

Should We Fear the Cashless Society? : Weighing the Benefits and Risks

Naga

Commerce Stream, School Name

Abstract

In the last few years, digital payments have grown very fast in India. Applications like Unified Payment Interface (UPI), mobile banking, and digital wallets have made it easy to pay for things without cash. Because of this, many people believe that a cashless society i.e. a country where almost nobody uses paper money or coins is both certain to happen and completely safe. Others disagree. They point to real problems like digital fraud is rising, many people still cannot access digital payments easily and sudden changes in how money works can cause serious trouble as seen during India's 2016 demonetisation, when the government suddenly cancelled high value currency notes. The flow of the paper doesn't assume the answer. Instead, it collects evidence for both sides and compares them directly. On the benefit side, there is strong evidence that digital payments have helped the economy grow, brought more people into the banking system, and made transactions are more transparent. On the risk side, there is also real evidence of harm like studies show that demonetisation caused a temporary fall of about two percentage points in employment, output and bank lending and government data shows that digital fraud losses in India have been rising over the last few years. Comparing the two, this paper finds that a general fear of digital payments is not supported by the evidence, a slow and well planned shift like UPI has brought large benefits at a fairly small cost. But specific risks, such as fraud, exclusion of people without digital access and badly planned transitions are real and still need attention. The paper concludes that India should aim for a "less cash" society rather than a fully cashless one keeping some cash available while continuing to build safer digital payment systems.

Keywords: Cashless Society; Digital Payments; UPI; Cybersecurity; Financial Inclusion

1. Introduction

Money has changed a lot over the years. With the introduction of new technology, easier internet access, and growing use of smartphones have turned slow, paper based payments into quick digital ones (Mishkin, 2022). Today, people transfer money, pay bills, shop online, and buy things using mobile banking apps, cards, digital wallets, and UPI (Organisation for Economic Co-operation and Development [OECD], 2006). These changes have pushed many countries towards becoming cashless societies, where most payments happen electronically instead of with paper money.

Moving towards cashless payments is often seen as a sign of a modern economy. Digital payments can be faster, cheaper to handle than cash, more transparent, and easier for people to access (World Bank, n.d.). Because of these benefits, governments and banks around the world have promoted digital payments to help the economy grow and to bring more people into the formal banking system (Reserve Bank of India [RBI], 2022). In India, programmes like Digital India, the Pradhan Mantri Jan Dhan Yojana (PMJDY),

and the fast growth of UPI have pushed more people, in both cities and villages, to use digital payments (Cornelli et al., 2024).

But this shift has not been free of problems. As people depend more on digital systems, new risks have appeared namely cyberattacks, online fraud, data leaks, identity theft, and unequal access to technology (OECD, 2025). Older people, people in rural areas and those who are not comfortable with technology may find it hard to fully join a cashless economy (Klapper, 2024). Internet failures and cyberattacks can also stop digital payments from working and make people trust them less (World Bank, 2024).

Because of these two sides, researchers and policymakers keep debating whether society should move fully towards a cashless future or be more careful about it (Demmou & Sagot, 2021). Digital payments clearly help growth and financial inclusion, but they also need strong cybersecurity, sensible rules, consumer protection, and public awareness to keep the risks under control.

This paper looks at existing research on the cashless society to weigh its benefits against its risks. It looks at how digital payments have grown, why countries are promoting them, what dangers come with them, and what can be done to reduce those dangers. Using published research and official reports, this paper tries to answer one main question, should we fear a cashless society (Bank for International Settlements [BIS], 2024)? Instead of taking one side, it tries to give a fair and balanced view of the opportunities, challenges, and future of digital payments.

2. Review Methodology

2.1 Literature Survey

This is a review paper. It is based only on existing sources, and no survey, interview, or experiment was done for it (Snyder, 2019). Information was collected from peer reviewed journal articles, books, government publications, and reports from recognised national and international organisations (Grant & Booth, 2009). Databases like Google Scholar, Scopus, and Web of Science were used to find research on cashless societies, digital payments, financial inclusion, cybersecurity, and digital banking (Elsevier, 2024; Clarivate, 2024). Reports from the Reserve Bank of India (RBI), the National Payments Corporation of India (NPCI), the World Bank, the International Monetary Fund (IMF), the OECD, and the Bank for International Settlements (BIS) were also used to get recent data and a global view of digital payments (Creswell & Creswell, 2023).

2.2 Analysis

Every source was checked for how relevant, reliable, and high quality it was before being used (Booth et al., 2021). More importance was given to research and reports from the last ten years, so this paper reflects recent developments. A few well-known books were also used to explain basic ideas about money, banking, and payment systems (Hart, 2018). Blogs, opinion pieces, and websites without solid evidence were left out to keep the paper reliable. The material was then grouped under broad themes like

- What a cashless society is?
- How digital payments have grown, economic benefits, cybersecurity, financial inclusion, privacy, digital risks, and the road ahead to build a balanced picture of the topic (Machi & McEvoy, 2016).

