primary focus of research has been on a variety of issues such as fraud, security, usage patterns, and new e-payment methods, among others. Previous research on plastic money should be examined. It has been reviewed in order to provide an overview of the work done on this topic in India. It is expected that the critical examination of the studies will bring our problem to light and highlight areas that the researchers have overlooked.”

“There was very little research that examined the perceptions of both users and traders on the use of plastic money, according to a review of the literature. Furthermore, many studies focused on individual cards, such as credit or debit cards, and ignored the joint effect as well as new innovative cards like smart cards, charge cards, and check cards. The analysis in this study attempts to include all types of cards.”

“According to the study Switching Behaviors from Credit Card to Cash sPayment Among Ethnically Diverse Retail Customers" by **Handelsman and Munson**, credit card sales are a significant source of revenue for many retailers. Because of their increasing use and evaluation into other forms, such as debit and electronic cards, retailers must gain a more comprehensive understanding of how they are used by various consumer segments.”

“It is critical to gain a better understanding of the proclivity to switch from credit card to cash payment, as well as the incentive required to initiate the switch. Given the retailer's cost of administering credit card payment systems, converting a higher proportion of credit card sales to cash sales may improve the retailer's overall profit position.”

Barker's study, “Globalization of Credit Card Usage: The Case of a Developing Economy,” polls two groups of 200 cardholders and noncardholders to investigate Turkish consumers' attitudes toward credit cards and card issuers' approaches. “The better educated, middle-aged upper middle-class members appear to be the primary target; the most important reasons for using a credit card were "case of payment," followed by "risk of carrying cash," Non holders do not carry credit cards because they do not know much about it; informal sources of information appear to be more influential than mass media advertising in

penetrating the market; proposes that credit card usage and administration are influenced by consumer spending behaviour.”

Vora and Gidwani: “‘Plastic at a premium’ by Vora and Gidwani depicts card usage options and variations. Credit cards, according to the study, are extremely useful to those who use them to increase their purchasing power via the plastic card. To entice customers, different cards offer various packages such as teleticketing, discounts, insurance coverage, and reward points, among other things. According to the author, the market for card holders has the potential to grow to 7 million if all taxpaying citizens are included. However, as long as the Indian customer is credit-conscious, these valiant efforts to improve services will be ineffective. In order for a piece of plastic to effectively become a premium card, they must change their spending habits and keep their card active.”

“‘Use of credit cards by older Americans,’ by **Mathur and George**, depicts the credit card spending habits of older people. Using a large national sample of respondents ranging in age,

When the circumstances and opportunities for consumption in both groups are comparable, researchers discovered that older adults use credit cards just as frequently as younger adults.”

“The data suggests that practitioners should stop thinking about consumer targets in terms of age and instead focus on circumstances that influence one's likelihood to use credit cards. Income, employment, retirement status, and purchasing habits should all be taken into account. While overall credit card usage declines with age, a certain segment of mature consumers uses credit cards throughout their lives.”

“According to the study ‘Customers' Risk Perceptions of Electronic Payment Systems’ by **Simon and Victor**, one reason for the slow adoption rate of electronic fund transfer at point-of-sale (EFTPoS) is that consumers perceive EFTPoS to be riskier than other traditional payment methods. EFTPoS has the lowest physical risk and the highest financial risk, credit cards have the lowest psychological risk and the highest risk of time loss, and cash has the highest physical risk and the lowest performance risk, according to the study.”

“‘The card majors lead the way,’ says George, demonstrating the importance of VISA and Master Card in any international payment system. VISA and Master Card also act as franchisers, lending their names to the cards of member banks and acting as guarantor of payment to merchants who accept the cards. VISA and Mastercard charge a fee for this, as well as for handling transactions, which varies by country but averages around 3 cents (90 paisa) per transaction. They function as card clearinghouses. VISA and Master Card each have nearly 22000 banks as members worldwide and process millions of transactions every day.”

Worthington:- “The cashless society, in which cumbersome and costly-to-handle coins and notes are replaced by efficient electronic payments initiated by various types of plastic cards, is a tantalising prospect for the twenty-first century. If the cashless society becomes a reality, some parties will benefit more than others. The paper explains why some people want to promote a cashless society, as well as the implications for marketers tasked with gaining consumer acceptance for plastic card payment. This

chapter, which begins with a European-wide overview of the European plastic card market, focuses on recent developments in the United Kingdom, one of Europe's leaders in the use of plastic cards as a means of payment.”

3. Demonetization and its impact

a. DEMONETIZATION

The devaluation of currencies has helped the transition to a cashless society. The working class, small businesses, and pretty much anyone who deals with cash on a regular basis have all felt the short-term pain and chaos caused by this move, which was meant to combat corruption and black money.

Drivers, housekeepers, cooks, electricians, and plumbers are just some of the working classes who will be negatively affected by this shift. Anyone who has a job in the unregulated economy and receives biweekly or monthly cash payments. Cashless payments have increased in the last two weeks as a result of the NO CASH- scenario.

b. EFFECT ON VENDORS AND HAWKERS

Vendors and hawkers are interviewed to learn more about how demonetization has affected them personally. The outcomes of the interviews are as follows:

After demonetization, hawkers' and sellers' weekly sales decreased by as much as 80%. Lack of cash was the primary factor in their sales drop, as consumers preferred to shop at contemporary retail stores and department stores where online payment was accepted, enabling them to complete transactions without needing cash, rather than from vendors and hawkers.

30% of them use banks only sporadically, and 50% of them have no bank accounts.



They grew up in their hometown. In the city where they reside, only 20% of them have a bank account. As a result, it was challenging for hawkers and dealers to convert demonetized 500 and 1000 rupee notes into new money.

Through the Jan Dhan Yojana, some of them opened bank accounts, but they hardly ever made any deposits of their savings. They ought to maintain their savings at home so they can use them in an emergency. Just 20% of them deposit their money in banks.

Manohar Lal, one of the street vendors, claimed that before demonetization, he was able to save 300 to 350 rupees each month, but that as a result of demonetization, he was unable to provide for his family's basic requirements. So should he take care of his basic necessities or put money aside?

Many of them who had bank accounts couldn't get cash out of their accounts or ATMs. When they want to withdraw money from ATMs and banks, they have to leave their jobs and stand in huge lines.

Ram Lal, a street seller, responded that he should either go to work and make money or wait in line for a long time to take his savings from an ATM or bank. He added that there are occasions when he is in line to get cash out of an ATM or bank and when it is his turn, there is none available.

On the other side, several vegetable sellers and small business owners have started using cashless payment methods like PayTm, UPI, MobiKwik, freecharge, card swiping, and so on because they were unable to make cash transactions when Rs. 500 and Rs. 1000 were not available. It mentioned the prime minister's initiative to make India cashless someplace.

To keep their businesses afloat, 70% of merchants use online payment methods. A street vendor named Ramu Das claimed that since the demonetization, his sales have fallen.

He introduced the PayTm service in his shop since customers frequently came in with outdated cash.

1. Indians face a cash shortage:

The majority of Indians were left without money for their daily requirements because the Indian government seemed to be less prepared for the transition. The absence of internet connection and limited promotion of digital transactions particularly hurt rural communities. People in India's metropolitan areas switched from making cash purchases to making online payments using debit/credit cards and applications like Paytm as all businesses and offices started to accept digital transactions.

Indians were not used to utilising plastic money or digital wallets because the majority of them lacked bank accounts or internet access. Most people were reluctant to use digital wallets due of online threats. Indians were frustrated and angry as a result of the never-ending lineups in the banks.

2. Economic Sentiment Takes a Hit:

The decision to outlaw roughly 86% of the money in use led to a major decline in the nation's monetary base, from Rs 22.5 trillion to Rs 13.7 trillion, which had a negative impact on domestic economic confidence. Economic sentiment is what drives economic activity, thus if economic sentiment deteriorates, economic activity will as well.

All economic activity metrics (production, consumption, investment, and exchange) were significantly shocked by demonetisation. A downturn in the economy was induced by lower output plans from producers, lower consumption plans from consumers, fewer investment plans from investors, and a contraction in trade.

3. Worst impact on small businesses:

The majority of India's workforce, which makes up close to 90% of the total, relies heavily on cash and is cash sensitive. The note prohibition caused a huge decrease in liquidity, which in turn caused a significant decrease in output.

As a result, the unorganised sector experienced widespread layoffs, and daily wage workers lost their employment as soon as demonetisation took place.

Many small firms still pay their workers and employees in cash. Long queues of waiting workers reduced the number of productive working hours. As a result of the demonetisation process, numerous businesses experienced considerable losses.

4. Deaths:

Numerous incidents of persons passing away while in long lineups to exchange demonetised banknotes have been reported. Hospitals' refusal to accept the demonetized currency has also been blamed for deaths due to a lack of medical care.

Political opposition leaders asserted that more than 100 individuals have died as a result of demonetisation by the end of December 2016. In March 2017, the government said that no official report on fatalities associated with demonetisation had been received. Later that month, in December 2018, then Finance Minister Arun Jaitley informed the legislature that four people had passed away as a result of demonetisation: three bank staff and one State Bank of India client.

5. GDP growth suffers:

The GDP of India has slowed since the demonetisation move, as small businesses have found it difficult to conduct their operations. Consumption fell sharply, reducing demand for products in the domestic market from 9.2 in January 2016 to 7 in December 2016. It continued to fall until it reached 6.1 in March 2017. One of the reasons for the GDP decline was the implementation of GST (Goods and Services Tax).

6. The Stock Exchange:

Due to the combined effects of demonetisation and the US presidential election, stock market indices declined to about six-month lows in the week following the announcement. On the day after demonetization

The BSE SENSEX dropped roughly 1,689 points after the announcement, and the NIFTY 50 dropped more than 541 points. On November 15, 2016, the BSE SENSEX index has dropped 565 points by the close of the intraday trading session.

