



A PROJECT REPORT ON CASH TO CASHLESS ECONOMY

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ABSTRACT

The world is witnessing a growing shift from cash-based transactions to a cashless economy driven by digital payment methods. This abstract explores the key aspects of this transition. Cash may no longer be king. Cashless economy is an economic system in which there is little or very low cash flow in a society and goods and services are bought and paid through electronic media. It includes e-banking (mobile banking or banking through computers), debit and credit cards, card-swipe or point of sale machines and digital wallets.

***Keywords:** Cashless economy, digital payments, electronic media, e-banking*

INTRODUCTION

The main method of doing financial transactions for centuries has been through physical currency. Nevertheless, in recent decades the world has seen a sharp increase in cashless transients due to advances in digital technologies. This research paper looks at global trend of moving societies from act cash economies to cashless ones.

This study will seek to evaluate the motivating factors driving the change from cash-based systems to cashless transactions. We shall look at some potential advantages and disadvantages of a society without money before determining how ready different demographics are for this changing business climate.

Several factors have contributed to the move towards digital payment systems. Owing to extensive usage of phones and mobile internet, there is secure and convenient payment methods like mobile wallets and contactless payments. Also, governments have increased their push towards inclusive finance for unbanked populations as well as fighting tax evasion therefore electronic transfers are now preferred more often than not by many governments which also promote digital financial inclusion efforts. Moreover, customers prefer digital payment methods that are efficient and secure over conventional currencies.

Given its far-reaching implications, understanding how we get to a point where we can no longer handle money is vital. A future without notes could simplify financial procedures by making them fully digitized thus eliminating intermediaries.

In a cashless society, all payments are processed through digital networks. Banks keep an electronic record of transactions and people access their funds through electronic systems. The advantages to cashless societies might include reduced physical crime (since there's no tangible money to steal), lower transaction costs and the convenience of not needing to carry cash.

However, cashless societies have challenges, too. Not everyone has equal access to the internet or other technologies necessary to participate fully in this type of economy. Privacy is also a concern, since nefarious actors can track and record digital transactions. Transitioning to this type of system requires careful planning and widespread adoption of accessible and secure infrastructure.



LITERATURE REVIEW

Review of literature paves way for a clear understanding of the areas of research already undertaken and throws a light on the potential areas which are yet to be covered. Keeping this view in mind, an attempt has been made to make a brief survey of the work undertaken on the field of Cashless economy. The reviews of some of the important studies are presented below. Cashless economy is not the complete absence of cash, it is an economic setting in which goods and services are bought and paid for through electronic media.

Mr. Pradeep H. Tawade (2017), “Future and scope of cashless economy in .” This paper helps in assessing the future trends and the impact of going cashless in the n economy. After the study was conducted it was seen that the Government of should consider more steps in digitizing . And methods of transactions should be made more secure and risk-free.

Dhanda and Arora (2017), Genesis of cashless society: A study on growing acceptability towards plastic money. This paper is aimed towards studying the factors responsible for the rapid increase in acceptability of plastic cards in recent years. After the study was conducted it was seen that use of plastic cards is a matter of great pride among teenagers and is considered safe and free from any frauds.

Dr. Rashmi Gujrati (2017), 's march towards a faceless, paperless, cashless economy. The paper is aimed towards creating a sense of awareness about the cashless economy, its benefits, challenges and the steps taken by the government toward a cashless economy. After the research conducted it was seen that cashless economy comes with various benefits but brings in a lot more challenges with it.

Dr. Asha Sharma (2017), Potential for a cashless economy in . The study was conducted to find the scope of becoming a cashless economy, challenges and opportunities related to cashless economy. The study shows that there is a significant scope of Cashless as we can abolish various problems we face today but we must be prepared for the challenges and problems which a cashless economy will bring.

Kokila and Ushadevi (2017), A study on consumer behavior on cashless transactions in U.T. of Pondicherry. The paper was focused towards understanding the awareness and trust among the customers about cashless transactions. It was seen that people were aware about the cashless transaction but were still in doubt with implementing the same in daily routine.