2.3 Limitations and Scope

Like any review paper, this study has a defined scope. This is a narrative review, organised around themes rather than a single fixed search protocol. This fits an exploratory topic that spans economics, technology, and policy, though a fully systematic review would allow even stronger claims about how complete the coverage is. Most of the sources are official reports from bodies such as the RBI, NPCI, World Bank,

IMF, OECD, and BIS. These reports are detailed, current, and widely used in payments research, and because some of these bodies also actively promote digital payments, their claims were checked wherever possible against independent, peer-reviewed sources such as the demonetisation study in Section 4.6 and the UK financial-exclusion study in Section 4.4. As with most literature reviews, the paper synthesises existing findings rather than collecting new primary data, and its focus is mainly on the Indian experience sources. Because digital payments and fraud patterns change quickly, the specific figures cited here, especially on fraud, will need updating sooner than the broader arguments they support. None of these changes the central comparison this review makes. It simply marks out useful directions for future research, particularly more independent, India specific studies of financial exclusion and fraud.

3. Why Are Countries Moving Towards a Cashless Society?

The literature reviewed here shows that countries are promoting digital payments mainly because they improve economic efficiency, widen financial inclusion, and encourage innovation. Governments, banks and researchers broadly agree that digital payments simplify transactions while supporting economic development (OECD, 2024a; RBI, 2022), although how much a country benefits still depends on its digital infrastructure, public awareness, financial literacy, and government policy.

3.1 Speed and Convenience

The advantage mentioned most often in the literature is how fast and convenient digital payments are. Unlike cash, digital methods let people send money at any time from almost anywhere, using a phone, computer, or card (Mishkin, 2022). Internet banking, mobile banking, digital wallets, and UPI have cut down sharply on the time it takes to complete a transaction. UPI, has in particular, reshaped India's payments landscape by allowing instant, real time transfers between bank accounts through a simple mobile app (National Payments Corporation of India [NPCI], 2025). People can pay bills, buy goods, and move money without carrying cash, while businesses gain from quicker settlements, better cash flow, and less paperwork tied to handling notes and coins (BIS, 2024). Digital payments also cut down on human error in recording and handling cash. Since each transaction is recorded automatically, both individuals and businesses find it easier to track spending and keep clear financial records (OECD, 2021).

3.2 Financial Inclusion

Financial inclusion is another strong reason governments back digital payments. The literature shows that digital financial services have opened up banking to people who were earlier left out of the formal system (World Bank, 2022). Mobile banking apps, easier account opening processes, and digital payment platforms have brought millions of people, especially in developing countries, into the digital economy. In India, schemes such as PMJDY, Aadhaar, and mobile based payments have played a major part in widening financial inclusion (Government of India, n.d.). These schemes let people receive government benefits straight into their bank accounts, cutting delays and leakages in welfare delivery. Cheaper smartphones and wider internet access have further supported the spread of digital payments in both cities and villages (RBI, 2025a).

Studies suggest that better financial inclusion does more than protect individual finances, it also supports national growth by encouraging saving, drawing more people into the formal financial system, and widening access to credit and other banking services (International Monetary Fund, 2024).

3.3 Economic Growth and Transparency

According to the literature, digital payments support economic growth by making transactions more efficient and cutting the cost of handling physical cash (World Bank, 2025a). Businesses can process

payments faster, spend less on cash related operations, and become more productive. Because digital payments leave an electronic trail, they also improve financial transparency and accountability. Governments gain from this transparency, since digital transactions are far easier to track than cash. Electronic records make it harder to conceal income, which reduces opportunities for tax evasion, corruption, and other illegal financial activity (OECD, 2024b). This, in turn, helps governments collect tax more effectively and use public money more efficiently one reason many countries have made digital payments part of their broader economic reform plans (RBI, 2022). The literature also notes that digital payments strengthen the formal economy by encouraging people and businesses to rely on banks rather than cash. Greater participation in the formal system improves access to credit and investment opportunities, which supports growth over the long run (International Monetary Fund, 2024).

3.4 Benefits for Businesses and Consumers

Both consumers and businesses gain from wider use of digital payments, according to the reviewed studies. Consumers benefit from being able to complete transactions at any time without carrying cash (OECD, 2024a). Mobile apps and internet banking make it simple to pay bills, shop, transfer money, and access financial services from almost anywhere. Businesses gain too, digital payments make accounting easier, improve record keeping, cut the risk of theft, and lower the cost of handling cash (World Bank, 2022). Small and medium enterprises (SMEs) have especially benefited from low cost solutions such as QR code payments and UPI, which need very little investment yet let them reach a much larger customer base. Digital payments have also fuelled the growth of e-commerce, since online businesses depend heavily on secure electronic payment methods to function. This has, in turn, supported business expansion, better customer satisfaction, and new jobs within the digital economy (United Nations Conference on Trade and Development [UNCTAD], 2024).

3.5 Innovation and Readiness for the Future

Digital payments have also driven innovation within the financial sector, according to the literature. The rapid rise of financial technology (Fin-Tech) has produced secure payment apps, AI based fraud detection, blockchain technology, biometric authentication, and cloud-based financial services (World Economic Forum, 2024). These innovations have made digital transactions faster, more reliable, and safer, while also widening access to financial services.

Several central banks, including the RBI, are exploring Central Bank Digital Currencies (CBDCs) as part of the next stage of digital finance (BIS, 2024). CBDCs could offer secure, government-backed digital money while improving payment efficiency and supporting financial stability. Though most countries are still testing the idea, CBDCs are expected to play an important role in the future of digital payments.