The NIFTY 50 index was below 8100 intraday. Minor effects on the stock market occurred in November and December 2016. Following the demonetisation, companies in the cement, cotton, and rubber sectors saw an increase in total trades, while those in the automotive, apparel, food, paper, real estate, retail, steel, sugar, tea, and textiles sectors saw a decrease in total trades, according to a data analysis of 54 companies from 13 different sectors.

Demonetization had a detrimental effect on stock market results.

This is supported by NIFTY 50 and other NIFTY sectoral indices.

7. The relationship between demonetization and digitalization:

When demonetization was announced on November 8, 2016, there was no reference to a connection between demonetization and digitalization. Demonetization was not announced in a government gazette, but it has since evolved into the period of digitalization of financial transactions.

On November 9, 2016, all newspaper headlines promoting the use of mobile wallets follow the announcement of demonetisation. The demonetization of currency was viewed as an opportunity to grow operations by all organisations interested in digitalization. They offer cash substitutes to Indians, including mobile wallets, net banking, prepaid cards, debit cards, and rupay cards. Ewallets, credit cards, and debit cards are now more widely used as payment options as a result of demonetization. Such digital payment systems have almost completely replaced cash transactions, at least in urban areas.

Demonetization paved the country's road to digitalization and cut down on the amount of time needed to create a digital society. Starting with e-commerce start-ups like Amazon, Flipkart, Jabong, and Snapdeal, India is on the route to digitalization. The Economic Times reports that after demonetization, e-wallet company transactions soared by more than 700% in a short period of time.

India is gradually embracing more digital commerce. People become more accustomed to digital platforms and online transactions as a result. The trend towards digitization and electronic transactions has been hastened by it. Within a few weeks of the demonetization's deployment, the story of its objectives started to take shape.

The benefits of the digital economy are now being emphasised far more than illicit financial transactions and fake money. As a result, India saw the appearance of adverts supporting online purchases. Digi Dhan Melas were organised to entice individuals to join in the digital economy.

8. The Two Ds (Demonetization and Digitalization) Have a Positive Impact:

A. The Impact on the Money Supply:

The circulation of 500- and 2000-rupee notes has decreased as a result of the scrapping of older 500- and 1000-rupee notes and the introduction of new 500- and 2000-rupee notes.

Money availability in the short term. to prevent the reintroduction of black money into the system. As new notes are issued and the disparity is fixed, the money supply will grow.

B. Impact on Demand:

There is a possibility that the demand will be affected in general. Automobiles, consumer goods, gold and luxury items, real estate and property, and consumer goods are all impacted.

C. Price Impact:

Demand control has resulted in a lower price level. The following details how demand affects price declines:

- a. Prices for consumer items are anticipated to drop slightly as a result of moderate demand, with some purchases being made using credit cards and cheques to make up the difference.
- b. It is widely anticipated that real estate and property prices will decline, particularly for sales of properties where the majority of the transaction is completed in cash rather than via check or bank transfer.

As developers calibrate their prices, prices in this industry may finally recover (Probably by charging more on cheque).

D. Effect on online payments and other payment options:

The demand for alternative payment methods will increase as cash transactions decrease. There will surely be more demand for digital transaction systems, E wallets and applications, online banking transactions, the use of plastic money (Debit and Credit Cards), and other like services.

E. Business and financial repercussions:

Large sums of black money are being converted into legal tender by individuals employing immoral means. The hard-earned money of a taxpayer must be withdrawn after standing in line. Online businesses are winning because the majority of the white middle class is using the internet. Demand for goods and services from small and medium-sized enterprises that accept cash has completely collapsed. The gem and jewellery industries will be severely harmed. There will be problems for banks. They'll receive a barrage of cash.

F. Political consequences:

The BJP will gain a lot from this. Gandhi's portrait may one day be replaced by Modi's on the walls of governmental structures. Demonetization will be presented as a huge hoax by all sides.

9. Online and mobile commerce:

1. E-commerce: Following demonetisation, E-commerce became a boon for the adoption of the digital economy. As soon as India became a digital economy, E-business experienced both short-term pain and long-term gain.

Companies like Amazon, Flipkart, and Myntra have stopped accepting cash on delivery, but it is difficult to persuade people in rural areas who are still hesitant to use digital payments to buy online to meet their needs.

Local retailers can use payment gateways provided by some websites, such as Paytm. Reduce the frequency of return after decreasing cash on delivery services, which has become an expense for businesses. Long-term Ecommerce expectations have risen, as has foreign investment through ECommerce. As a result, it plays an important role in accelerating online business, which leads to overall country advancement.

2. E-commerce on the go:

Following demonetization, "M-Commerce" quickly spread throughout India and replaced E-Commerce as people's preferred means of doing digital transactions. Since demonetization, smartphone use has increased even more quickly. Due to the advent of new service providers like Jio, it has recently gained up speed. The accessibility of inexpensive Smartphones and mobile data connections has fueled m-commerce. The practise of purchasing and offering goods and services via mobile devices is known as m-commerce. Electronic payment transactions are carried out on smartphones. M-Commerce services include in-app mobile phone payments, mobile banking, mobile borrowing, mobile tickets, mobile coupon vouchers, content purchase and delivery, location-based service, and mobile marketing and advertising.

10. Post-demonetisation scenario:

Although lowering the amount of cash in circulation in the Indian economy was mentioned in the initial policy statement, characterising demonetisation as a push towards digital payments, as many people do today, was an afterthought. "The level of corruption is closely correlated with the amount of money in circulation." The poor suffer the most as a result of using money gained unethically, which exacerbates inflation. The purchasing power of the underprivileged and middle classes is adversely impacted.

While since the implementation of demonetization, digital payments have greatly increased. Relationship between nominal GDP and the amount of money in circulation at the end of a fiscal year (in that fiscal year). In 2015–16, the year before demonetisation, currency in circulation represented 12.1% of India's nominal GDP. As the financial system struggled to reintegrate cash into the system after demonetisation, it decreased to 8.7% in 2016–17.

This number increased to an all-time high of 14.5% in 2020–21, reflecting the economic disruption caused by the pandemic. Rather than an abrupt rise in the preference for cash in the Indian economy, 2020–21 saw an annual decline of 3% in nominal GDP, which increased the cash–GDP ratio.

The discussion over the long-term advantages of demonetisation has been reopened by two recent occurrences. The amount of transactions made over the Unified Payments Interface (UPI) will surpass \$100 billion in October 2021. UPIs were only established in the nation after demonetisation, and their exponential growth has been genuinely amazing; this is a high-quality invention on a worldwide scale.

Consider the extensive use of smartphones and mobile internet in the nation, which has allowed individuals and businesses to complete even low-value digital transactions without the use of point-of-sale (POS) devices.

Despite the fact that credit and debit cards were once used for some UPI transactions, their value has substantially decreased over the past few years. UPI transactions have increased dramatically overall, even though they have done so at the expense of other types of digital transactions. Today's digital transactions market is significantly more developed than it was five years ago.

Data from the Reserve Bank of India show that on October 8, this year, the amount of cash in circulation reached an all-time high of Rs 28.3 trillion, proving that cash is still king. This figure is 57% higher than it was just before demonetisation, and the demand for cash has increased in the lead-up to festival season. The amount of money in circulation has grown in lockstep with nominal GDP growth and has drastically expanded as a percentage of GDP, going from 8.7% in FY17 to 14.7% in FY21. The government's initiatives to digitise the economy have also been successful.

Since demonetisation, there had been an exponential rise in the number of transactions conducted through the Unified Payments Interface (UPI), from 0.29 million in November 2016 to 4.2 billion today, with the value of UPI transactions reaching a record high of \$103 billion last month. Another objective was to lessen India's reliance on large denomination notes, although the most recent annual report from the RBI shows that large denomination notes like the Rs. 500 and Rs.

4. Is Digital India the future of India?

4.1 Digital India:

Before anything else, Digital payments are transactions that happen digitally or online without any actual money changing hands. This implies that both the payer and the payee exchange funds via electronic channels.

As part of its "Digital India" campaign, the Indian government has taken a variety of actions to promote and support digital payments in the nation with the aim of developing a "digitally empowered" economy that is "Faceless, Paperless, and Cashless."



For instance, you have made a digital payment if you purchase something from Amazon and pay with UPI. Similar to this, you'd be astonished at how many varied responses you'd get if you asked a group of individuals after purchasing anything from your neighbourhood Kirana store what they thought "Digital India" meant to them. Some claim that the storied IT services firms like TCS, Infosys, and others are responsible for India's enormous \$200 billion tech sector. There is no solitary, broadly agreed-upon definition of digital payments because they can be partially, mostly, or totally digital. For instance, a partially digital payment might involve both the payer and the payee using cash via third-party intermediaries, with providers processing digital bank transactions in the background. A payment that is primarily digital can involve the payer starting the exchange. A digital payment is made to an agent, who then receives it digitally and transfers it to the payee in cash. Therefore, the definition must be specific to the intended use. The payer-payee interface is emphasised as a defining aspect in one definition. Examining the payment method or some other element is another way to characterise digital payments. When predicting the quantity or percentage of digital payments in a particular use-case, organisation, firm, nation, or region, these definitional decisions are very crucial. To promote the shift to a cashless economy, the government has imposed a plethora of discounts and freebies on digital transactions.

4.2 What are the benefits of digitalization for India?

4.2.1 Cash is expensive:

It takes a long time and a lot of money to print money, and the RBI has spent Rs.32.1 billion on currency printing.

There is also the cost of installing and maintaining the ATMs, and paper currency has a limited lifespan before it must be replaced.

