

Topic: Can the Indian Economy go Cashless

✓ Barriers to digital payment options

- Acceptance Infrastructure

Point-of-Sale (POS) terminals penetration in India is amongst the lowest in the world. While that is a collective grievance being addressed by ecosystem players and the RBI has planned a fund (Acceptance Development Fund) to improve numbers, it's a long term play.

- Internet Availability

While India is the second biggest smartphone market in the world yet mobile internet usage is low hence digital only payment solutions do not find a firm footing in the ecosystem despite consumer/merchant readiness

- Consumer Behavior

Consumers have known no other way to pay other than cash which is now. It's trusted and is learned behavior. The learning curve with digital methods is steep especially with low literacy levels and internet access being a privilege which deters a switch over.

- Government Backing and Policy Support

Immediate surcharge removal on all forms of payments by plastic on all government institutions including airports, insurance providers, hospitals, restaurants, ticketing should be the first priority for the government to incentivize use of non-cash methods

- Financial Literacy

Lack of Knowledge about basics in how to use banking services, debit cards, security of PIN/Card, linking mobile number with a bank account and how to use a card instead of cash, use of wallets on smartphones for payments.

✓ Enablers for the transformation

- Good digital development ecosystem to develop smart technologies to facilitate this transformation in the future
- Competitive Landscape in telecom and banking industry to push the spread of cheap internet connectivity to rural and remote areas and inclusion of more people in the financial systems
- Government Initiatives - Jan Dhan Yojana, Issuance of Payment Bank licenses, Launch of BHIM app, Direct Benefit transfer scheme, Aadhaar Enrolment

✓ Other Developing Country Examples

- Brazil - Banks in Brazil took deposit and withdrawal transactions into retail shops that exist in every village and neighborhood.

Kenya - In Kenya, the mobile-phone operator Safaricom has developed a network of 30,000 stores through which its customers can cash in and out of their M-PESA mobile wallet accounts. That's 200 times the number of branches operated by the largest bank in the country. 17 million Kenyans — about three-quarters of the adult population — can send or receive money via cell phone