



Cashless Transactions : Opportunity, Challenges and Remedies

**Dr. G. G. Gaikwad
Asst. Professor,
Dept. Of Economics, Shivraj College, Gadhinglaj,
Tal- Gadhinglaj, Dist- Kolhapur, State - Maharashtra.**

INTRODUCTION:

A cashless transaction is an automated or online operation that may take place between two people, business, or organizations. A digital transaction is a cashless transaction which specifically involves no paper for completion of the transaction. Purchasing goods from e-commerce websites, signing of business contracts online, purchasing any goods and services in the market or even buying movie tickets through your smartphone app fall under the umbrella of digital transactions. Such operations are accurate, quicker, convenient, and certainly easier. Many are unwilling to accept that there are benefits to a cashless transaction simply because they cannot navigate their way around digital devices, or are just happier to transact using cash. Cashless transactions that simplify day-to-day trading. The RBI and government have launched several measures for the spread of electronic and other non-cash settlement culture. The Vision-2018 for Payment and Settlement Systems in India brought by the RBI in June 2016 reiterates the commitment to encourage greater use of electronic payments by all sections of society so as to achieve a “Cash-less” society.

Digital India was launched by the Prime Minister of India Narendra Modi on 1 July 2015, with an objective of connecting rural areas with high-speed Internet networks and improving digital literacy. The vision of Digital India programme is inclusive growth in areas of electronic services, products, manufacturing and job opportunities. It is centered on three key areas – digital infrastructure as a utility to every citizen, governance and services on demand, and digital empowerment of citizen. Cashless Transaction is part of Digital India. BHIM has been conceived and launched by the Hon'ble Prime Minister of India, Narendra

Modi on **30th December 2016** to bring in Financial Inclusion to the nation and a digitally empowered society.

IMPORTENCE OF THE STUDY:

In a cashless economy, all financial transactions are executed electronically rather than using banknotes. Several countries around the world have been steadily moving towards a completely cashless society for a number of years. Sweden is leading the charge, where more than 59 percent of consumer transactions are completed through non-cash methods, which includes credit, debit, and mobile banking solutions. Canada is close behind, with 57 percent of transactions made using alternative methods. In 2016 India eliminated its highest denomination bills —removing 90 percent of paper money from circulation. And The People’s Bank of China has publicly acknowledged that physical cash may one day become obsolete.

With limited cash in hand and an indefinite crunch in sight, most people are rushing to cashless transactions. Digital transactions bring in better transparency, scalability and accountability. The new move will compel more merchants to accept digital money.

Hypothesis :

1. Cashless Transactions will increase in the future.
2. Transparency will be built-up in the overall cashless Transaction

OBJECTIVE OF THE STUDY:

- 1) To Study Concept of Cashless Transaction
- 2) To Study Methods of Cashless Transaction
- 3) To discusses the opportunities of Cashless Transaction
- 4) To study of problems and give the measures of Cashless Transaction

RESEARCH METHEDODOLOGY:

The present study aims to concept of Cashless Transaction, opportunity and Challenges and Remedies , Method of Cashless Transaction and solve the various problems. The analysis is mainly based on secondary sources of the data. The Secondary data collected from the books, Banking App, UPI App, journals, Govt. publications, library and Internet etc.

Concept of Cashless Transaction

Cashless Transactions, Payments are made or accepted without the use of hard cash. This includes payments made via credit/debit cards, cheques, DD, NEFT, RTGS, Internet Banking , Banking Provided APP, UPI App Such as BHIM Pay, Google Pay, Phone Pay, Paytm, SBI Pay ex. or any other form of online payment that removes the need for cash.

A cashless transaction is an automated or online operation that may take place between two people, business, or organisations. Purchasing all goods and Services. Smoothly operate National International trade . Such operations are accurate, quicker, convenient, and certainly easier.

TYPES OF CASHLESS TRANSACTION METHODS :

There are numerous ways to go cashless. Here are some of the best methods to help you pilot your way into a cash-free world:

1. Cheques and Demand Drafts :

A cheque is one of the safest and oldest methods of cashless payment. A cheque is issued to a person or business for a specific amount. This cheque is deposited in the receiver's bank, and the money is received through a payment processed by a clearinghouse.