Overall, the literature shows that innovation continues to strengthen digital payment systems and support economic growth but it also stresses that ongoing improvements in cybersecurity, regulation, and digital literacy are needed to keep these technologies safe, inclusive, and beneficial (RBI, 2025a).

4. Should We Fear a Cashless Society? Risks and Challenges

A cashless society has many economic and technological benefits, but it also brings challenges that cannot be ignored. Researchers mostly agree that digital payments are changing the finance world, but depending more on technology also creates new risks around cybersecurity, privacy, access, and financial stability (OECD, 2024a). This raises an important question: should society move fully towards a cashless future, or pay more attention to the risks first?

4.1 Cybersecurity Threats

Cybersecurity is one of the biggest concerns people raise about cashless societies. As more payments move online, cybercriminals keep finding new ways to steal money and personal data through hacking, malware, phishing, ransomware, and identity theft (European Union Agency for Cybersecurity [ENISA], 2024). A single successful cyberattack on a bank or payment network can cause big losses for individuals, businesses, and banks. These are not just theoretical worries. RBI data shows that the total amount lost to bank fraud in India actually fell from ₹26,127 crore in 2022–23 to ₹13,930 crore in 2023–24, even though the number of fraud cases jumped sharply, from 13,564 to 36,075 (RBI, 2025a). Then, in 2024–25, the amount lost nearly tripled again, to ₹36,014 crore. Most of these frauds happened in digital payments, mainly cards and internet transactions (RBI, 2025a). In simple terms, the number of cases and the amount of money lost do not always move together, which suggests that both the type of fraud and how well it gets caught and reported are still changing quickly. This is not a sign that the problem is under control. Banks and payment companies keep improving their security systems, but cyber threats keep changing just as fast. This means banks need regular software updates, strong encryption, extra login steps such as OTPs, and constant monitoring of payment systems (BIS, 2024). Without these safety measures, people may start trusting digital payments less.

4.2 Privacy, Surveillance, and Data Protection

Every digital payment creates data like what you bought, how much you spent, where you were, and your bank details (OECD, 2019). This data can help improve financial services and make things more convenient. But it also raises real worries about privacy, because users often have very little control over how their data is collected, stored, or shared. If this data is accessed without permission, leaked or misused, it can damage people's trust and even lead to fraud (European Commission, 2018). As a result, many researchers want stronger data protection laws, clearer privacy policies, and safer ways of handling data. There is another concern that does not get discussed as often. A group of researchers from the UK Institute and Faculty of Actuaries, writing in the peer-reviewed British Actuarial Journal, looked at what happens to privacy when cash disappears completely (Achord et al., 2018). When you pay with cash, there is no record of who paid whom. When you pay digitally, almost every payment can be traced back to your name and account. This group of researchers said that losing this kind of privacy and the risk that an authority could misuse it to block someone's access to their own money was one of the most serious risks of a cashless society, even more serious than fraud or exclusion (Achord et al., 2018). This is not something better antivirus software or stronger passwords can fix. It is simply a basic feature of a system where every payment leaves a digital trail.

4.3 Digital Fraud and Financial Crime

The growth of digital payments has also opened up new ways for people to be scammed. Common types of fraud include phishing emails, fake apps, QR-code scams, fraudulent phone calls, OTP scams, and payments made without permission (RBI, 2025b). Many of these scams target people who are less familiar with digital payments or basic online safety. Government data given to Parliament shows a clear rise in UPI fraud over the last few years, in rupee terms: ₹242 crore in 2021–22, ₹573 crore in 2022–23, ₹1,087 crore in 2023–24, and ₹981 crore in 2024–25 (Government of India, Ministry of Finance, 2025). In each of the last two years, more than a million individual fraud cases were reported. It is worth remembering that UPI transaction volumes were also growing extremely fast during this time — tens of billions of transactions every month by 2025–26, so fraud is still a small share of total transaction value. Even so, more rupees and more cases lost to fraud each year is a real cost of digital payments, not a problem that

has already been solved. And this cost usually falls on individual victims, not on the banking system as a whole.

Public awareness and digital literacy, knowing how to use technology safely and play an important role in reducing fraud. Governments, banks, and payment companies regularly run awareness campaigns about safe banking and how to avoid scams (NPCI, 2024). But because payment technology keeps changing, fraud detection and consumer education also need to keep improving constantly.

4.4 Digital Divide and Financial Exclusion

Not everyone has equal access to digital payments, even though they have helped many people join the banking system (World Bank, 2022). People in rural areas, older adults, low-income households, and people who are not confident with technology often find it hard to use smartphones, internet banking, or payment apps. This is not only a problem in developing countries. A 2022 study by researchers at the University of Leeds in the UK built an index to measure which areas were most at risk of being left out as physical cash disappeared (Sullivan& Burns, 2022). They found that pockets of serious exclusion were concentrated in certain communities but not always overlapped with poorer areas. Wealthier, suburban areas were rarely affected. The same study also found that simply putting back cash machines or bank branches did not fix the problem on its own. Community based help for people to learn digital skills worked better than infrastructure alone (Sullivan& Burns, 2022). This is useful for the present work because it shows financial exclusion is something that can actually be measured and mapped, not just a vague worry, and that the usual fix of adding more machines and branches is not enough by itself.

