

## Cashless Transaction – Opportunities and Challenges

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### Abstract:

Cashless economy is named where all exchanges are done utilizing cards, advanced means or by web and wherein course of physical money is negligible. India is having proportion of money to GDP one of the most astounding on the planet i.e. 12.42% when contrasted with China 9.47% and that of Brazil just 4%, In India less than 5% of all instalments happen electronically. Because of startling numbers as above Government of India has made a progressive stride of Demonetization i.e. prohibiting the high group notes of INR 500 and INR 1000 in the time of November 2016 which was a major stride towards cashless exchange. The open doors that will exceed the difficulties of cashless exchange would be that the nation will encounter a solid banking sector. There will likewise be advancement of web based business by changing FDI standards for this segment. Also Government will get satisfactory measure of duties as there will be no expense shirking, dark cash or fake notes in the flow. There will be certain difficulties like offices required to bear on these exchanges are not up to the check in the nation, like web offices, monetary proficiency and innovative acknowledgment in the general population. India is as yet confronting issues of destitution, unemployment and absence of education so there is long approach for cashless exchanges. Additionally the security worry in Information Technology remains a central issue in cashless exchange.

**Keywords:** Cashless transaction, Cashless society, Demonetisation, Cashless transaction benefits, Cashless transaction opportunities, How to go cashless, Cashless transactions challenges, Digital payments.

### 1. Introduction

"Cashless transaction" is a term coined up by present BJP Government since beginning of its era in 2014. Officially the term "Cashless Transaction" was put forward by the Finance Minister Mr. Arun Jaitley in 2016 budget session. Moreover RBI has also recently unveiled a document — "Payments and Settlement Systems in India: Vision 2018" — setting out a plan to encourage electronic payments and to enable India to move towards a cashless society or economy in the medium and long term. Cashless economy is termed where all transactions are done using cards, digital means or by internet and wherein circulation of physical currency is minimal. India is having ratio of cash to GDP one of the highest in the world i.e. 12.42% as compared to China 9.47%

and that of Brazil only 4%, In India less than 5% of all payments happen electronically. Due to frightening numbers as above Government of India has taken a revolutionary step of Demonetization i.e. banning the high denomination notes of INR 500 and INR 1000 in the month of November 2016 which was a big step towards cashless transaction.

#### OBJECTIVES

1. Do we need cashless society?
2. To make aware general public about how to go cashless / Different methods available for cashless transactions
3. To analyse opportunities and benefits of going cashless
4. To predict the challenges coming towards going cashless

## REVIEW OF LITERATURE

**Ashish Das and Rakhi Agarwal** of Indian Institute of Technology Bombay Powai, Mumbai, India in Technical Report 2010 penned down that 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 main stream.

**Ajit Singh** published a white paper on globallogic.com and concluded that, with the immense usage of mobile in India, it is certain that mobile will play a critical role in initiatives like Cashless India. As such, both private and government banks and financial institutions will soon offer consumers with mobile solutions for cashless transactions and other financial services.

**Maganty** in his article "Changing Dimension" discusses the emerging trend and importance of debit card in daily lives of Indian society. Debit cards are expected to be in use in places where most transactions are done by cash or Cheque in supermarkets, petrol stations, convenience stores. These cards are designed for customers who like paying by plastic card but do not want credit. These cards not only keep the cardholder debt free but also provide a detailed account of spending. These types of cards are ideal for those who have a tight budget and want to keep within it. Study shows that there are two types of debit cards i.e. on line and off line debit cards. With the computerization and modernization plastic money will become the status symbols in the 21st century of Indian traditional bound society.

## CASHLESS TRANSACTIONS OVERVIEW

### Why Cashless Society:

Cashless Society will have condensed occurrences of tax averting because it is financial

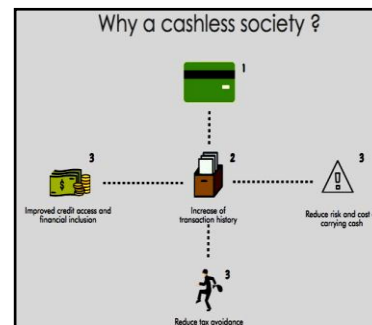
institutions based economy. Moreover it will control generation of black money. It will also decrease real estate prices because of curbs on black money as most of black money is invested in Real estate prices which inflates the prices of Real estate markets.

