

Impact of Cashless Society on Banking Sector

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ABSTRACT

In 21era, banks in India are moving from conventional to convenience banking approach. The topmost agenda in banks is digitization. Going cashless has many positive aspects, but at the same time, it has been confronted with several challenges. The use of plastic money in an economy is addressed to a cashless economy. The circulation of physical currency is minimal. India uses too much cash for transactions. Cashless societies are free from the curse of corruption, have a considerably less amount of black money in circulation. It also paves the way for employment opportunities, high living standards, and equal growth in the economy. The present paper aims to study the impact of focuses on the term "cashless society" in the sense of a move towards and implications of a society where cash is not the only medium of exchange rather uses digital mode.

Keywords: Banks performance, Cashless, Digitalization, Information and Communication Technology.

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INTRODUCTION

For a developing economy like India, cash is a fundamental need, likewise water. Without which survival is a challenge. Around 85% of global payments are still made in cash as people are habitual of using cash; it is easily available and flexible also, and it carries many other benefits also. Of course, the digital era is something to embrace, and new methods of payment will continue to be introduced. But Indians need to identify the risks and advantages of numerous payment tools; the risks related to electronic payment tools square measure much more various and severe.

India continues to be driven by the employment of cash, but five-hitter of all payments happen electronically, but the government minister, in 2016 budget speech, talked concerning the concept of constructing the Asian nation a cashless society, with the aim of edge the flow of black cash. Even the run batted in has conjointly recently disclosed a document — "Payments and Settlement Systems in the Asian nation.

Objective

- To know how Cashless Transaction impact on Economic growth.
- To know the impact of cashless society on the banking sector.
- To find out solutions to be adopted against challenges associated with the implementation of the cashless policies in India.

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REVIEW OF LITERATURE

Ashish Das and Rakhi Agarwal (2010), in their article "Cashless Payment System in India- A Roadmap," Cash as a mode of payment is an expensive proposition for the Government. The country needs to move away from cash-based towards a cashless (electronic) payment system. This will help reduce currency management cost, track transactions, check tax avoidance/fraud, etc., enhance financial inclusion, and integrate the parallel economy with the mainstream.

Alvares, Clifford (2009), in their reports, "The problem regarding fake currency in India." It is said that the country's battle against fake currency is not getting easier, and many fakes go undetected. It is also stated that counterfeiters hitherto had restricted printing facilities, which made it easier to discover fakes.

Jain, P.M (2006) in the article, E-payments and e-banking opined that e-payments would be able to check black An Analysis of Growth Pattern of Cashless Transaction System. Taking the fullest advantage of

technology, quick payments, and remittances will ensure optimal use of available funds for banks, financial institutions, business houses, and common citizens of India. He also pointed out the need for e-payments and modes of e-payments and communication networks.

RESEARCH METHODOLOGY

The present study is theoretical and analytical and is mainly based on Secondary Data. In-depth interactions/discussions with various Government agencies/representative agencies concerned with digital transactions have also been undertaken. An extensive review of reports by various committees has also been made. Public and documented data, pertinent literature, and other information have been critically analyzed. Reports and publications of the Government of India and banking sectors have been considered. The secondary data is taken from selected government websites and RBI reports, literature from earlier published studies. The study attempts to examine the Impact of Cashless society on the banking sector.

Impact of Cashless Society

The new policy of demonetization and the stress of the government on a cashless transaction is a clear message towards the good economic growth in the country. It has not only reduced the threat and loss of money on the one side but also facilitates the risk-free transactions. When digital payment-whether on mobile phones, cards, or online-become available to everyone, everyone in the economy can benefit from the outcomes. These include:

- Cost-saving through increased efficiency and speed.
- Transparency and security by increasing accountability and tracking, reducing corruption, and theft as a result.
- Financial inclusion by advancing access to a range of financial services includes savings accounts and insurance products.
- Inclusive growth through building the institutions that form the bedrock of an economy and the

cumulative effect of cost savings, transparency has been increased, financial inclusion took place, and greater women's economic empowerment.

CONCLUSION

At present, there is a blend of cash and cashless business happening across the nation, while various enablers are functioning towards turning the cashless economy vision into a reality. In the long run, this would provide a significant boost to the economy, and more informal methods of business transactions migrate to the formal sector paving the way for cashless economy and greater transparency, financial inclusion (both on deposits and credit side), better tax compliance and a sustainable growth and progress of the country and economy.

Seemingly the largest advantage of a cashless economy is accrued potency for each merchant and customers. Gone square measure the times of significant pockets filled with mussy bills and unwieldy coins. The number of shoppers World Health Organization use their mobile devices to pay mistreatment contactless payment solutions like Apple Pay, and Google Pay is predicted to grow to 450 million individuals worldwide by 2020. This can be one of the explanations why the edifice trade has been driving the cash-free speech. Tap-and-go and postpaid digital payment ways square measure additional economical as a result of cashiers don't waste time enumeration bills, that races wait times for purchasers. It conjointly eliminates the requirement for money registers that, at the same time, lowers the danger of thievery. Going cash-free is additionally nice for the economy.

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