Poor internet connectivity and weak digital infrastructure are still real problems in many developing regions. If a country depends too much on digital payments, it risks leaving some groups out of the financial system altogether (International Telecommunication Union, 2024). Because of this, researchers say governments should keep improving digital infrastructure while also keeping other payment options open for people who need them.

4.5 Dependence on Technology

A cashless society depends heavily on electricity, internet, computer networks, and secure banking systems. If any of this fail, through technical problems, software bugs, server outages, or power cuts, people may not be able to access their money or complete payments for a while (Garner, 2023) . During natural disasters or major system failures, this dependence can create serious problems for both people and businesses. As a consequence of this, having reliable digital infrastructure and backup systems is important for keeping a cashless economy stable. Many experts recommend that digital payments should work alongside cash, not replace it completely, until technology becomes more dependable (Sveriges Riksbank, 2024).

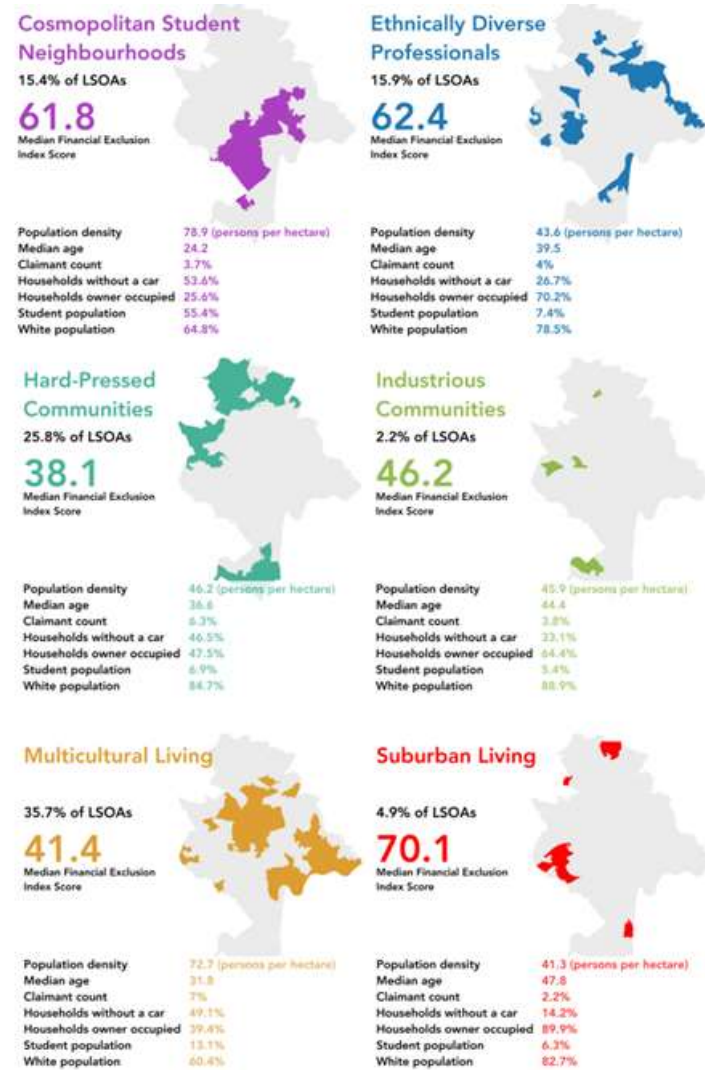


Figure 1. Financial Exclusion Index Scores by Neighbourhood Type
(Sullivan& Burns, 2022)

4.6 Case Study: India's 2016 Demonetisation: A Cautionary Precedent

The clearest real example of what can go wrong when cash disappears suddenly comes from India's own recent history. On 8 November 2016, the Government of India announced that all ₹500 and ₹1,000 notes would stop being legal money, effective that same night. This policy is known as demonetisation. According to RBI's own annual report from that year, the total value of currency in circulation fell from ₹17.97 lakh crore to ₹8.98 lakh crore within weeks, a drop of about 86 per cent (RBI, 2017). It is important to be clear about what this example does and does not prove. Demonetisation was a sudden decision made by the government, not a slow, voluntary move towards digital payments like UPI. So it cannot be used as direct proof that digital payments themselves are risky. But because it forced millions of people to switch to digital or informal payments within days, with almost no time to prepare, it is the closest large real-life example available of what happens when cash access is suddenly lost.

