



Cashless society

Description

What is a cashless society:

- A cashless society is an economy where all financial transactions happen without cash. Cashless payment methods such as debit cards, credit cards, electronic payments using digital devices etc. are used for cashless transactions. Now, cryptocurrencies are also being used for cashless transactions. Several countries are working on their own Central Bank Digital Currencies ([CBDC](#)).
- People who do not have smartphones, debit cards and credit cards can also make cashless payments using Unstructured Supplementary Service Data (USSD) through basic phones.
- Electronic transactions were started in the 1990s. It's been roughly a decade since common people started doing cashless transactions.

Pros of cashless society:



- The need for cash withdrawing, storing and depositing will be eliminated. And there is no need to count cash while making payments. Hence they are time-saving.
- Cashless transactions are more convenient.
- A cashless economy saves so much money for governments because printing money, sending the money to banks requires money and human resources. The need to purchase or rent land for ATMs will also be eliminated.
- Cashless transactions leave digital footprints of financial transactions. They can be used to trace illegal activities.
- International payments will also be easier because there is no need to exchange currency.
- COVID Pandemic increased the number of cashless transactions. They can prevent the spread of contagious diseases.
- The data gathered can be utilized by the government to make policy decisions.
- The issue of counterfeit currency will be eliminated.
- Cashless transactions give the consumers proof of payment. It can be used in case of disputes.

Cons of cashless society:

- Cashless transactions are recorded by banks. So, the data will reveal the critical data of people regarding where they spend money. The government can easily access the data of anyone. It may result in mass surveillance programs. This goes against the right to privacy. Cash gives us anonymity.
- There is still a digital divide in several countries. Some people do not even have bank accounts and phones. A cashless society further marginalizes such people.
- The increasing number of cyberattacks can threaten the cashless society.
- A cashless economy will increase the number of cybercrimes.
- Technical issues in banking can halt access to our money. This can interfere with our daily lives.

The present situation in India:

- Even though cashless payments in India are increasing at a rapid rate, cash is still the major mode of transaction. Because about 15 crore people in India do not have a bank account yet.

Situation worldwide:

- The use of cashless payment methods is increasing worldwide. Several countries are aiming to become cashless societies. Sweden is first in the race and is expected to become a cashless economy by March 2023. Several youngsters of Sweden are implanting microchips in their hands, which can store different kinds of data such as bank cards, ID cards, tickets etc. However, some citizens of Sweden are rebelling against a cashless society and are fighting for the right to use cash.



Conclusion:

Encouraging cashless transactions is very much needed because it will save time and money for people and also for institutions. But eliminating cash completely may worsen the situation of some people such as poor people, digital illiterates etc. Moreover, it can be a threat to the right to privacy. So, a completely cashless society is not a good idea, at least for now.

Your Turn...

What's your take on a cashless society? Express your thoughts through the comment section below. And subscribe to our blog to read answers to the trending GD topics.

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References:

- [Why The Idea Of A 'Cashless Society' Is So Dangerous](#)
 - [The Pros and Cons of Moving to a Cashless Society](#)
 - [What is a cashless society and how does it work – pros and cons of such a state](#)
 - [Cash is still "King"™ as digital divide between Bharat and India continues](#)
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