Furthermore in Financial year 2015, RBI used up Rs 27

billion on just the action of currency issuance and management. This could be avoided if we happen to cashless society.

It will also overlay for worldwide accessibility of banking services to all as no bodily infrastructure is desirable other than digital. There will also be bigger competence in wellbeing programmes as cash is transferred directly into the accounts of recipients. Thus once money is transferred straight into a beneficiary's bank account, the whole procedure becomes clear. Payments can be easily traced and collected, and corruption will automatically drop. There will be competence gains as deal costs across the economy should also come down.

In a cashless economy there will be no difficulty of soiled notes or counterfeit currency. There will be condensed outlay of working ATMs. Speed and pleasure of operations for clients will be there, no delays and queues, no interactions with bank staff requisite in cashless transactions. Further Moody's report showed that the impact of electronic transactions to **0.8%** augment in GDP for emerging markets and **0.3%** boost for developed markets because of enlarged pace of money. For corporate an amplified use of credit cards as an alternative of cash would chiefly permit a more thorough trace of all the dealings which acquire position in the culture, allowing



more simplicity in business operations and money transfers.

To wrap things up there should be "Cleanliness" – Soiled, tobacco recolored notes loaded with germs are ordinary in India. There are numerous such occurrences throughout our life where we purposely or unconsciously give and take germs as rupee notes. This could be stayed away from on the off chance that we move towards Cashless economy.

#### Cashless India:

The Digital India programme is a flagship programme of the Government of India with a vision to transform India into a digitally empowered society and knowledge economy. "Faceless, Paperless, Cashless" is one of professed role of Digital India.

#### Digital Payment Methods:

1. Banking Cards (Debit / Credit / Cash / Travel / Others)

Banking cards offer customers greater security, comfort, and control than whatever other payment method gives. The wide assortment of cards accessible – including credit, debit and prepaid – offers huge adaptability also. These cards give two component validations to secure payments e.g. secure PIN and OTP. RuPay, Visa, MasterCard are a portion of the case of card payment systems. Payment cards give individuals the ability to buy things in stores, on the Internet, through mail- order catalogues and via phone. They spare both clients and merchants' opportunity and cash, and accordingly empower them for simplicity of exchange.

How to get it:

- Provide KYC (Know Your Customer) information to open a new account
- Apply for Card with option of Debit / Credit Card
- Get a PIN

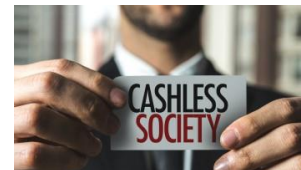
Service Activation:

- Visit an ATM to activate PIN which

may take about 3-7 days

What is required for Transaction?

- PoS terminal or online payment gateway
- Present Card physically or card details for online transaction
- Provide PIN
- Provide OTP (One Time Password) received on registered mobile to complete online transaction for merchant website.
- Self-service and/or Assisted mode



Transaction Cost:

- NIL to customer for merchant transactions.
- Annual fee and limits on ATM transaction by banks discretion.
- 0.50% to 2.25% paid by merchant
- Cash-out charged to customer in case of credit cards @ 1% to 3.5% of transaction value.



Services Offered:

- These cards can be used at PoS (Point of Sale) machines, ATMs, micro ATMs, Shops, wallets, online transactions, and for e-commerce websites.
- International cards can be used across globe for multiple currencies

Funds Transfer limit:

- User can set up transaction limit based on card.
- Based on credit ratings

Service Available from number of operators:

- 751 banks (Source: NPCI) Interoperable

2. Unstructured

Supplementary Service Data (USSD)

The innovative payment service \*99# works on



Unstructured Supplementary Service Data (USSD) channel. This service permits mobile banking transactions using fundamental feature mobile phone, there is no need to have mobile internet data facility for using USSD based mobile banking. It is imagined to give financial developing and inclusion of under banked society in the mainstream banking administrations.