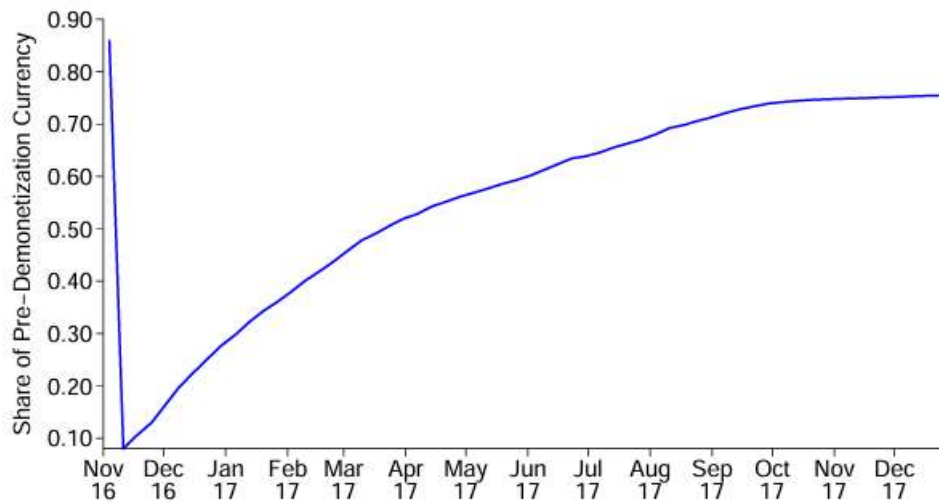


Figure 2. Legal-Tender Currency in Circulation as a Share of Pre-Demonetisation Levels, November 2016–December 2017 (Chodorow-Reich et al., 2020)

A detailed study of this event was published in the Quarterly Journal of Economics, one of the most respected economics journals in the world. It was written by economists from Harvard University along with a researcher from the RBI (Chodorow-Reich et al., 2020). To measure the real impact, the researchers used an interesting method: they looked at satellite images of night time lights across different districts in India. Areas with more economic activity usually show up brighter at night, because of more electricity use, more shops staying open, and more factories running. Using this method along with household survey data, they found that the sudden cash shortage reduced the growth of employment, output, and bank lending by about two percentage points in the three months right after demonetisation (Chodorow-Reich et al., 2020). The damage was worst in districts that were hit hardest and had fewer alternative ways to pay. Cash heavy sectors like small businesses and agriculture were affected the most. Many people spent hours queuing outside banks just to exchange old notes, and daily wage workers and rural households, in particular, struggled to get enough cash for weeks (RBI, 2017).

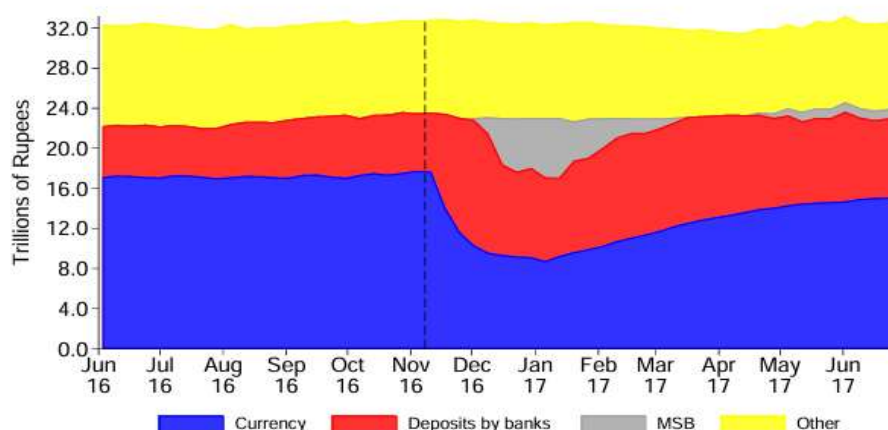


Figure 3. Composition of Money Supply Before and After Demonetisation, June 2016–July 2017 (Chodorow-Reich et al., 2020)

India's overall GDP growth also slowed down over the next two years, from 8 per cent in 2015–16 to 6.7 per cent in 2017–18. However, economists do not fully agree on how much of this slowdown was actually caused by demonetisation, since other big changes, like the new Goods and Services Tax, happened around the same time (RBI, 2017). The good news is that the same Harvard–RBI study found the damage did not last. Growth rates had mostly recovered by mid-2017, as digital and card payments quickly grew to fill the gap left by cash (Chodorow-Reich et al., 2020). So what does demonetisation actually tell us? It should not be read as proof that a cashless society is dangerous. Instead, it shows that how a country moves towards digital payments matters just as much as whether it moves at all. A country that builds up digital payment habits and systems slowly similar to India did in the years after demonetisation, through UPI, has a much smoother experience than one forced to change overnight. This example works against blind reassurance: real, measurable harm did happen, and it hit the people who were least prepared for it the hardest. But it also works against blind fear: the damage was temporary, and the digital systems that grew after demonetisation went on to bring large, long lasting benefits in transactions and financial inclusion, as shown earlier in this paper.

4.7 Weighing the Risks

Putting this section together, the evidence does not support treating the risks of a cashless society as either tiny or overwhelming. Fraud losses are real, are rising in rupee terms, and mostly hurt individual victims, even though they are still small compared to the total value of all digital transactions (Government of India, Ministry of Finance, 2025). Financial exclusion is something that can actually be measured and located in specific communities, not just a general worry, and simply adding more ATMs or bank branches does not fix it on its own (Sullivan & Burns, 2022). Losing the privacy that cash provides is a basic feature of any fully digital payment system. It is not a bug that can be patched with better software (Achord et al., 2018). And India's own history shows that a sudden, unplanned move away from cash can genuinely reduce jobs and economic output, at least for a while (Chodorow-Reich et al., 2020). None of this is an argument against digital payments in general, Section 3 already showed the real large benefits from India's actual, gradual shift to digital payments. But it is a strong argument against being careless about it. The honest takeaway from this section is that these risks are specific, well documented, and need constant attention. They will not simply disappear on their own just because digital payments are, overall, a good thing.