4.2.2 Cash powers the shadow economy:

Cash is difficult to trace, and it can also be used for illegal activities such as tax evasion, black money, and so on. Currency in circulation was nearly equal to bank deposits in 2007, but currency with Indians has outperformed bank deposits by 50% over the last three years. In India, the amount of black money (unaccounted money) is estimated to be 15-16 lakh crores, and it could be used to fund illegal activities such as terrorist activities, voting, smuggling, betting, and so on.

4.2.3 Promotes financial inclusion while increasing tax revenue:

A cashless economy necessitates the opening of bank accounts for all citizens, resulting in a higher rate of financial inclusion, as well as transparency in money transactions within the economy, which reduces the possibility of tax evasion exponentially.

4.3 Different Payment Options:

Following the launch of Cashless India, India now has ten digital payment methods available.

Some methods have been in use for more than a decade, while others are relatively new.

4.3.1 Cards for Banking:

Banking cards, also known as debit/credit cards or prepaid cards, are a popular alternative to cash payments among Indians.

Cards are preferred for a variety of reasons, including convenience, portability, safety, and security, and are the only digital payment method that is widely used in both online and offline transactions. Many apps, such as Cred, Square, and others, are now available with the sole purpose of managing card transactions.

4.3.2 USSD (Unstructured Supplementary Service Data):

Mobile banking transactions using USSD are possible without an internet connection by dialling *99# on any essential feature phone.

Customers can use this number to access services such as interbank account-to-account fund transfers, balance inquiries, and mini statements, which are available from all Telecom Service Providers (TSPs).

USSD service is available in 51 major banks in 12 languages, including Hindi and English.

4.3.3 Aadhar Enabled Payment System (AEPS):

AEPS is a digital payment model led by banks that was launched to capitalise on Aadhar's presence and reach.

Customers can use their Aadhaar-linked accounts to transfer money between two Aadhaar-linked bank accounts under this system, which had surpassed 205 million by February 2020, according to NPCI data. AEPS does not require any physical activity, such as visiting a branch, using debit or credit cards, or signing a document. Using Aadhaar authentication, this bank-led model allows digital payments at PoS (Point of Sale / Micro ATM) via a Business Correspondent (also known as Bank Mitra).

4.3.4 Unified Payments Interface (UPI)

UPI is a payment system that combines multiple bank accounts into a single application, allowing for simple money transfers between any two parties. UPI is far more well-defined and standardised across banks than NEFT, RTGS, and IMPS.

UPI has the advantage of allowing you to pay directly from your bank account without entering your credit card or bank information; with over 2 billion transactions in October, this method has become one of the most popular digital payment modes in 2020.

4.3.5 Mobile Wallets:

Mobile wallets, as the name implies, are a type of wallet in which you can carry cash but in a digital format, and customers frequently link their bank accounts or banking cards to the wallet to facilitate secure digital transactions.

Loading money into the Mobile Wallet and then transferring money using the balance is another way to use wallets.

Paytm, Freecharge, Mobikwik, mRupee, Vodafone M-Pesa, Airtel Money, Jio Money, SBI Buddy, Vodafone M-Pesa, Axis Bank Lime, ICICI Pockets, and other popular private companies have established a presence in the Mobile Wallet space.

4.3.6 Prepaid Bank Cards:

A bank prepaid card is a pre-loaded debit card issued by a bank that is either single-use or reloadable; it differs from a traditional debit card in that the latter is always linked to your bank account and can be used multiple times; this may or may not apply to a prepaid bank card.

By visiting the bank's website, any customer with a KYC-compliant account can create a prepaid card, with the most common applications being corporate gifts, reward cards, or single-use cards for gifting.

4.3.7 Point-of-Sale Terminals:

A point-of-sale (PoS) terminal is a location or segment where a sale takes place. For a long time, point-of-sale terminals were thought to be the checkout counters in malls and stores where payments were made.

Using the most common type of PoS machine, they swipe their debit or credit card and enter their PIN.

As a result of digitization and the growing popularity of other online payment methods, new PoS methods have emerged. The first is a PoS machine's contactless reader, which can debit any amount up to Rs. 2000 by autoauthenticating it without the need for a Card PIN.

4.3.8 Internet Banking:

Internet Banking, also known as e-banking or online banking, allows a bank's customers to conduct transactions and other financial activities through the bank's website. E-banking requires a consistent internet connection to make or receive payments and access a bank's website.

Virtual banking is now available through every payment gateway in India, and it has become one of the most popular online payment methods. Some of the most popular internet banking transaction methods are NEFT, RTGS, and IMPS.

4.3.9 Mobile Banking:

Mobile banking refers to the act of conducting transactions and other banking activities via mobile devices, typically through the bank's mobile app; most banks now have mobile banking apps that can be used on handheld devices such as phones and tablets, as well as computers.

Mobile banking is regarded as the future of banking due to its ease, convenience, and speed. IMPS, NEFT, RTGS, IMPS, investments, bank statements, bill payments, and other digital payment methods are

available on a single platform in mobile banking apps. Banks encourage customers to go digital because it simplifies their own processes.

4.3.10 Micro ATMs :

A micro ATM is a device used by Business Correspondents (BC) to provide essential banking services to customers.

These Correspondents, who may be local business owners, will act as a "microATM" for instant transactions, using a device that allows you to transfer money from your Aadhaar-linked bank account simply by scanning your fingerprint.

Customers will primarily be served by Business Correspondents as banks, and they will be required to use their UID to validate their identity (Aadhaar). Micro- ATMs will support the following essential services: withdrawal, deposit, money transfer, and balance inquiry. The only requirement for Micro ATMs is that your bank account be linked to Aadhaar.

4.4 Advantages of Digitalization:

1. Transaction time:

Making cash payments takes time for both the customer and the merchant or employee, which is why many businesses have gone cashless to benefit from faster transactions and increased efficiency. Faster transactions result in higher customer satisfaction, more revenue, and fewer errors.

2. International payments made easier:

When someone travels to another country, they must purchase foreign currency, but with cashless payment solutions, they no longer have to because they can make transactions directly from their cashless payment apps based on the currency exchange rate.

3. Compilation of economic data has been improved:

The government and other organisations spend a lot of money on conducting periodic samplings and surveys to collect data on citizens' real-world transactions, which they use to develop various policies, but the process is expensive, time-consuming, and inefficient.

In contrast, all cashless payments are recorded financial transactions, which allow the government to easily track the movement of money and aid in the detection of black money and other illegal transactions.

4. A powerful anti-corruption tool:

It is estimated that 1.4 billion people worldwide earn less than \$1.25 per day, while approximately \$1.26 trillion is estimated to be stolen from developing countries through corruption, tax evasion, and bribery. If we can reclaim that amount, we can easily lift those 1.4 billion people. This is where cashless payments come into play.

5. Increased Profits:

This is one of the most obvious and widespread benefits of the digital economy. Because each transaction is recorded, customers will receive a bill for their purchase, and merchants will be required to pay sales tax to the government. This, in turn, increases the government's revenue, resulting in an improvement in the country's overall financial situation.

6. People's Empowerment:

Citizens' empowerment is one of the most significant advantages of transitioning to a digital economy.

When payments become digital, everyone will have a bank account, a mobile phone, and so on. The government can then easily transfer subsidies directly to people's Aadhaar-linked bank accounts. In short, people no longer have to wait for the government to provide them with incentives and subsidies. Most cities already have this feature in place.

7. Opens the door to e-government:

The digital economy will undoubtedly pave the way for e-governance, in which all government services will be delivered electronically, because it is a faster, safer, and more efficient alternative to traditional governance. Everything is available online, from birth certificates to death certificates, making it easy for people to get the information they need on the go.

8. Creating Jobs:

As a result of the digital economy's potential to increase job opportunities in new markets as well as in some of the government's existing occupations, the country's unemployment rate is bound to fall.

4.5 Drawbacks of Digitalization

There are several drawbacks to digitalization:

Cost:

Implementing digital systems can be costly, particularly for small businesses.

Cybersecurity threats:

Cyber attacks on digital systems can result in the loss of sensitive data or financial losses.

Reliance on technology:

Because digital systems rely on technology, any problems with the system can cause disruptions and inconvenience.

Loss of employment:

Because machines and software can often perform tasks more efficiently than humans, automation and digitalization may result in job losses.

Inequality:

Not everyone has access to or the skills to use the necessary technology, which can widen the gap between those who do and those who do not.

Privacy invasion:

Large amounts of personal data can be collected and stored by digital systems, making them vulnerable to misuse or abuse.

Physical artefacts lost:

As more information is stored digitally, the risk of losing physical copies of important documents or artefacts increases.

5. Various online payment methods

For online transactions, several payment methods are available, including:

- **Credit cards** are the most commonly used form of online payment, allowing users to make purchases or pay for services by borrowing money from a financial institution. Credit card transactions are processed through a network of banks and financial institutions, and the user is required to repay the borrowed amount, plus interest, at a later date.
- **Debit cards:** Debit cards are linked to a checking or savings account and allow users to make purchases or pay for services by deducting funds directly from their account. Debit card transactions are processed in a similar way to credit card transactions, but the funds are taken directly from the user's account rather than being borrowed.
- **Mobile payment systems**, such as Apple Pay or Google Pay, allow users to make payments using their mobile phone or other mobile device. These systems use near-field communication (NFC) technology to allow users to tap their phone or device on a payment terminal to make a payment. Although mobile payment systems are convenient and secure, they may not be accepted at all merchants.

PayPal, Venmo, and Alipay are examples of digital wallets that store a user's payment information and allow them to make payments online or in-person using their mobile device. Digital wallets offer a convenient way to make payments and may also offer additional features such as the ability to store loyalty cards or coupons.