A demand draft is safer than a cheque because it cannot be defaulted or dishonoured, unlike a cheque. The DD is signed by a banker to ensure that sufficient funds are available for a successful transaction. The disadvantage of cheques and DDs are that they are time-consuming because a person has to visit the bank and then wait for the cheque or DD to clear.

2. Debit and Credit Cards :

Banking card includes Credit card, debit card. Banking cards are more secure and convenient. They offer control to consumers than any other payment method. Rupay, Visa, Master Card are some of examples of payment card.

Table no. 1. information about issue of Debit card and Credit Card

Year	Debit Card (in Lakhs)	Credit Cards(in Lakhs)
2015-16	6615	245
2016-17	7716	298
2017-18	8611	375
2018-19	9058	471

Source : RBI data

- The above table shows that there is continuous increase in issue of debit and credit card in india.,

3. UPI Applications :

UPI stands for Unified Payment Interface. UPI has changed the way we transaction. At the core of a UPIs functionality is the fact that our mobile numbers are registered with our respective banks and linked to our accounts. A virtual payment address helps to send or receive money without entering any bank related information. UPI applications that are currently popular are BHIM, Phone Pe, Google Pay, Paytm , Tez, ICICI Pocket, and SBI Pay.

NPCI according February 2021, PhonePy 976.53 Million Transactions, Google Pay 827.86 Million Transactions, Paytm 340.71 Million Transactions, Bhim pay 289.45 Million Transactions, and other UPI pay including Amazon pay- 44.22 Million , Joi Payments- 0.55 Million, MobiKwik-1.92 Million Transactions.

4. Mobile Wallets :

Mobile wallets have become a convenient way of making payments without cash. Once you load money into your mobile wallet, you can use it wherever it is accepted. The most popular mobile wallet that is trending is Pay tm.

Table No.2 Mobile Wallets transaction in India

Year	2016	2017	2018	2019
Value (INR Trillion)	0.4	1.5	7.5	20.5

NEFT & RTGS :

National Electronic Fund Transfer and Real Time Gross Settlement are electronic payment systems that allow convenient fund transfer between bank accounts. Both facilities are maintained by the RBI (Reserve Bank of India). The facilities can be used to transfer money only within India. The RTGS transfer window is from 8 am to 4.30pm on bank working days. NEFT settlements happen in deferred batches between 8 am to 7 pm on bank working days.

6. IMPS :

IMPS, which stands for Immediate Payment Service, is a service that was initiated by the National Payment Corporation of India. The pre-condition to avail IMPS services is that a user needs to also register for mobile banking.

7. USSD :

Unstructured Supplementary Service Data is a cashless option for those who do not carry a smartphone or tablet. It works without an internet connection as opposed to most of the other digital payment services. It is a form of mobile banking where you must dial *99# to use the service. The service mirrors the IMPS service and uses MMID with a mobile number or IFSC code with the account number for the transaction to be successful.

8. ECS :

ECS stands for Electronic Clearance Service. It is a convenient method to make bulk payments, especially to pay off your utility services, equated monthly instalments, and for financial institutions to disburse payments like pensions, salaries, or dividend interest.

9. QR Codes :

QR codes are an extension of the mobile wallet payment services. You simply scan the code of the merchant service to complete your transaction. This would require a smart device with a camera and a scanning facility. It is a quick and hassle-free method of transacting digitally.

10. Net Banking :

Net banking is an alternative to using your debit or credit card. The user needs to login to their net banking account to approve a payment. Net banking gives you the flexibility of transacting even if you have misplaced your debit card or lost it. You can use internet banking to make utility payments, purchase goods and services online, or send and receive money.

11. Gift Cards or Vouchers :

Gift vouchers are a handy way of going cashless and are a great gift idea because the receiver can decide what they would like to purchase with the voucher. Stores also give out discounts on gift vouchers which work well for the purchaser as well.

12. Aadhaar Enabled Payment System :

Aadhaar Enabled Payment System (AEPS) is one of the best cashless payment methods. AEPS is like Micro ATM it uses smartphone and a fingerprint scanner for the transaction. In order to use this facility, it is mandatory to link your Aadhaar card to your bank account. You can use AEPS in order to perform transactions like Aadhaar to Aadhaar fund

- transfer, Cash withdrawn, Cash deposit, etc.
- You can do all these things which are available to a person with smartphone and internet connection. Almost including SBI, ICICI, BOB, Axis Bank and PNB supports USSD payment option.