5. Balancing the Benefits and Risks

In the previous sections 3 and 4, have laid out clear evidence on both sides of the question this paper work with. The benefits are real and can be measured: faster transactions, wider financial inclusion, and more transparency, all backed by data from several government and international sources. The costs are real too: a measurable, though temporary, fall in economic activity after India's 2016 demonetisation, digital fraud losses that keep rising in rupee terms, and financial exclusion that is concentrated in specific communities rather than spread evenly. When these two sides are compared directly, the size of the benefits which are nearly a decade of steady growth in financial inclusion and digital transactions is bigger and long lasting than the size of the harms, which have so far either faded over time, as with demonetisation, or stayed small compared to total transaction value, as with UPI fraud. This comparison, not an assumption made before looking at the evidence, is why this paper reaches a cautiously positive conclusion about digital payments in general. But the comparison also makes clear that the harms are not

zero. Cybersecurity, privacy, fraud, dependence on technology, and unequal access are all issues that need continued attention, not a onetime fix (World Bank, 2025b).

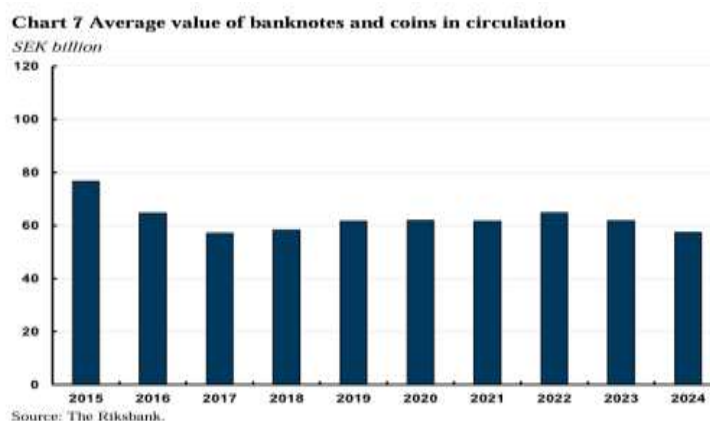
Most researchers agree that the benefits of digital payments outweigh the drawbacks once proper safety measures are in place. Countries that have grown their digital payment systems successfully have invested heavily in secure infrastructure, strong cybersecurity, sound rules, and public awareness campaigns (RBI, 2022). All of this helps lower risk and build public trust. The research also stresses that governments should focus on improving digital literacy, so people can use payment services safely and with confidence. Teaching people about cybersecurity, fraud prevention, and safe digital banking can reduce financial scams and protect consumers better (OECD, 2024a). At the same time, expanding internet access and digital infrastructure in rural and underserved areas is essential, so that everyone can benefit from digital finance.

Banks and payment companies also share the responsibility for building a safe cashless system. Tools like AI-based fraud detection, biometric login, encrypted payments, blockchain, and constant transaction monitoring can all make digital platforms more secure (BIS, 2024). Regular software updates and quick responses to new threats also help maintain public trust. Another point the research makes clearly is that a fully cashless economy may not suit every country, or every part of society, right now (Sveriges Riksbank, 2024). Many experts instead support a “less-cash” society, where digital payments become the main way of paying, but cash stays available for people who still need it. This lets countries enjoy the benefits of digital payments while lowering the risk of leaving people out.

5.1 Lessons from Other Countries

Different countries have taken different paths towards becoming cashless, and there is no single formula that guarantees success. How fast a country adopts digital payments depends on government policy, technology infrastructure, financial literacy, internet access, and how much people trust digital finance (OECD, 2024a). Countries that have successfully expanded digital payments have usually done it gradually, backed by strong rules and consumer protection.

Sweden is often mentioned as one of the world's most advanced cashless economies. Payment apps, contactless cards, and online banking have sharply reduced the use of physical cash in everyday life there (Sveriges Riksbank, 2024). Even so, Swedish policymakers still make sure that cash stays available for elderly citizens, people in remote areas, and anyone less comfortable with digital technology. This is a reminder that removing cash completely may not be wise, even in a very advanced economy.



**Figure 4. Average Value of Banknotes and Coins in Circulation in Sweden, 2015–2024
(Sveriges Riksbank, 2024)**

China has seen huge growth in digital payments through apps like Alipay and WeChat Pay, which have transformed shopping, e-commerce, and small business payments (BIS, 2024). Along with this growth, researchers have raised concerns about data protection, too much market power in a few companies, and weak regulation. This shows that fast technological change still needs strong government oversight to protect consumers and keep competition fair.

India offers another useful example. Programmes like Digital India, PMJDY, Aadhaar, and UPI have significantly increased financial inclusion and boosted digital transactions across the country (RBI, 2025a). These programmes have made financial services simpler, encouraged transparency, and supported growth. But problems like cyber fraud, patchy internet access, and gaps in digital literacy still need continued attention from policymakers.

Together, these examples show that a successful cashless society needs more than just technology. It needs fair policies, strong regulation, reliable infrastructure, and ongoing public education. Governments should aim not just to increase the number of digital transactions, but also to make sure payment systems stay secure, affordable, and accessible to everyone (World Bank, 2022).