- **Online banking:** Online banking allows users to make payments directly from their bank account via their bank's website or mobile app, either as a one-time payment or as recurring payments for bills or other expenses. It is a convenient and secure way to make payments, but it may require users to have an active internet connection.
- **Cryptocurrencies** are digital currencies that use cryptography to secure financial transactions, such as Bitcoin and Ethereum. Cryptocurrencies can be used to make online payments, but they are not yet widely accepted by merchants and can fluctuate in value.
- **Payment gateways** are online platforms that enable businesses to accept online payments from a variety of sources, such as credit cards and digital wallets. Payment gateways process the payment and transfer the funds to the merchant's bank account. Payment gateways provide a convenient way for businesses to accept online payments, but they may charge fees for their services.
- **E-check:** An e-check is an electronic version of a traditional paper check that allows users to make payments directly from their bank account. Echecks can be used to make online payments or mailed to the recipient, but they may not be accepted by all merchants and may take longer to process than other payment methods.

5.1 Various types of online transactions:

In India, the National Electronic Funds Transfer (NEFT), Real Time Gross Settlement (RTGS), Immediate Payment Service (IMPS), and Electronic Clearing Service (ECS) are all systems for electronically transferring funds.

National Electronic Funds Transfer (NEFT): NEFT is a system operated by the Reserve Bank of India (RBI) that allows individuals and businesses to transfer funds between bank accounts in a secure and

convenient manner. NEFT transfers can take several hours to complete and are not suitable for timesensitive transactions.

Real Time Gross Settlement (RTGS): RTGS is a real-time fund transfer system operated by the RBI that allows individuals and businesses to transfer funds between bank accounts in a quick and secure manner. RTGS transfers are typically completed in real-time and are appropriate for time-sensitive transactions.

Immediate Payment Service (IMPS): IMPS is a real-time fund transfer service that allows individuals and businesses to transfer funds between bank accounts in real-time. It is available 24 hours a day, seven days a week and can be accessed through a variety of channels, including the internet, mobile apps, and ATMs.

Electronic Clearing Service (ECS): ECS is a recurring payment system that allows individuals and businesses to set up automatic payments from their bank account to the recipient's account. ECS is a convenient way to make recurring payments, but it requires the sender to set up the payment in advance. All of these systems provide a safe and convenient way to transfer funds electronically in India; however, each system has its own set of features and limitations, and users should select the one that best meets their needs.

5.2 Government of India Actions:

The Government of India has taken a number of steps to support digitalization in the country, with one of the key initiatives being the Digital India programme, which aims to transform India into a digitally empowered society and knowledge economy through initiatives to increase internet connectivity, improve e-governance, and promote the use of digital technologies in various sectors.

The Indian government has taken several steps to transition to a cashless economy:

Financial inclusion: One of the most important steps taken by the government has been to increase financial inclusion through programmes like the Jan Dhan Yojana, which aims to provide every household in India with a bank account and access to financial services, thereby increasing the use of digital payments in the country.

The government has also taken steps to promote the use of digital payments, such as the **Unified Payments Interface (UPI)** and the Bharat Interface for Money (BHIM) app. UPI is a real-time payment system that allows individuals and businesses to make and receive payments instantly.

BHIM is a digital payment app that allows users to make and receive payments using their mobile phone, and these initiatives have contributed to the increased use of digital payments in India.

Infrastructure development: To support the transition to a cashless economy, the government has invested in infrastructure development, such as the development of Point of Sale (POS) terminals, which allow merchants to accept digital payments, and the expansion of internet connectivity.

Education and awareness: The government has also focused on educating the public about the benefits of digital payments and how to use them safely, with campaigns to raise awareness about the various digital payment options available as well as efforts to educate merchants on how to accept digital payments.

Regulation: To support the transition to a cashless economy, the government has implemented a number of regulatory measures, including the adoption of the Payments and Settlement Systems Act, which establishes a legal framework for electronic payment systems in the country, and the publication of guidelines for the operation of digital payment systems.

Incentives: To encourage the use of digital payment methods, the government has provided incentives such as discounts on goods and services to those who use them.

Overall, the Government of India has taken a number of steps to support the transition to a cashless economy, which have helped to increase the use of digital payments in the country and improve financial inclusion; however, there are still challenges to address, such as ensuring that everyone has access to the necessary technology and addressing cybersecurity risks.

6. What are the challenges for digitalization?

Digitalization can provide many benefits and efficiencies, but it also presents a number of challenges that organisations must be aware of and address in order to fully realise these benefits.

Managing the change process: Because digitalization frequently necessitates significant changes to processes, systems, and even culture, it can be a complex process that necessitates careful planning and communication. Organizations must consider how they will transition to new digital systems and processes, as well as how they will communicate these changes to employees and other stakeholders.

Ensuring data quality: Because digital systems rely on accurate, up-to-date data, it's critical to ensure that the data entering these systems is of high quality. This can be difficult, especially if data is being migrated from legacy systems or entered manually. Organizations must have processes in place to ensure that data is accurate and complete.

Protecting against cyber threats: As organisations rely more on digital systems, they become more vulnerable to cyber attacks, so it's critical to have strong cybersecurity measures in place, such as firewalls, antivirus software, and secure authentication processes.

Ensure regulatory compliance: Because digitalization can introduce new regulatory challenges, particularly in industries with strict data protection and privacy rules, organisations must ensure that they are in compliance with all relevant regulations, including those governing data storage, access, and use.

Managing the complexity of digital systems: Digital systems can be complex and may require specialised knowledge and skills to manage and maintain them, which can be difficult for organisations that are unfamiliar with digital technologies. It is critical for organisations to invest in training and support for their employees to ensure that they have the skills and knowledge they need to work effectively with these systems.

Dealing with vendor lock-in: Organizations must carefully consider the longterm implications of the digital solutions they adopt. In some cases, choosing a proprietary solution from a single vendor can lead to vendor lock-in, which can be difficult and costly to overcome. Organizations must carefully evaluate the costs and benefits of different solutions and select those that are most likely to meet their needs in the long term.

6.1 What new opportunities would be created by digitalization?

Digitalization can provide many new opportunities and efficiencies for organisations, including the following key opportunities:

Improved customer experience: Through the use of online self-service portals or personalised marketing campaigns, digital technologies can be used to improve the customer experience, allowing customers to access information and services more quickly and easily, leading to increased satisfaction and loyalty.

Increased efficiency: Digital systems can streamline processes and reduce the need for manual labour, resulting in increased efficiency and cost savings; for example, automating administrative tasks can free up time for employees to focus on higher-value activities.

Improved decision-making: Access to real-time data and analytics can help organisations make more informed decisions, leading to better planning and resource allocation as well as more effective problem-solving.

Improved collaboration and communication: Regardless of location, digital tools can facilitate collaboration and communication among employees, customers, and partners, leading to increased productivity and faster response times.

Increased agility and innovation: Digital technologies allow organisations to respond more quickly to changing market conditions and customer needs, as well as support the development of new products and services, allowing them to remain competitive in a rapidly changing business environment.

New revenue streams: Digitalization can provide new revenue opportunities for organisations, such as the sale of digital products or services such as online courses, e-books, or subscription-based services.

Digital payments are the use of electronic methods to make financial transactions, such as debit or credit cards, mobile payments, or digital wallets, rather than cash or checks. The growth of digital payments has been driven by a number of factors, including:

The increasing availability and use of internet-connected devices, such as smartphones, has made digital payments more accessible to people.

New technologies, such as mobile payment platforms and digital wallets, have made it easier to pay for goods and services electronically.

The increasing use of digital payment methods by businesses, governments, and other organisations, resulting in the development of new digital payment infrastructure and services.

The growing demand for more convenient and efficient financial transaction methods has resulted in the development of new digital payment products and services.

Overall, the rise of digital payments has had a significant impact on how we conduct financial transactions and will most likely continue to shape how we pay for goods and services in the future.

With concerns about the virus spreading through physical currency, governments and businesses have encouraged the use of digital payment methods such as contactless cards, mobile payments, and e-wallets, resulting in an increase in the number of people using these methods for everyday transactions and an overall decrease in the use of cash.

7. Impact of Covid-19 on cashless transactions

Coronavirus had a huge impact on the economy and created a threatening impact on the whole world. Covid-19 had its footprint on all the industry and as a result, everyone had to face its consequence and change its core mechanism to survive in the market. The banking sector was no exception to this and faced huge losses due to it. Many industries were badly affected by covid but some industries got benefitted too. Some industries were revolutionized to survive and compete in markets. So many industries faced losses and on some scale provided a new direction for growth as well.

Prior to the pandemic, many people were sceptical of using digital payments and preferred to use cash. However, as the pandemic spread and lockdowns were implemented, people were forced to find alternative ways to make payments, leading to a significant increase in the number of people using digital payment methods.

Another effect of the pandemic has been on businesses and merchants. With lockdowns in place and physical distancing measures in place, many businesses were forced to close their doors or limit the number of customers that could enter their stores. This resulted in a drop in revenue for many businesses, and many were forced to find new ways to keep their operations running. One way that many businesses were able to do this was by adopting digital payment methods.

Many small businesses that were previously only accepting cash have had to adapt to changing trends in consumer behaviour and have adopted digital payment methods in order to keep up, leading to a wider acceptance of digital payments and making it easier for consumers to make cashless transactions.

With more people using digital payment methods, there has been an increase in demand for digital banking services, leading to many banks and financial institutions investing in digital infrastructure and upgrading their systems to better serve their customers. Additionally, the pandemic has led to an increase in the use of mobile banking, as many people have been forced to rely on digital banking.

It was assumed that banks profited after the rise of corona but the research showed that the banks faced loss at the beginning of corona as people were unable to pay their loan and credit instalment. This led to huge losses among banks. In the later phase, everyone was forced to use digital banking as the banks didn't allow people to come every day. Only specific transactions were allowed for people who can't afford to have online banking and for the ones who couldn't understand online banking. Even after the digitalization, the banks were not able to cover their losses. Digitalization helped users to conduct their payment transactions which was the only source of earning money. However, banks couldn't earn this income properly because of FinTech firms that were competing with banks for payment transactions. Banks had to compete with FinTech firms and thus reduce their fees as well so that they can compete with new startups and other banks.