\*99# service has been propelled to take the banking services to each common man the nation over. Banking clients can avail this service by dialing \*99#, a "Common number across all Telecom Service Providers (TSPs)" on their cell phone and transact through an intuitive menu displayed on the mobile screen. Key services offered under \*99# service include, interbank account to account fund transfer, balance enquiry, mini statement besides host of other services. \*99# service is currently offered by 51 driving banks & all GSM specialist providers and can be accessed in 12 different languages including Hindi & English as on 30.11.2016 (Source: NPCI). \*99# service is a remarkable interoperable direct to customer benefit that unites the various ecosystem partners such as Banks & TSPs (Telecom Service Providers).

How to get it:

- Provide KYC (Know Your Customer) information to open a new account
- Mobile number should be linked with bank a/c
- Register for USSD/Mobile Banking
- Get MMID (Mobile Money Identifier)
- Get MPIN (Mobile PIN)

What is required for Transaction?

- Remember MMID
- Remember MPIN
- Dial \*99#
- Registered mobile number with any phone (feature or smart) / Self Service mode

Transaction Cost:

- NIL by system
- Rs. 0.50 charged to customer

Services Offered:

- Balance enquiry
- Mini Statement
- Funds transfer
- Know MMID
- Change M-PIN
- Generate OTP

Funds Transfer limit:

- Rs 5,000/day
- Rs 50,000/annum

Service Available from number of operators:

- 51 banks
- Interoperable

3. Aadhaar Enabled Payment System (AEPS)

AEPS is a bank drive show which permits online interoperable financial transaction at PoS (Point of Sale/Micro ATM) through the Business Correspondent (BC)/Bank Mitra of any bank utilizing the Aadhaar confirmation.

How to get it:

- Provide KYC (Know Your Customer) information to open a new account
- Aadhaar Number should be linked with bank a/c

What is required for Transaction?

- Micro ATM
- Remember Aadhaar
- Give Bank name
- Present self (Aadhaar holder) with Biometrics (Finger and/or IRIS)
- Assisted mode

Transaction Cost:

- NIL to customer
- Merchant or BC may get charged or paid based on bank's discretion

Services Offered:

- Balance Enquiry
- Cash Withdrawal
- Cash Deposit



- Aadhaar to Aadhaar funds transfer
- Payment Transactions (C2B, C2G Transactions)

Funds Transfer limit:

- Banks define limit. No limit for RBI.

Service Available from number of operators:

- 118 banks
- Interoperable

#### 4. Unified Payments Interface (UPI)

Unified Payments Interface (UPI) is a framework that powers multiple bank accounts into a solitary mobile application (of any participating bank), combining a few managing an account highlights, seamless fund routing & merchant payments into one hood. It additionally takes into account the "Peer to Peer" gather request for which can be planned and paid according to prerequisite and comfort. Each Bank gives its own particular UPI App to Android, Windows and iOS mobile platform(s).

How to get it:

- Bank a/c
- Mobile number should be linked with bank a/c
- Smart Phone with internet facility
- Debit Card for re-setting MPIN.

Service Activation:

- Download the App for UPI
- Do registration online on the App with a/c details
- Create a virtual ID
- Set MPIN
- 5-7 minutes

What is required for Transaction?

- Smartphone with internet facility
- Registered device only
- Use registered MPIN
- Self Service Mode

Transaction Cost:

- NIL to customer by most Banks
- Customer pays for data charges

Services Offered:

- Balance Enquiry

- Transaction History
- Send / Pay Money
- Collect Money
- Add bank account
- Change / Set MPIN
- Notifications
- A/c Management

Funds Transfer limit:

- 1 lakh / transaction

Service Available from number of operators:

- 30 banks
- Interoperable

#### 5. Mobile Wallets

A mobile wallet is an approach to carry cash in digital format. You can connect your credit card or debit card information in mobile device to mobile wallet application or you can transfer money online to mobile wallet. Rather than utilizing your physical plastic card to make buys, you can pay with your smart phone, tablet, or smart watch. An individual's record is required to be connected to the digital wallet to load money in it. Most banks have their e-wallets and some private companies. e.g. Paytm, Freecharge, Mobikwik, Oxigen, mRuppee, Airtel Money, Jio Money, SBI Buddy, itz Cash, Citrus Pay, Vodafone M-Pesa, Axis Bank Lime, ICICI Pockets, SpeedPay etc.