5.2 The Road Ahead

Looking ahead, the research suggests a future shaped by continued innovation combined with responsible governance. Artificial intelligence is already being used in banking to spot unusual transaction patterns and detect fraud (World Economic Forum, 2024). Machine learning tools can scan millions of transactions in real time, helping banks respond faster to new threats and improve the overall security of digital payments.

One such technology is blockchain technology which has attracted attention because it can create transparent, secure records of transactions that are very hard to alter. Researchers suggest it could reduce fraud and build more trust in digital payments by keeping accurate, permanent records (International Monetary Fund, 2024). Large-scale use of blockchain is still developing, but it is expected to play a bigger role in financial systems in the future. Central Bank Digital Currencies, or CBDCs, digital versions of a country's official currency, issued directly by its central bank are another development discussed widely in the research. Several central banks, including the RBI, are studying or testing their own digital currencies to improve payment efficiency while protecting financial stability (RBI, 2022). Unlike privately created cryptocurrencies such as Bitcoin, CBDCs stay under the control of the central bank and are designed to offer secure digital payments while keeping public trust in the country's money system.

Progress will also depend on better digital literacy and wider access to technology. Programmes that teach people how to spot online fraud, protect their personal data, and use payment apps safely can meaningfully reduce financial risk (ENISA, 2024). Investment in reliable internet, affordable smartphones, and secure digital infrastructure is essential, so that rural and economically weaker communities are not left behind. The research consistently shows that governments, financial institutions, technology companies, and everyday users all share responsibility for building a safe digital payment system. Close cooperation between all of these groups can help create payment systems that are innovative, trustworthy, and inclusive, while staying ready to handle new technological challenges.

In short, the evidence in this paper suggests that society should not fear the general idea of a cashless economy. Its success instead depends on balancing innovation with strong governance, effective cybersecurity, consumer protection, and inclusive policy. Experiences from different countries show that digital payments can genuinely improve economic efficiency and financial inclusion when supported by reliable infrastructure, sound regulation, and widespread digital literacy. Rather than aiming to remove

cash completely, policymakers should work towards a secure, inclusive “less-cash” society that meets the needs of every citizen (Bank for International Settlements, 2024; European Union Agency for Cybersecurity, 2024; International Monetary Fund, 2024; OECD, 2024a; Reserve Bank of India, 2022, 2025a; Sveriges Riksbank, 2024; World Bank, 2022, 2025b; World Economic Forum, 2024).

6. Conclusion

This paper set out to answer one clear question which is “Should we fear a cashless society?” by comparing real evidence of benefit against real evidence of harm, instead of assuming the answer from the start. On the benefit side, the evidence is wide and consistent: digital payments have measurably increased financial inclusion, speed up transactions, improved transparency, and encouraged innovation. India's UPI system, in particular, has kept growing fast for almost a decade. On the harm side, the evidence is smaller in scale but still genuine: India's 2016 demonetisation caused a real, though temporary, fall in jobs, output, and bank lending; digital fraud losses are rising in rupee terms even though they remain small compared to total transaction value. Financial exclusion is concentrated in specific, identifiable communities rather than spread evenly and losing the privacy that cash offers is a basic, built-in feature of any fully digital system, not something that can simply be fixed with better technology.

Comparing these two sides, this paper's answer is a conditional one, not a simple yes or no. Fear of digital payments in general is not well supported by the evidence the clearest example of harm, demonetisation, was a sudden decision by the government, not the kind of slow, well-planned transition that most countries, including India through UPI, have actually followed. Even that shock turned out to be temporary. But fear would be justified under specific conditions, and this paper can now name them clearly: a rushed or badly planned transition, weak fraud protection, and not enough support for people who cannot easily go digital. None of these problems are unavoidable, they all depend on how the transition is planned and managed. India's own experience shows that a slower, better supported change produces a very different result from a sudden one.

In practical terms, this means governments, banks, and technology companies should treat the risks discussed in paper as something that needs constant attention, not a problem to be solved once and forgotten. Continued investment in cybersecurity and fraud detection, strong data protection laws, digital literacy programmes aimed at the communities most likely to be left out, and, based on the evidence in this paper, keeping cash available as an option rather than removing it completely, all follow directly from the risks this paper has measured, not from general caution alone.

As digital technology keeps changing, future research should look more closely at these specific harms especially studies on financial exclusion in India similar to the UK study discussed in Section 4.4, and further work on how artificial intelligence, blockchain, and Central Bank Digital Currencies affect fraud and financial inclusion over the long run. Based on the evidence available today, a carefully managed, gradual, and well-protected shift towards digital payments not a fully cashless economy, and not one driven by fear either is what this paper's evidence actually supports.