However, the digitalization of banking which was the impact of covid19 started earlier covid 19 in 2017-2018 but covid 19 pushed and created an urge to move towards digitalization and people felt to try online banking as covid forced them to do. The impact of Covid19 on banking for the short term is not good and led to huge losses. But if we see it with a bigger vision, The digitalization of the banking sector will provide momentum to Banking Sector.

Overall, the COVID-19 pandemic has had a significant impact on the shift to a cashless society. With concerns about the virus spreading through physical currency, governments and businesses have encouraged the use of digital payment methods, which has led to an increase in the number of people using these methods for everyday transactions and an overall decrease in the use of cash.

The impact of coronavirus on the banking sector was huge. The banks faced huge losses in the pre-covid 19 periods but later when the banks digitalized, they started recovering. When banks digitalized and moved to an online platform, they started earning, and as a result, losses started to reduce. FinTech and Online Banking were already in existence and also started to be profitable. They were popular as well but their operations and profitability were low. Their operations and profitability increased after coronavirus as everyone was forced to use digital applications. Customers, Retailers, businesses started using digital payments. Most retailers use UPI-based digital payments which are said as digital wallets- they are mostly FinTech firms. However, FinTech has not been able to develop a technology that can replace banks for centralization and monetary flows. Digital wallets can't be operated if they are not linked with bank accounts. This advantage will help banks to integrate with FinTechs and earn good profit. This will also help Banks to grow and with the help of FinTech, It can provide better convenience and security to customers.

Banks have more opportunities post covid19 as people will be more comfortable using the mobile app and their operational cost will reduce as there would be fewer brick and mortar banks and limited efficient human capital. Larger banks realized the importance of FinTech and have already started investing in that technology. This is the greatest opportunity for banks as the future is investing in technologies, science and the environment is a new future. FinTech when integrate with banks, they provide more efficiency. FinTech will now be added to the World Bank and IMF and thus will be helped in decentralizing the banking system. The war against coronavirus will drive the banks to digitalize and thus FinTech will come with a new role to integrate and use its technology for future growth with banks and digitalize the whole world.

The banks need to rethink their core mechanism and try to think about what drives brand loyalty. There is an opportunity to re-evaluate how technology, insight, and analytics can accelerate the future growth and competitiveness of financial institutions globally. The large banks which have good vision can understand and will look into benefitted areas which coronavirus has brought for the banking sector.

8. Case studies on customer attitudes toward cashless payments

Many case studies have been conducted to examine consumer perception of cashless payments, with varying results.

One study conducted by the University of Cambridge in the United Kingdom discovered that while people were generally open to using cashless payments, they also had concerns about security and privacy. The study discovered that people were more likely to use cashless payments if they felt their personal information was secure and if they had control over their data.

Another study conducted by Accenture in the United States discovered that consumers were more likely to use cashless payments if they felt that they were safe and secure. The study discovered that people were more likely to use cashless payments if they felt that their personal information was protected and that the transactions were secure, as well as if they felt that they were convenient and easy to use.

A study conducted by the Reserve Bank of India (RBI) discovered that people in India were more likely to use cashless payments if they felt their personal information was protected and the transactions were secure. The study also discovered that people were more likely to use cashless payments if they felt their personal information was protected and the transactions were secure.

A study conducted by the National Bank of Belgium discovered that people in Belgium were more likely to use cashless payments if they felt that they were secure and convenient. The study discovered that people were more likely to use cashless payments if they felt that their personal information was protected and that the transactions were secure.

Overall, these case studies indicate that consumer perception of cashless payments is influenced by factors such as security, privacy, and convenience. People are more likely to use cashless payments if they believe their personal information is protected and the transactions are secure. People are also more likely to use cashless payments if they believe they are convenient and simple to use.

In recent years, India has seen a significant shift toward cashless payments, and several case studies have examined consumer perception of cashless payments in the country.

One study conducted by the Reserve Bank of India (RBI) in 2016 discovered that while people in India were generally open to using cashless payments, they also had concerns about security and privacy. The study discovered that people were more likely to use cashless payments if they felt their personal information was secure and if they had control over their data.

Another study conducted in 2017 by the Boston Consulting Group discovered that people in India were more likely to use cashless payments if they felt that they were safe and secure. The study discovered that people were more likely to use cashless payments if they felt that their personal information was protected and that the transactions were secure.

A study conducted by the National Payments Corporation of India (NPCI) in 2018 discovered that people in India were more likely to use cashless payments if they felt that they were secure and convenient. The study also discovered that people were more likely to use cashless payments if they felt that their personal information was protected and that the transactions were secure.

A study conducted by the National Institute of Public Finance and Policy (NIPFP) in 2020 discovered that people in India were more likely to use cashless payments if they felt that they were secure and convenient. The study discovered that people were more likely to use cashless payments if they felt that their personal information was protected and that the transactions were secure.

Overall, these case studies indicate that consumer perception of cashless payments in India is influenced by factors such as security, privacy, and convenience. People in India are more likely to use cashless payments if they believe their personal information is protected and the transactions are secure. People are also more likely to use cashless payments if they believe they are convenient and simple to use.

9. DATA ANALYSIS AND INTERPRETATION

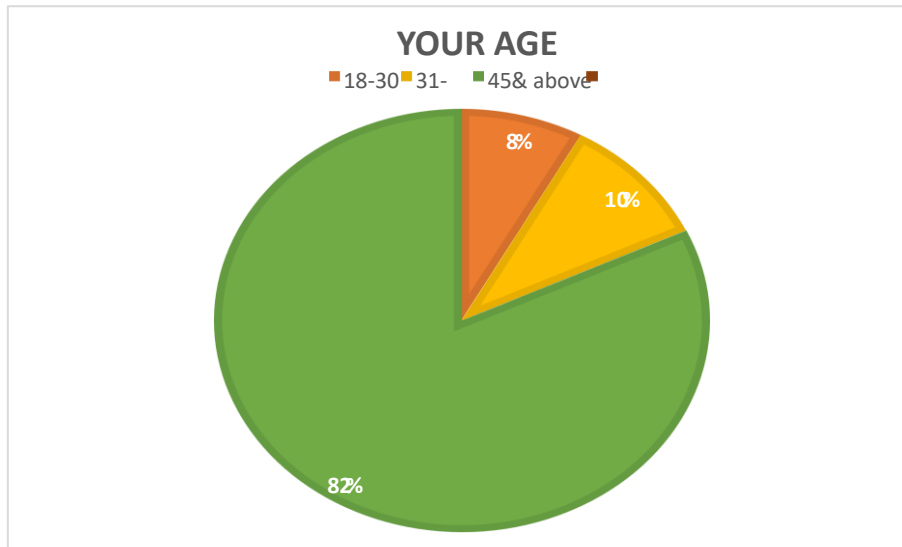
Data were gathered using two methods: primary data and secondary data.

PRIMARY DATA- Primary data is data that is used or collected for the first time and has not been used or collected by anyone else in the past; it is firsthand information. There are several sources from which primary data information can be collected.

Questionnaire: This method of data collection is quite popular, especially in the case of large inquiries. Here, in our research, we set simple questions and request the respondents to answer these questions with correct information through a public survey. Here, we took a survey form in the form of Google forms and asked people to fill it will be further processed for analysis and interpretation.

SECONDARY DATA- Secondary data is data that is available in a readymade form and has already been processed and used by other people for various purposes. Secondary data sources include newspapers, the internet, IBA websites, journals, and others. The secondary data that we used was mostly from internet access, books, and journals.

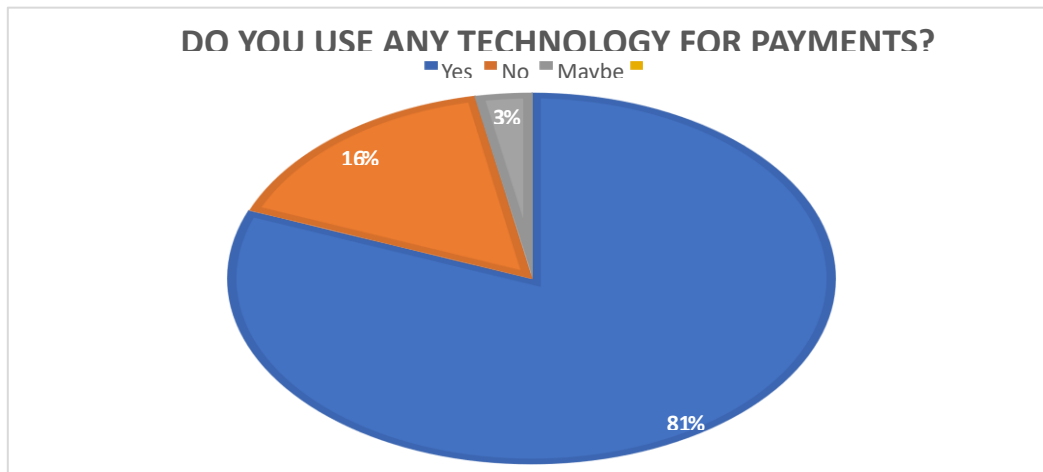
Q1 Age



ANALYSIS- For the survey conducted, we received the response of 100 people among whom 82 %were people from the age of 18-30, 8% were among the age of 31-45 and 10% people were above the age of 45.

INTERPRETATION- Through this data, we can interpret that 82 people are the young age group who have been our major respondents and thus the further data will be the answers of the young people who use Fintech in the Banking sector.