Garg and Panchal (2017), Study on Introduction of cashless economy in 2016: Benefits & challenges. The study focuses on finding benefits and challenges related to the cashless economy in . The study shows that there are various benefits related to cashless economy and various challenges related to the cashless economy.

Shendge, Shelar and Kapase (2017), Impact and importance of Cashless Transaction in . The paper focuses on impact and importance of cashless transactions in . The study shows that if becomes a cashless economy there will be both positive and negative impact, but negative impacts can be overlooked if the gain from positive impact is considered.

Thomas and Krishnamurthy (2017), Cashless rural economy- a dream or reality. The study is focused towards understanding the impact of demonetization on rural and to keep a check on the government

Sharma, 2017 Conducted a survey to understand the potential for cashless economy in , through an extensive household survey of Jodhpur city. It was estimated the extent to which households made non cash expenditure. It was also identified the bottlenecks which prevented households to make non cash payments like Security, internet connection, loss of card, hackers activity, lack of technology are worries of customers towards switching to cashless economy.

This chapter outlines the research methodology employed in this study to investigate the transition from cash-based economies to cashless societies. The focus will be on analyzing the



factors influencing this shift, exploring the perceived benefits and drawbacks, and assessing the readiness of different demographics to adapt to a cashless economy.

RESEARCH METHODOLOGY

Research Design

This study utilizes a quantitative research design through a survey instrument. Surveys are a well-established method for collecting data from a large number of respondents, allowing for statistical analysis and generalization of findings to the target population.

Sampling and Data Collection

A non-probability convenience sampling approach was used to gather data. Survey invitations were distributed through online platforms and social media channels, targeting adult populations. A total of 106 complete responses were collected for analysis. The survey questionnaire was designed to be self-administered and consisted of multiple closed-ended questions. Closed-ended questions with multiple-choice or Likert scale response options allowed for quantitative data collection.

Data Analysis

The collected data will be analyzed using statistical software. Descriptive statistics will be used to summarize the demographic characteristics of the respondents and their responses to closed-ended questions. Frequency tables, Pie charts and percentages will be generated to illustrate the distribution of responses.

Limitations

This study acknowledges some limitations. The non-probability sampling approach may not fully represent the target population, potentially introducing bias. Additionally, the reliance on online data collection methods may exclude individuals without internet access. Future research could address these limitations by employing a more robust sampling method and incorporating offline data collection strategies.

DATA ANALYSIS AND INTERPRETATION

1. How do you currently prefer making payments?

Option	Responses in %	Responses in no's
Cash	22.6%	23
Debit/Credit card	28.3%	30
Mobile wallets	34.9%	38
Online bank transfer	14.2%	15

2. How well-informed do you feel about the benefits of a cashless economy?

Option	Responses in %	Responses in no's
Very informed	22.9%	25
Somewhat informed	44.8%	46
Neutral	25.7%	27
Somewhat uninformed	6.5%	6

3. What challenges do you face when using cash for transactions?

Option	Responses in %	Responses in no's
Inconvenience	20.8%	22
Security concerns	38.7%	41
Lack of traceability	31.1%	31
Difficulty in keeping track of expenses	9.4%	11

4. How comfortable are you with using digital payment methods?

Option	Responses in %	Responses in no's
Very comfortable	15.2%	17
Somewhat comfortable	30.5%	33
Neutral	44.8%	46
Somewhat uncomfortable	9.5%	10

5. How do you envision the future of payments in your country?

Option	Responses in %	Responses in no's
Fully cashless	16%	26
Partially cashless	40.6%	43
Dominated by cash	38.7%	27
Uncertain	7.7%	8

CASH TO CASHLESS

In 1871, the Western Union launched the Electronic Fund Transfer.

How Cashless Payments Help Economies Grow?

Cash is no longer king. In fact, economies that are more cash intensive tend to grow slowly and miss out on significant financial benefits. Conversely, economies that switch to digital are more successful; the switch can boost annual GDP by as much as 3 percentage points, BCG research shows.

Money is Technology. Will it Be Replaced?