BENEFITS OF CASHLESS TRANSACTIONS :

There are more benefits to having a cashless transactions . Being a cashless economy furthers the cause of digitization and takes us one step closer to utilizing technology at its finest.

- Physical thefts and robberies will reduce with a reduction in cash circulation.

- The printing cost for currency will come down by and large. Fake currency issues will also reduce.
- Cards and Mobile Wallets are handier to carry around and take up less space than cash.
- It becomes easier to follow your expenditure because everything is tracked online.
- Discounts and cash backs are being offered for making online payments. Reward points are also being offered by mobile wallets and UPI applications to entice more users.
- Service tax has been waived on card transactions up to Rs 2000.
- Transacting online improves your budgetary discipline. Having less cash in your wallet forces you to cut down on the smaller yet regular expenses that sneak up into your expenditure list.
- Transacting online can help you with exact amounts. This means that there is no fighting for small change or paying an extra rupee because you are short of coins.
- In case of loss or theft of cards, it can be blocked within minutes to prevent misuse.

CHALLENGES OF CASHLESS TRANSACTION :

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

1. **Lack of Digital Literacy :** There are large number of people is still illiterate in India and can be victim of fraud or other malpractices while using digital payment options. This is due to lack of training to handle software; people do not know the way to make digital payments and use of debit and credit card.
2. **Internet Facility:** Lack of internet facilities and without it a country cannot think of becoming digital. There are still many rural and urban areas where you might difficulty in having access to 2G network, let alone 3G, 4G.

Another issue is that sometimes it becomes difficult to note whether your transaction was successful or not. It may be due to the loss of net connectivity in between, or due to a slow connection, or the bank's server is down.

3. Higher risk of identity theft: The biggest fear is the risk of identity theft. Since we are culturally not attuned to digital transactions, even well-educated people run the risk of falling into phishing traps.

4. Lack of Digital Infrastructure in Rural Area: In rural area there are no banks branches. No ATM machines or e lobby facility. Many of the villages where is no electricity and telecom facility so far.

Losing Phones : There are many Problem of cashless transaction and personal codes

MEASURES TO SOLVE THE PROBLEMS OF CASHLESS TRANSACTION:

1. Enhancing Online Transactions: Efforts should be made both by the government, bank and the public to encourage online transaction, thereby promoting digital cashless society.

2. The Security and Safety: The security and safety in access the ATM, Mobile Banking, Internet Banking has to been keenly noted.

3. Make Easier Technology : Make use of the technology much easier.

4. Use of thumb impression : The thumb impression is used as a PIN code or Password for Internet Banking to avoid hacker's money theft in technological banking.

5. Suitable Software: The software application for mobile banking is not suitable for all mobile phones. Due to tremendous development in the latest technologies in the mobile phones. Customers have various models of mobiles. So satisfy their customers banker has to take proper steps in having suitable software for all types of mobile phones.

Opportunities of Cashless Transaction

1.The India banking sector is one of the best sector in India and it changes as per the requirement of the India country

2. There are large scope of digital payment system in India because of it is increasing trend.
3. There are several banks and near about all banks are in adaption of Digital banking
4. UPI system the best system to make digital transaction and it is expected to give a progress in Cashless transactions
5. Debit and credit card are shows as usual to make transaction but it is increasing trend from Cashless transactions
6. With increasing mobile banking services, growth in e-commerce and use of mobile payment applications, the use of cash will decrease.
7. RTGS and NEFT volumes increase almost threefold between 2016 and 2019 reflecting greater adoption of the system.
8. The government of India is focus on digital infrastructure and it can encourage Cashless transactions Culture.

CONCLUSION :

Cashless transactions Payment system is easy to use to the customer as well as Banka and there are several option are available in the financial system in India. Now a day's mobile banking are becoming famous in the India because it is easy to use and anytime can us. The RBI and the Government are making several efforts to reduce the use of cash in the economy by promoting the digital/payment devices including prepaid instruments and cards. RBI's effort to encourage these new varieties of payment and settlement facilities aims to achieve the goal of a 'less cash' society. With limited cash in hand and an indefinite crunch in sight, most people are rushing to cashless transactions. Digital transactions bring in better transparency, scalability and accountability. But There are Many issues relating to the risk and security.

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