Q2

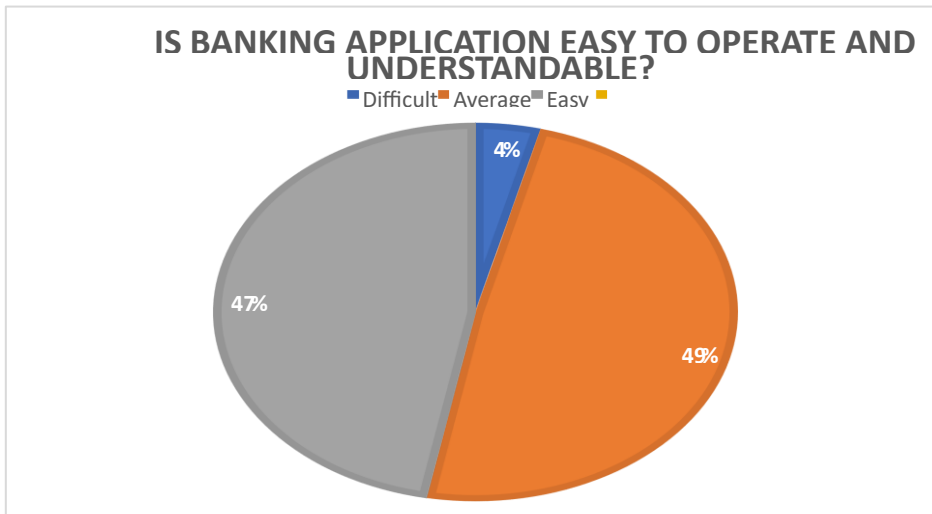


ANALYSIS- Among a total of 100 respondents, 81 people use online apps for banking services. Out of 100 people, 16 don't use any such type of technology for making payments. 3 people don't know if they use any technology for banking services or not.

INTERPRETATION: Out of 100 respondents 81 people use technology for conducting their banking services like using ATM, Debit card, Online Banking app, Google Pay, or Paytm.. 6 people don't use these technologies which means they purely use Traditional banking methods.

And 3 people are confused that they may have used technology unknowingly or they don't know whether ATM, Debit card usage comes under Technology.

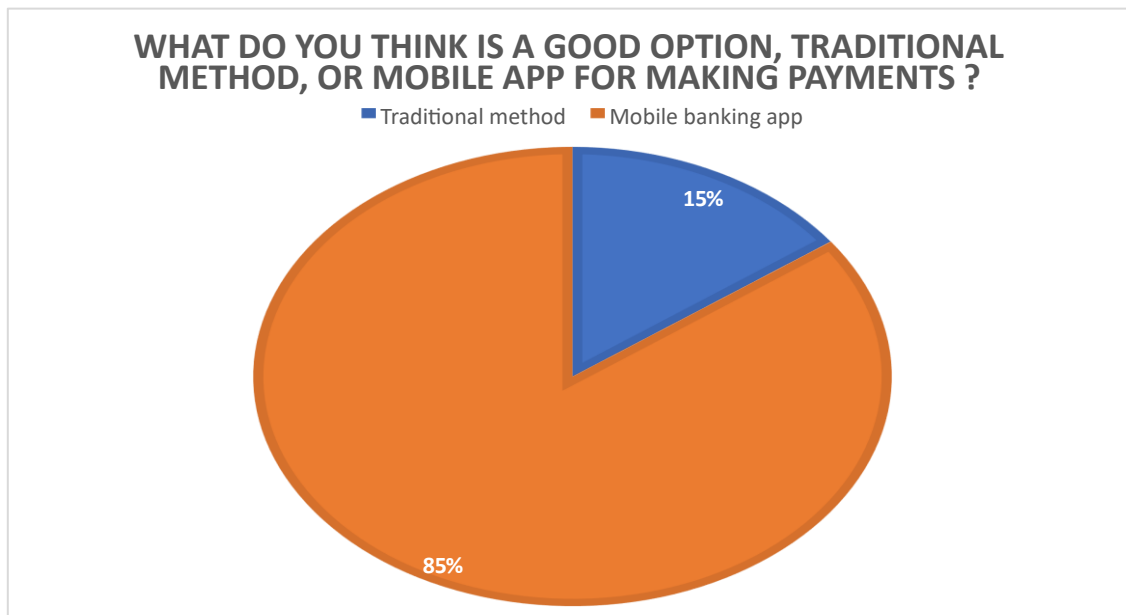
Q3



ANALYSIS- among 100 respondents, 49 people think bank applications are average and they can manage to use bank applications to operate the apps. 47 people find bank applications very easy and don't have any problem using this app. 2 people find it difficult.

INTERPRETATION- 47 people find bank applications easy to use thus they might be the younger generation who easily adapts to new technology. 49 people who find it average are from younger and middle-aged people who are not too comfortable with new technology but can use this technology. 3 people who find it difficult to use this technology are old people who are above 45-50.

Q4

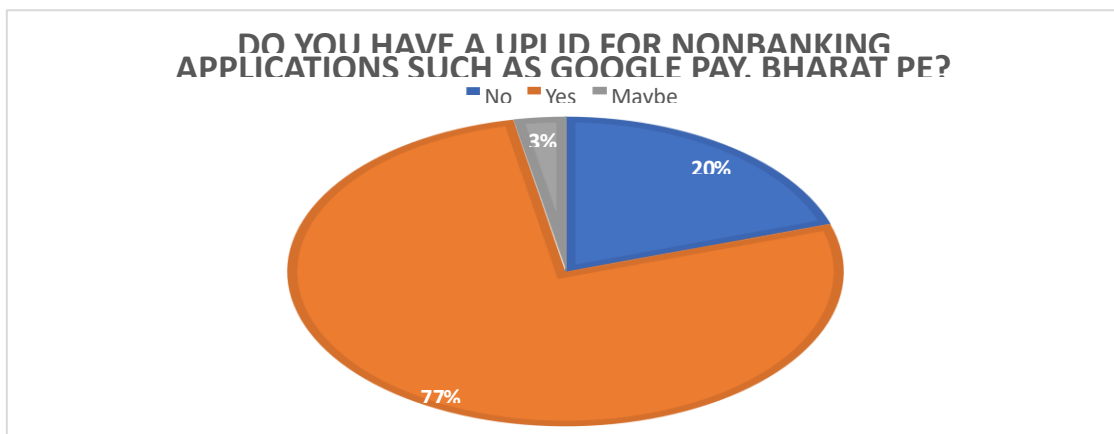


ANALYSIS- among the 100 respondents 85 people selected Mobile Banking apps as a good option in comparison to traditional banking methods. However, 15 people still like to conduct their banking activities in the Traditional Payments method.

INTERPRETATION- This suggests that almost 85% of people like using mobile banking apps and are comfortable using that. Thus, the major population likes to use Banking applications.

However, 14 people still want to use the traditional method. These people are a mostly old-aged group who don't want to change their habits and feel more secure to use the system which they used earlier.

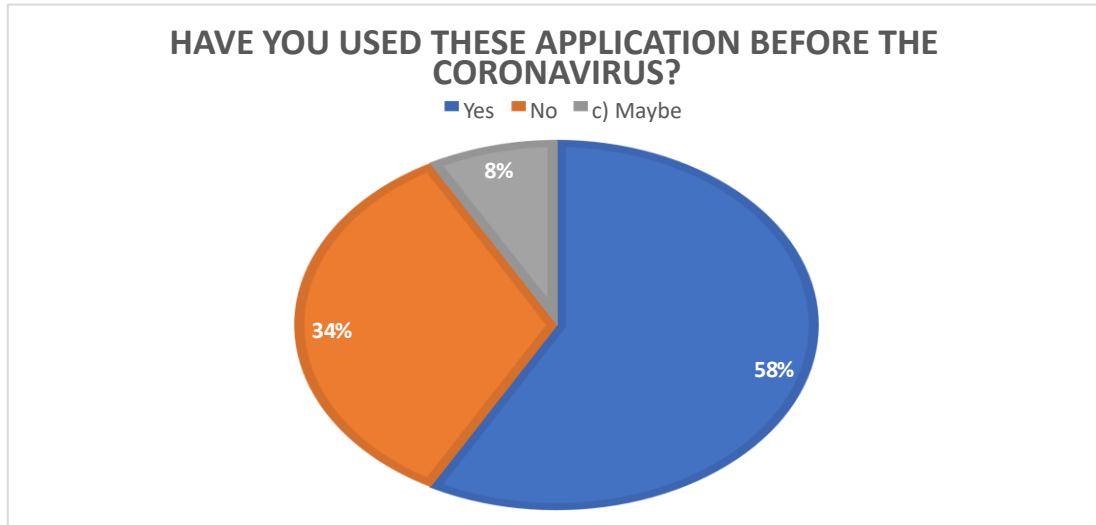
Q5



ANALYSIS- 77 people use UPI ID-based applications such as Google Pay, Paytm, Phone Pe and others. 20 people don't use these applications and 3 people don't know whether they use these apps or not.

INTERPRETATION- 77 people use UPI ID-based applications that are not operated by banks. This means that the services provided by them are better than those provided by banks. However, 20 people don't use these apps which means that either they prefer using bank applications or they don't use Online applications as 14 people like the traditional way of banking only.