How to get it:

- Option to open Zero KYC or Full KYC wallet
- Option of Consumer vs. Merchant wallet
- Mobile Number
- An App to be downloaded in smart phone

What is required for Transaction?

- Smartphone or internet
- Use MPIN
- Self-service and/or Assisted mode

Transaction Cost:

- Customer pays for remittances to bank a/c @ 0.5%-2.5% of fixed fee.
- May pay for data charges in self-service mode.

Services Offered:

- Balance Enquiry
- Passbook/ Transaction history
- Add money
- Accept Money
- Pay money
- Manage Profile
- Notifications

Funds Transfer limit:

- For Users
  - No KYC - Rs 20,000/ month (revised from Rs 10,000 to current till 30th Dec. 2016)
  - Full KYC – Rs 1,00,000/- month
- For Merchants
  - Self-Declared - Rs 50,000/ month
  - With KYC – Rs 1,00,000/- month

## 6. Banks Pre-paid Cards

How to get it:

- Provide full KYC (Know Your Customer) information to open new account
- Apply for Wallet/ Pre-paid Card
- Get a MPIN / PIN

Service Activation:

- Load money (subject to regulatory limits) using branch, or internet banking
- 1-2 days for card
- 5-7 minutes for wallet

What is required for Transaction:

- Smartphone or internet
- Use MPIN
- Self-service and/or Assisted mode

Transaction Cost:

- On loading the pre-paid card, Customer may pay service charges for transaction or fixed fee, upfront + each transaction.
- Loading wallets is mostly free.
- Merchant is charged fee 0.50% to 2.50 %
- Cash out is charged to customer as fixed fee or 1% to 2.5% of value of transaction. Only from Cards

Services Offered:

- Balance Enquiry
- Passbook/ Transaction history
- Add money
- Accept Money
- Pay money
- Manage Profile
- Notifications

Funds Transfer limit:

- For Users
  - Rs 1,00,000/- for Users
- For Merchants
  - Self-Declared - Rs 50,000/ month
  - With KYC – Rs 1,00,000/- month

Service Available from number of operators:

- All leading Banks
- Non-operable
- Cash-out with limits only for VISA/Mastercard linked wallets/ cards

## 7. Point of Sale

A point of sale (PoS) is the place where sales are made. On a large level, a PoS may be a mall, a



market or a city. On a small level, retailers are viewed a PoS to be the zone where a client finishes a transaction, for example, a checkout counter. It is otherwise called as a point of purchase.

#### Physical PoS

Necessary conditions for service initiation:

- Handheld Device with card and /or bio-metric reader
- Merchant Bank a/c
- Internet connectivity GPRS/ Landline

Service Activation:

- Paper work with Bank for merchant bank a/c
- Deposit certain amount
- Collect device
- Configuration and training to operator

What is required for Transaction:

- Any Card
- Resident for bio-metric authentication (AEPS)
- Assisted Mode

Funds Transfer limit:

- No limit for regulator
- Merchant's Bank and payee Bank may set limit based on its own discretion

Service Available from number of operators:

- Source RBI – Aug'16
  - 14.62 lakh
  - Interoperable

#### Mobile PoS

Necessary conditions for service initiation:

- Smartphone
- App from bank
- Integrated or external card and /or bio-metric reader
- Reader connects using jack or bluetooth
- Internet connectivity 2G/3G/4G, or Wi-Fi
- QR code and Bar code reader

Service Activation:

- Merchant Bank a/c

- Download App
- Register device and/or mobile with merchant bank a/c and bank
- May require training or readable instructions

What is required for Transaction?

- Any Card
- Resident for bio-metric auth (AEPS) for registered devices
- Wallet account
- Scanner for reading QR Code and Bar Code
- Self-service and/or Assisted mode

Funds Transfer limit:

- No limit for regulator
- Merchant's Bank and payee Bank may set limit based on its own discretion

Virtual PoS: Necessary conditions for service initiation:

- Smartphone and /or Web browser
- Internet connectivity 2G/3G/4G, or Wi-Fi or landline
- E-payment gateway
- Virtual A/c for transactions
- May need QR code

Service Activation:

- Merchant Bank a/c with some merchant credentials
- In case of QR code for pull transactions
- May require ability to identify or authenticate user for service delivery

What is required for Transaction?