References

1. Achord, S., Chan, J., Collier, I., Nardani, S., & Rochemont, S. (2018). A cashless society: Benefits, risks, and issues Abstract of the London discussion. *British Actuarial Journal*, 23, e28. <https://doi.org/10.1017/S1357321718000223>

2. Bank for International Settlements. (2024). Annual economic report 2024. Bank for International Settlements.
3. Booth, A., Sutton, A., & Papaioannou, D. (2021). Systematic approaches to a successful literature review (3rd ed.). Sage Publications.
4. Chodorow-Reich, G., Gopinath, G., Mishra, P., & Narayanan, A. (2020). Cash and the economy: Evidence from India's demonetization. *The Quarterly Journal of Economics*, 135(1), 57–103. <https://doi.org/10.1093/qje/qjz027>
5. Cornelli, G., Frost, J., Gambacorta, L., Sinha, S., & Townsend, R. M. (2024). The organisation of digital payments in India: Lessons from the Unified Payments Interface (UPI) (BIS Papers No. 152). Bank for International Settlements.
6. Creswell, J. W., & Creswell, J. D. (2023). Research design: Qualitative, quantitative, and mixed methods approaches (6th ed.). Sage Publications.
7. Demmou, L., & Sagot, Q. (2021). Central bank digital currencies and payments: A review of domestic and international implications (OECD Economics Department Working Papers No. 1655). OECD Publishing. <https://doi.org/10.1787/f06c0d89-en>
8. Elsevier. (2024). Scopus content coverage guide. Elsevier.
9. Clarivate. (2024). Web of Science Core Collection. Clarivate Analytics.
10. European Commission. (2018). General Data Protection Regulation (GDPR). European Commission.
11. European Union Agency for Cybersecurity. (2024). ENISA threat landscape 2024. ENISA.
12. Garner, J. (2023). Future of payments review. HM Treasury. <https://www.gov.uk/government/publications/future-of-payments-review-2023>
13. Government of India. (n.d.). Pradhan Mantri Jan Dhan Yojana (PMJDY): Progress report. Ministry of Finance.
14. Government of India, Ministry of Finance. (2025). Response to unstarred question on digital payment and UPI-related frauds. Lok Sabha.
15. Grant, M. J., & Booth, A. (2009). A typology of reviews: An analysis of 14 review types and associated methodologies. *Health Information & Libraries Journal*, 26(2), 91–108. <https://doi.org/10.1111/j.1471-1842.2009.00848.x>
16. Hart, C. (2018). Doing a literature review: Releasing the research imagination (2nd ed.). Sage Publications.
17. International Monetary Fund. (2024). Digital money across borders: Macro-financial implications. International Monetary Fund.
18. International Telecommunication Union. (2024). Measuring digital development: Facts and figures 2024. ITU.
19. Klapper, L. (2024). Expanding financial inclusion through digital financial services: A literature review (World Bank Policy Research Working Paper No. 11008). World Bank. <http://hdl.handle.net/10986/42576>
20. Machi, L. A., & McEvoy, B. T. (2016). The literature review: Six steps to success (3rd ed.). Corwin Press.
21. Mishkin, F. S. (2022). The economics of money, banking, and financial markets (13th ed.). Pearson.
22. National Payments Corporation of India. (2024). Safe digital payment practices. NPCI.
23. National Payments Corporation of India. (2025). UPI product statistics. NPCI.

24. Organisation for Economic Co-operation and Development. (2006). Online payment systems for e-commerce (OECD Digital Economy Papers No. 117). OECD Publishing.
25. Organisation for Economic Co-operation and Development. (2019). Enhancing access to and sharing of data: Reconciling risks and benefits for data re-use across societies. OECD Publishing.
26. Organisation for Economic Co-operation and Development. (2021). The digital transformation of SMEs. OECD Publishing.
27. Organisation for Economic Co-operation and Development. (2024a). OECD digital economy outlook 2024. OECD Publishing.
28. Organisation for Economic Co-operation and Development. (2024b). Tax administration 2024: Comparative information on OECD and other advanced and emerging economies. OECD Publishing.
29. Organisation for Economic Co-operation and Development. (2025). Safeguarding consumers' access to cash in the digital economy: Policy considerations and approaches (OECD Business and Finance Policy Papers No. 81). OECD Publishing.
30. Reserve Bank of India. (2017). Annual report 2016–17. Reserve Bank of India.
31. Reserve Bank of India. (2022). Payments Vision 2025. Reserve Bank of India.
32. Reserve Bank of India. (2025a). Annual report 2024–25. Reserve Bank of India.
33. Reserve Bank of India. (2025b). Report on trend and progress of banking in India 2024–25. Reserve Bank of India.
34. Snyder, H. (2019). Literature review as a research methodology: An overview and guidelines. *Journal of Business Research*, 104, 333–339. <https://doi.org/10.1016/j.jbusres.2019.07.039>
35. Sullivan, G., & Burns, L. (2022). Cashing out: Assessing the risk of localised financial exclusion as the UK moves towards a cashless society (arXiv:2202.05674) [Preprint]. arXiv. <https://doi.org/10.48550/arXiv.2202.05674>
36. Sveriges Riksbank. (2024). Payments report 2024. Sveriges Riksbank.
37. United Nations Conference on Trade and Development. (2024). Digital economy report 2024. UNCTAD.
38. World Bank. (n.d.). Payment systems. World Bank.
39. World Bank. (2022). The Global Findex Database 2021: Financial inclusion, digital payments, and resilience in the age of COVID-19. World Bank.
40. World Bank. (2024). Global Payment Systems Survey (GPSS). World Bank.
41. World Bank. (2025a). Global economic prospects 2025. World Bank.
42. World Bank. (2025b). Digital progress and trends report 2025. World Bank.
43. World Economic Forum. (2024). The future of global fintech: Towards resilient and inclusive growth. World Economic Forum.