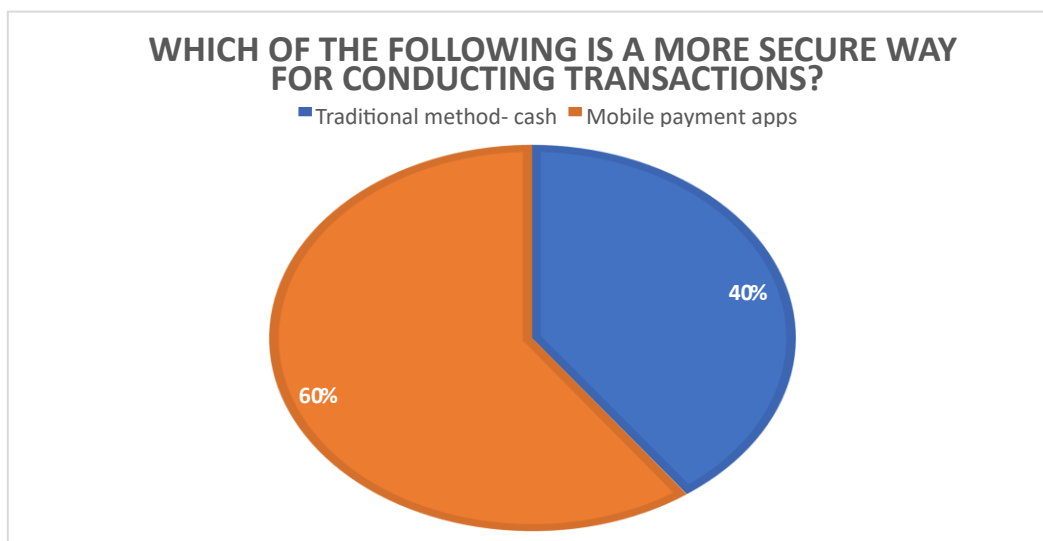
Q6



ANALYSIS- from 100 respondents, 58 people already used bank applications before covid19, and 34 people started using banking applications after covid19 breakout. 8 people don't know or don't remember using bank applications before covid19.

INTERPRETATION- 58 people already used bank applications from 84 people which helps us to analyze that people did have awareness among themselves about online Banking. However, 34 people started using it after Coronavirus as they felt the need to use bank applications rather than risking their lives to go out in banks for conducting a transaction. 8 people who only liked the traditional method also had to start using mobile banking because they can't go out in physical banks during Coronavirus. However, 8 people don't remember whether they used technology before the pandemic. These are the same 8 people who don't know whether a Debit card, ATM comes under technology, and the ones who can't remember did they used these technologies before the pandemic.

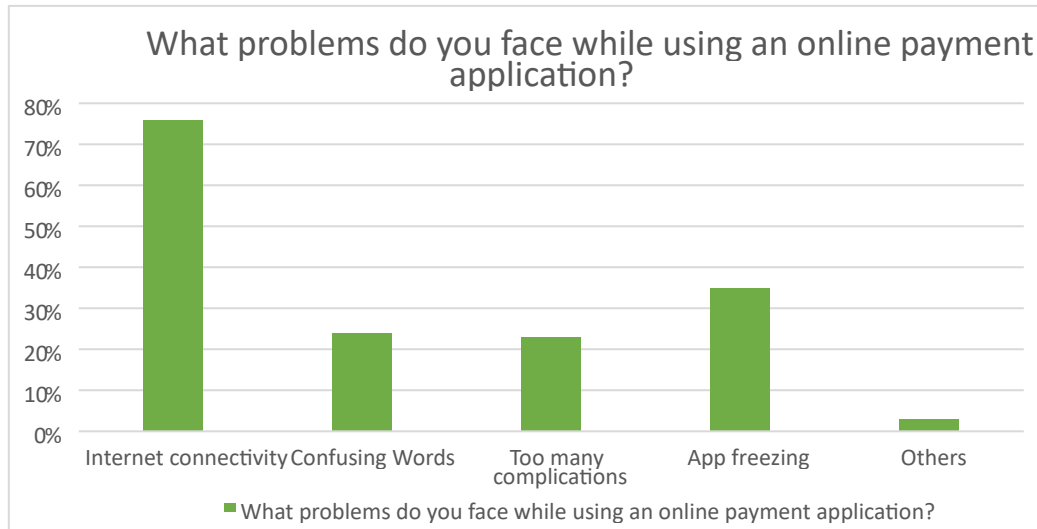
Q7



ANALYSIS- 60% of the population selected mobile banking as the security method and 40% of people still feel using cash is secure.

INTERPRETATION- 60% of people feel that mobile banking is more secure. However, out of 84 people who uses bank application, 24 people still feels that traditional banking is more secure. This can be due to various reasons which let people think that traditional banking is good as people have more trust in people rather than technology, a lot of technological scams are also happening and security issues are still there. However other 26 people use the traditional method because they think that traditional banking is more secure.

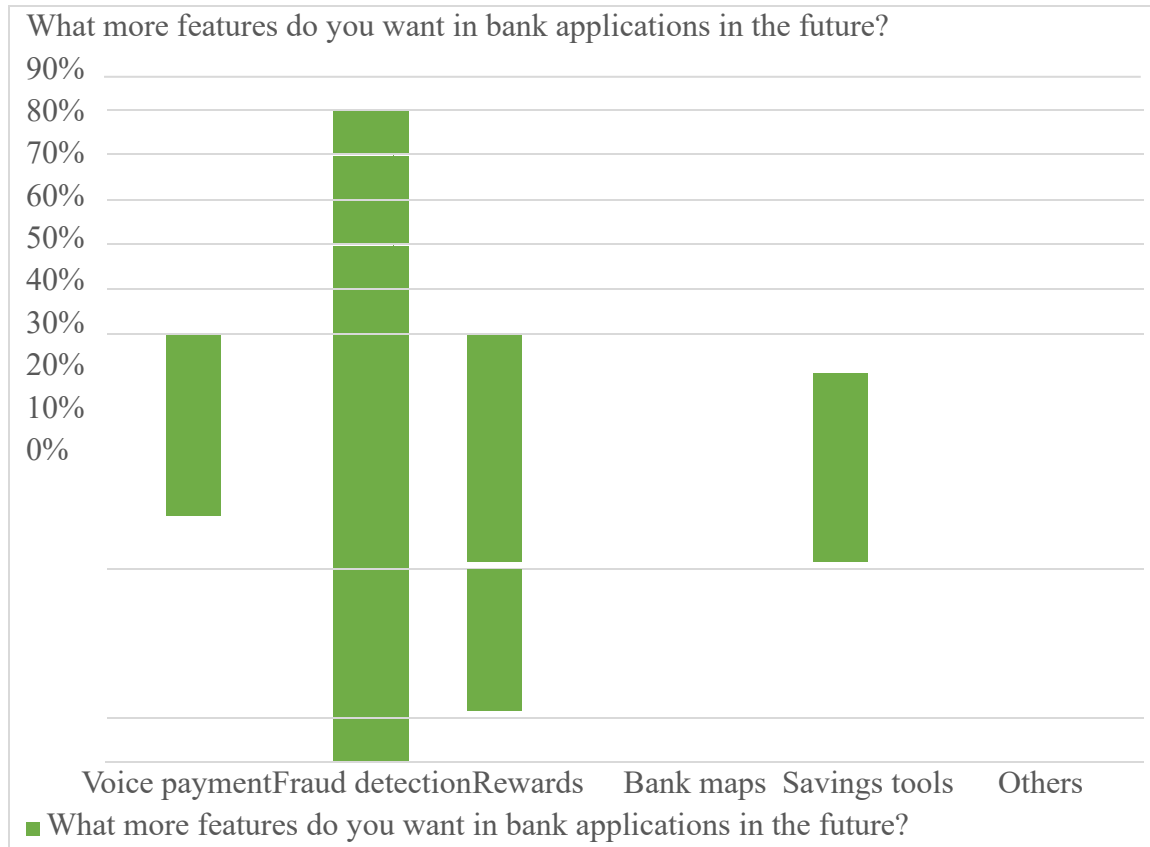
Q8



ANALYSIS- Out of 100 people 76 people face internet connectivity issues, 24 think confusing words in the application are more23 people face many complications in the app 35 people says that their app freezes 1 person says that sometimes the problem is from the server-side. 1 person has no issues and 1 person has not used the application.

INTERPRETATION- 76 people face connectivity issues in banking apps as these apps need a good internet connection which can't be available all the time mostly in rural areas or low network areas. 24 people think that banks have too complex words and people can't always understand the who are not much qualified. 23 people say that apps have many complications which are due to banks as they have not prepared the app conveniently enough. 35 people of 100 say that apps freeze sometimes and no key functions properly. this can be due to the low maintenance of the app.1 person doesn't have any of these issues and is happy with online banking. 1 person doesn't use a bank application and thus can't comment on this question due to a lack of his/her experience in bank apps.

Q9



ANALYSIS- 80 % of people would like to have a fraud detection system. 42 people want a voice payment function, 53 people want a reward system as a new feature. 33 and 44 people want bank maps and savings tools respectively as a new feature. 1 person said that there should be emergency contact and 1 person don't use the app so unable to say.

INTERPRETATION- the majority of people want fraud detection so that fraud can be minimized by notification. 53 people want reward points in bank apps as they are in google pay and other non-bank apps. 44 people want savings tools in their apps so that they can know more about savings and track their savings as well. Some digital wallet uses this feature. 42 people want Voice payment as a new feature that will also help uneducated people to use these types of apps. 33 people want a bank map that can track the nearest banks and ATMs for withdrawal. 1 person feels that emergency contact should also be added in case to prevent fraud. This can be as a confirmation of another person when the notification regarding fraud comes and still the user wants to continue the transaction. 1 person can't comment on this question as he/she doesn't use banking apps.

Q10

Suggestions of some respondents

- Banking apps need to level up their interface to compete with other payment apps such as GPay etc.
- Easy to access
- More prominence of Cashless transaction
- Fraud detection

- Bank application is a source for future cashless payments, so it has to be a part of our life with proper security to it.
- The bank should more technology-driven.
- In this time, online frauds are increasing in credit card and another payment mode, cyber security issues due to online scams.
- The banking app should be clearer like google pay etc. rather than making bit confused.
- Online payment options are all fun games until something bad happens. And the risk of fraud in the online method is way more than the traditional method.
- Spreading awareness and literacy is MUST to avoid scammers
- Security threat and confusing language discourages to use of any digital application for transaction.
- Bank applications should be in the local language
- In the future I want bank feature voice payment is necessary
- Bank charges to be moderate.
- To introduce more features in banking apps
- Banks can't compete with google pay; they should merge with them.
- Banks need to add a reward system so that more people are attracted to it
- Banks should adopt the technologies which Google Pay uses.