- Any Card
- Wallet Account
- Scanner for reading QR Code and Bar Code

Funds Transfer limit:

- No limit for regulator
- Merchant's Bank and payee Bank may set limit based on its own discretion

#### 8. Internet Banking

Internet banking, otherwise called as online banking, e-banking or virtual banking, is an electronic payment system that empowers clients of a bank or other financial institution to lead a range of financial transactions through the financial institution's website.

Different types of online financial transactions are:

National Electronic Fund Transfer (NEFT)

National Electronic Funds Transfer (NEFT) is a across the country payment system encouraging coordinated funds transfer. Under this Scheme, people, firms and corporate can electronically exchange funds from any bank branch to any individual, firm or corporate having an account with any other bank branch in the nation taking part in the Scheme. Individuals, firms or corporate keeping up accounts with a bank branch can exchange funds using NEFT. Indeed, even such individuals who do not have a bank account (walk-in customers) can also deposit cash at the NEFT- empowered branches with guidelines to exchange funds using NEFT. However, such money settlements will be confined to a greatest of Rs.50,000/ - per exchange. NEFT, in this manner, encourages originators or remitters to start funds transfer transactions even without having a bank account. Presently, NEFT operates in hourly batches - there are twelve settlements from 8 am to 7 pm on week days (Monday through Friday) and six settlements from 8 am to 1 pm on Saturdays.

Real Time Gross Settlement (RTGS)

RTGS is characterized as the continuous (real-time) settlement of funds transfers individually on an order by order basis (without netting). 'Real Time' means the handling of guidelines at the time they are gotten opposed to some later time; 'Gross Settlement' implies the settlement of funds transfer directions happens individually (on a direction by instruction basis). Considering that the funds settlement takes

place in the books of the Reserve Bank of India, the payments are last and irreversible. The RTGS framework is essentially implied for substantial esteem exchanges. The base amount to be remitted through RTGS is 2 lakh. There is no upper roof for RTGS transactions. The RTGS benefit for client's transactions is accessible to banks from 9.00 hours to 16.30 hours on week days and from 9.00 hours to 14:00 hours on Saturdays for settlement at the RBI end. Notwithstanding, the timings that the banks take after may change contingent upon the client timings of the bank offices.

Electronic Clearing System (ECS)

ECS is an alternative method for effecting payment transactions in regard of the utility-bill-payments , for example, phone bills, power bills, insurance premia, card payments and loan repayments and so forth, which would forestall the requirement for issuing and dealing paper instruments and thereby encourage enhanced client benefit by banks / companies / corporations / government departments and so on gathering/accepting the payments.



Immediate Payment Service (IMPS)

IMPS offers an instant, 24X7, interbank electronic fund transfer benefit through mobile phones. IMPS is an unequivocal apparatus to transfer money in a split second inside banks crosswise over India through mobile, internet and ATM which is not sheltered as well as sparing both in financial and non-financial perspectives.

Objectives of IMPS:

- To allow bank customers to employ mobile instruments as a feed for accessing their banks accounts and pay funds
- Making payment simpler just with the

mobile number of the recipient

- To sub-serve the goal of Reserve Bank of India (RBI) in electronification of retail payments
- To make easy mobile payment systems previously introduced in India with the Reserve Bank of India Mobile Payment Guidelines 2008 to be inter-operable across banks and mobile operators in a secure and safe manner
- To construct the base for a complete variety of mobile based Banking services.



### 9. Mobile Banking

Mobile banking is a service rendered by a bank or other financial institution that permits its customers to carry out different types of financial dealings only using a mobile device such as a mobile phone or tablet. It uses software, usually called an app, provided by the banks or financial institution for the purpose. Each Bank provides its own mobile banking App for Android, Windows and iOS mobile platform(s).



### 10. Micro ATMs

Micro ATM intended to be a device that is used by a million Business Correspondents (BC) to convey basic banking services. The platform will allow Business Correspondents (who could be a local kirana shop owner and will act as 'micro ATM') to conduct immediate transactions.