From barter to cash to checks to online banking, money is an evolving technology that has been part of human history for thousands of years. While cash is expected to remain a significant payment instrument in the near future, factors such as “contactless” pay systems, increasing mobile penetration, and high costs of cash (ATM fees for individuals, cash storage for businesses, currency printing for governments, etc.) are prompting society to reconsider its ubiquity. Some experts support less-cash operations, arguing that high denomination notes should be phased out as smaller bills slowly fall towards disuse. Others are more extreme, declaring a war on cash and advocating for an outright ban on physical currency.



CHALLENGES IN MAKING THE SWITCH TO CASH TO CASHLESS

Digital Divide: Not everyone has access to the technology or know-how required for cashless transactions. This can be due to lack of smartphones, internet connectivity, or even basic digital literacy in certain demographics.

Security Concerns: Cashless systems rely heavily on digital infrastructure, which can be vulnerable to cyber-attacks. People might worry about fraud or data breaches if their financial information is stored electronically.

Cost and Infrastructure: For small businesses, adopting cashless methods might require investment in new equipment like point-of-sale terminals. Additionally, reliable internet connectivity is crucial for cashless transactions, which may not be available in all areas.

Shifting mindsets: Some people simply prefer the feeling of control and anonymity that cash offers. Overcoming this resistance and building trust in cashless systems can be a challenge.

Financial Inclusion: A cashless society could exclude those who are unbanked or under banked. This can disproportionately impact low-income earners or those in remote areas.

Features:

1. **Convenience:** Cashless transactions offer ease and convenience, allowing individuals to make payments and transfers without the need for physical cash.
2. **Reduced Theft and Fraud:** Cashless transactions can contribute to a decrease in theft and fraud, as digital payments leave less room for physical theft or counterfeit currency.
3. **Financial Inclusion:** Going cashless can promote financial inclusion by providing access to banking services for individuals who may not have easy access to traditional banking.
4. **Transaction Tracking:** Digital transactions leave a trace, enabling better tracking and monitoring of financial activities, which can assist in combating illegal activities.
5. **Efficiency:** Cashless transactions are often faster and more efficient, reducing the time spent on counting and handling physical currency.
6. **Cost Savings:** Governments and businesses can potentially save on costs related to printing and handling physical currency, as well as reducing the risk of cash-related crimes.
7. **Innovation in Payment Systems:** The shift to a cashless economy encourages the development of innovative payment systems and financial technologies, fostering economic growth.
8. **Greater Financial Awareness:** Digital transactions offer real-time updates on financial activities, leading to increased awareness and better financial management for individuals and businesses.
9. **Environmental Impact:** Moving away from physical currency can have positive environmental effects by reducing the need for paper production, transportation, and disposal.
10. **Global Connectivity:** Cashless systems enable seamless international transactions, promoting global economic connectivity and facilitating cross-border trade.

Advantages:

Privacy: Cash transactions offer anonymity and privacy, important for those who value financial discretion or lack trust in digital solutions.

Accessibility: Cash requires no technical infrastructure or internet connection, making it readily available during power outages or natural disasters.

Budgeting and control: Cash allows for easier budgeting and spending control as people physically manage and see their money.



Disadvantages:

Costs: Printing, distributing, and managing cash involve significant costs for governments and banks.

Security: Cash is susceptible to theft, loss, and counterfeiting, leading to financial losses.

Transparency: Cash transactions are harder to track, making it easier for tax evasion and illegal activities to occur.

CONCLUSION

Cash is the life blood of any economy, which can be defined as the legal common way for all kinds of material transactions in an economy, supporting the large informal, unorganized economy; the livelihoods of the majority of the poor population also runs in cash. Cashless transaction is a system which allows individuals to purchase goods or services without the exchange of anything tangible. Greater application of digital payments will save a lot as it will help in bringing down the cost of cash. The development of a cashless economy would lead to transparency, curb corruption and lead to convenience for economic growth. The roadmap towards creating an environment of secure and a user-friendly digital payments infrastructure for has lots of potential to immensely increase the financial inclusion of the people and the development ladder that is perhaps one of the most important reasons that the government must vigorously work towards promoting and developing a cashless economy.

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