10. MY SUGGESTIONS

INTEGRATION AND OUTSOURCING:

Banks will be facing competition from Fintech firms which are more advanced than Banks. Thus, Banks should integrate with Fintech firms and outsource those services. This will not only reduce the operational cost but also save their customers from going out and also reduce the human capital which was otherwise used by Banks to provide the same service.

IMPROVE TECHNOLOGY:

Banks need to update technology continuously as the world is moving towards technology too quickly and banks have to keep pace with it. Many new technology-driven products are invented through which banks can provide services. Wearable Products like Smart Watches and digital bands can be used take services. For example, Customers can operate their accounts through smartwatches. Eye wears are new products that are going to launch in markets but it will take time to digitalize them.

LANGUAGES-

Banks need to provide their services through local language and option of various other languages in banking apps. This will comfort people and confidence while using banking apps. This feature will also help people who can't understand English and thus didn't want to use Banking apps.

LOYALTY POINTS-

Banks should add reward points for conducting transactions as those provided in GPay and Paytm. This can help banks compete against them and attract customers.

VOICE PAYMENT-

Banks should use new technology and try to create voice payment in the future which will help uneducated people to use banking apps. This should be secured by biometrics and voice detection for the security of data and transactions.

SAVINGS TOOL-

This feature can help the middle class to save and invest through bank apps and get more knowledge about how to save more money. It can also help them to track their savings and expenses and spend accordingly. This should also include safe investment options for people to encourage them for investing money.

11. CONCLUSION

- India is not an exception to the premise that societies should move away from using cash. However, the decision to make the transition away from a cashbased economy a priority at the national level was motivated by significantly more complex and significant considerations. It is difficult to trace, inconvenient to carry, expensive to print, and requires timely withdrawal of mutilated or soiled currency; these are just some of the challenges associated with cash circulation in India. The challenges in India are distinct from and more numerous than those in other countries. It has found a more significant meaning in eliminating the frictions that are present throughout the entire process by getting rid of the intermediaries, transferring the benefits and subsidies of various social welfares directly to the last mile beneficiaries, ensuring that all households within the country have access to banking services, reducing corruption, and a number of other things.

- As a result of this, a plan has been developed with the goal of leapfrogging the cash generation of the world's 1.3 billion population from a banking environment with "less paper," "less people," "less cash," and "less friction" to one that is truly "paperless," "people-less," "frictionless," and "cashless." The positive reaction of the people of India to the step taken by the government, as well as their support for the initiative, is a strong sign that the move taken by the government is likely to be successful. As a result, the future of the cashless India appears to be quite bright. E-commerce transactions and digital payment gateways will boost the economy's GDP, which in turn will increase the level of openness that exists within the economy. This will make the nation more credible, which will result in an increase in the amount of money invested. This step toward cashless transactions is absolutely going to cause a tidal wave of enormous success, and it will contribute to the realisation of Prime Minister Modi's goal of Digital India.

- In the modern world, with its rapid pace of technical advancement, ongoing trend toward dematerialization, and globally interconnected production and financial dynamics, alternative payment methods to cash are becoming an increasingly significant part of the economy. These include mobile devices as well as credit and debit cards (cell phones, tablets, etc.).

Countries as well as international institutions are interested in the strategic ramifications of the situation. It is of the utmost importance to hasten the transition to social and economic institutions that do not rely on paper money, sometimes known as the "cashless society." Only then will developed countries be able to keep up with the new demand for services from businesses and the general public, seize emerging opportunities for digitalization, and reap the benefits of systemic improvements such as increased transaction security, greater transparency, and economic whitening.

The positive effects of this transformation are just now starting to become apparent, as evidenced by the growing trend toward the adoption of digital methods of payment, such as cashless receiving and payment. The use of cash as the primary medium of exchange in the Indian economy is giving way to an electronic payment system. Because cashless digital transactions can be easily tracked, it is no longer possible for illegal money to be transferred around. The entirety of the nation is going through a process of modernising its financial system, and surprising traction is being gained by electronic payment systems. People are being encouraged to learn how to conduct business without using cash at a far quicker rate than in the past

since an increasing number of firms, including street sellers, are now accepting electronic payments. A growing share of economic activity can be attributed to the internet, which currently accounts for around 6% of the total global GDP.

A significant amount of capital is being put into the development of anti-fraud systems. The risk-mitigation techniques for electronic payments have seen tremendous improvements in recent years, and they currently surpass their traditional counterparts. And according to a recent research that was published by the Italian banking organisation (ABI), the number of persons carrying cash is falling, which is resulting in a decrease in the number of muggings

- Mobile wallets support a variety of payment options, including credit cards, prepaid cards, and foreign debit cards from any issuer, as well as bank transfers, direct debit, phone credit, payment accounts, and electronic money. The Mobile Wallet component of the platform allows users to select the most appropriate payment option for the product or service they are purchasing. The platform provides horizontally shared components that not only produce economies of scale by introducing additional scenarios, but also enable value-added services like as loyalty and couponing.

- To combat black money and corruption in India, the government has placed a strong emphasis on the country's transition to a cashless economy. As a result, several programmes and campaigns have been created to educate and motivate the public. Multiple digital payment mechanisms were also used to make cashless transactions convenient and environmentally beneficial. Despite these government efforts, only 17% of the population frequently engages in cashless transactions. A significant portion of the public is concerned about security and privacy concerns. For two-thirds of the population, the lack of infrastructure also poses a barrier. A lack of education and understanding about the cashless economy is one of the obstacles experienced by Indians. National Payments Corporation of India's Unified Payments Interface (UPI) enables digital transactions as simple as sending a text message.

- To encourage individuals to use digital tools, the government has launched the Vittiya Sakharata Abhiyaan (VISAKA) and outreach efforts such as Digi Dhan Abhiyaan and others. All of these trends indicate that our society will become more inclusive in the near future. It is up to the inhabitants of India to respond favourably or negatively to this initiative. We should acknowledge the initiative and assist the populace by educating them about digital transactions. Demonetization lubricates the economic wheels and transforms India into Digital India.

- The government is aware of the necessity for high-level cyber security to safeguard digital payments. India is still a long way off from being a cashless economy, and security concerns around the digital payments system must be resolved to make the option more acceptable. We are still a very long way from achieving a cashless economy, and the reason for this is because cash is incredibly easy, everyone accepts cash, and there are no transaction fees associated with cash. There is a long-term rise in the number of transactions.

- Certainly, the government is working on multiple fronts to lessen the reliance on cash. Opening bank accounts for unbanked individuals and adopting direct benefit transfer are components of the larger plan to reduce cash usage and promote transparency.

- The true problem of working in the digital payments network is to establish a trustworthy ecosystem for consumers. While innovations are required to complete the transition to a cashless economy, we cannot afford to compromise on security. As the number of transactions in India continues to increase, payment data protection must become a major focus.

- It will never be possible to achieve a completely cashless society, but it is always conceivable to begin with a society with less currency and subsequently transition to one that is predominantly cashless. The transition towards a cashless society is exceedingly gradual. Even though cash will continue to play a significant role in discrete transactions, especially in distant locations and the informal sector, these transactions can be automated. With emerging technology, it is conceivable to develop applications that automatically deduct funds from the buyer's bank account for even the most casual of purchases.
- Reducing the dependency of the Indian economy on cash is desired for a number of reasons. India has one of the highest cash-to-GDP ratios in the world, and there are expenses associated with using paper to lubricate economic activity. The transition from cash to cashless transactions will make it more difficult for tax evaders to conceal their income, a substantial benefit in a fiscally constrained country.
- RBI has also issued licences to open new-age small finance banks and payment banks, which are expected to promote financial inclusion and introduce innovative banking solutions. India's technological advancements are likewise progressing smoothly.
- Society must also play a role. They must comprehend the significance of a cashless economy and value government initiatives. In conclusion, it can be stated that being cashless offers people, businesses, and the government far more advantages than merely ease.
- The survey concluded that a "cashless society" is the future of India, but one that will take time to develop. It will be exceedingly challenging to get rid of the money. There is a great deal of it in circulation, yet many people continue to rely on it. In the next five years, it is predicted that card and cash app usage will increase while actual currency usage would drop. Electronic currency will have a prosperous future.

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13. Annexures:

Questionnaire :

1) Your age?

- a) 18-30
 - b) 31-45
 - c) 45 & above
- 2) Do you use any technology (bank app) for banking services?
- a) Yes
 - b) No
 - c) Maybe
- 3) Is banking application easy to operate and understandable?
- a) Difficult
 - b) Average
 - c) Easy
- 4) What do you think is a good option, traditional method, or mobile app for banking services?
- a) Traditional method
 - b) Mobile banking app
- 5) Do you have a UPI ID for Nonbanking applications such as Google pay, Bharat Pe?
- a) No
 - b) Yes
 - c) Maybe
- 6) Have you used the bank application before the coronavirus?
- a) Yes
 - b) No
 - c) Maybe
- 7) Which of the following is a more secure way for conducting transactions?
- a) Traditional method - depositing and withdrawing cash from Bank
 - b) Mobile banking app
- 8) What problems do you face while using a bank application?
- a) Internet connectivity
 - b) Confusing Words
 - c) Too many complications
 - d) App freezing
 - e) Others
- 9) What more features do you want in bank applications in the future?
- a) Voice payment
 - b) Fraud detection

- c) Rewards
 - d) Bank maps
 - e) Savings tools
 - f) Others
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- 10) Suggestions