The micro platform will empower work through minimal cost gadgets (micro ATMs) that will be associated with banks the nation over. This would empower a man to instantly deposit or withdraw funds regardless of the bank associated with a particular BC. This gadget will be founded on a mobile phone connection and would be made available at every BC. Clients would

simply need to get their character verified and withdraw or put money into their bank accounts. This

cash will originate from the money drawer of the BC. Basically, BCs will go about as bank



for the clients and they should simply check the genuineness of client utilizing clients' UID. The essential transaction types, to be upheld by micro ATM, are Deposit, Withdrawal, Fund transfer and Balance enquiry.

The smaller scale stage will empower work through minimal effort gadgets (miniaturized scale ATMs) that will be associated with banks the nation over. This would empower a man to in a split second store or pull back assets paying little respect to the bank related with a specific BC. This gadget will be founded on a cell phone association and would be made accessible at each BC. Clients would simply need to get their character verified and pull back or place cash into their financial balances. This cash will originate from the money drawer of the BC.

### OPPORTUNITIES FOR CASHLESS TRANSACTION

The opportunities that will outweigh the challenges of cashless transaction would be that the country will experience a strong banking sector. Since the Government is also liberalizing norms for Payment Bank (Airtel Bank) and Mobile Wallets (Paytm). There will also be promotion of e-commerce by liberalizing FDI norms for this sector. Government has also directed to use UPI (Unified Payment Interface) and BHIM (Bharat Interface for Money) for promoting cashless transactions with convenience and ease for the users. Moreover Government will get adequate amount of taxes as there will be no tax avoidance, black money or fake notes in the circulation.

### Advantages of Going Cashless:

1. Convenience

The simplicity of directing monetary exchanges is presumably the greatest helper to go computerized. You will no longer need to convey wads of money, plastic cards, or even line up for ATM withdrawals. It's likewise a more secure and less demanding spending choice when you are voyaging. It will be particularly valuable in the event of crises, say, in healing centers. You have the flexibility to execute at whatever point and wherever you need. You don't need to be physically present to lead an exchange or be compelled to do as such just amid available time.

## 2. Discounts

The current waiver of service tax on card exchanges up to Rs 2,000 is one of the motivating forces gave by the legislature to advance computerized exchanges. This has been trailed by a progression of cuts and freebies. It's a decent time to expand your funds in the event that you exploit these. For example, 0.75% rebate on advanced buy of fuel implies that the petrol cost in Delhi at Rs 63.47 for each liter can be conveyed down to Rs 62.99/l with computerized installment.

So also, saving money on rail tickets, thruway toll, or buy of insurance can help cut your expenses. Add to these the money back offers and rebates offered by portable wallets like Paytm, and also the reward focuses and faithfulness benefits on existing credit and store cards, and it could help enhance your income hardly.

## 3. Tracking spends

On the off chance that all exchanges are on record, it will be simple for individuals to monitor their spending. It will likewise help while recording salary assessment forms and, in the event of an examination, individuals will think that its simple to clarify their spending. Other than the expense, it will goodly affect planning.

## 4. Budget discipline

The composed record will help you monitor your spending and this will bring about better planning. Different applications and devices will help individuals break down their spending examples and hurl great experiences over two or three years. Controlled spending could likewise bring about higher contributing. On the off chance that a similar measure of money does not stream once again into dissemination and individuals keep on using versatile wallets and cards, it is likewise prone to bring the latte consider. This implies the Rs 10 you spent on treat or chips, or that some espresso office is probably going to take a hit since you will be shy of spare change and littler cash notes. There's a lesser possibility of budgetary breaks and unaccounted for spends sneaking into your financial plan toward the finish of the month.

## 5. Lower risk

On the off chance that stolen, it is anything but difficult to hinder a charge card or portable wallet remotely, however it's difficult to recover your money. In that sense, the computerized choice offers constrained security. This is particularly valid while voyaging, particularly abroad, where loss of money can bring about incredible burden. In addition, if the cutting edge cards develop to utilize biometric ID (fingerprints, eye examine, and so on), it can be amazingly hard to duplicate, making it an exceptionally safe choice.



## 6. Small gains

It may not appear like quite a bit of favorable position, but rather being cashless makes it simple to avoid borrowers. Another in addition

to is that you can pay the correct sum without agonizing over not having change or getting it once more from businesspeople.

Go Digital, Get Discounts

1. Service tax: Waiver of service tax of 15% on digital transactions up to 2,000.
2. Fuel: 0.75% discount on digital purchase of fuel through credit/debit cards, e-wallets or mobile wallets.
3. Rail tickets: 0.5% discount on monthly and seasonal suburban railway tickets from 1 January 2017. Online rail ticket buyers get up to 10 lakh free accident insurance too.
4. Rail catering: 5% discount on digital payments for railway catering, accommodation, retiring rooms, etc.
5. Highway toll: 10% discount on NH toll payment via RFID or fast-tags in 2016-17.
6. Insurance: 10% discount by government general insurers on premium paid online via their portals. 8% discount on new LIC policies bought online via its site. POS: Rs 100 a month is the maximum rent that PSU banks can charge for PoS terminals.
7. Rupaya: Kisan credit card holders to get RuPay Kisan cards.

### CHALLENGES FOR CASHLESS TRANSACTIONS

As every coin has two sides cashless transaction has also to undergo certain challenges like facilities required to carry on these transactions are not up to the mark in the country like internet facilities, financial literacy and technological acceptance in the people. India is still facing problems of poverty, unemployment and illiteracy so there is long way to go for cashless transactions. Moreover the security concern in Information Technology remains a big question in cashless transaction.

#### Drawbacks of Digital Transactions:

1. Higher risk of identity theft

The greatest dread is the danger of wholesale fraud. Since we are socially not clung to

computerized exchanges, even accomplished individuals risk falling into phishing traps. With the rising rate of online misrepresentation, the danger of hacking will just develop as more individuals jump on to the computerized stage.

Also, the most recent move by the legislature to evacuate the two-factor validation prepare for online exchanges up to 2,000, won't help. Regardless of the measure of exchange, the nonappearance of this extra layer of security will open thousands to the danger of fraud. Another frail connection is the insufficient redressal component.

Given the poor procedure and poor grievance redressal, individuals will have no simple plan of action on the off chance that they lose cash on the web. There is no stringent legitimate procedure to manage this kind or size of misrepresentation. Add to it the mass fraud from banks' or organizations' databases and it can transform into a monetary bad dream much the same as the information break in the Indian saving money framework in October 2016.

2. Losing phone

Since you will be reliant on your telephone for every one of your exchanges moving, losing it can end up being a twofold harm. It can make you defenseless to wholesale fraud, as well as be rendered powerless without physical money or whatever other installment alternative. This can be particularly hazardous on the off chance that you are voyaging abroad or in littler towns or towns with absence of saving money foundation or other installment choices. Another downside is that you have to keep your telephone continually charged. On the off chance that the telephone passes on you, you will be stranded, especially on the off chance that you are amidst a critical buy or managing a crisis.



### 3. Difficult for tech- un savvy

India has a low Internet entrance of 34.8%(2016), as indicated by the Internet Live Stats, and just 26.3% of all cell phone clients have a cell phone (2015), according to Statista figures. Other than the down to earth trouble of going advanced, a greater square is the mental move. You are all of a sudden bouncing three eras to the advanced medium: It's an issue for the more established individuals, who may all of a sudden get themselves bolted out of their records on the off chance that they can't download an application or don't have money. The advanced medium may demonstrate a test for the tech-threatening individuals, who will require more opportunity to adjust or the accessibility of different choices to lead exchanges.

### 4. Overspending

While there is no precluding the accommodation from claiming card or mobile wallet exchanges, it could open a spending trap for a clueless populace. As indicated by behavioral back scholars, the torment of separating with cash is felt all the more intensely on the off chance that you utilize physical money

rather than a card. Henceforth, utilizing money rather than cards or mobile wallet goes about as a characteristic route for individuals who think that its hard to control their spending. This is the reason that individuals could wind up overspending, tossing their financial plans into a confuse.

Additionally, a high infiltration of the computerized installment framework is dependent upon the way that a similar measure of money does not return into flow. In the event that it people, will probably change back to the previous simplicity of utilizing money as it is a propensity that they may discover hard to break.

### CONCLUSION

To conclude it may be said that cashless transaction is a need of an hour in long term perspective with facing certain important challenges to be solved simultaneously to make it successful in a country like India. Moreover it could be seen that there are ample number of different avenues by which one can opt for cashless transaction which would be a hassle free transaction.

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