



THE ECONOMIC TIMES

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# Taking the Cashless Call


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It is easy to criticise the intent of the prime minister to initiate the digitisation/cashless drive. Demonetisation is not about an overnight transition to a cashless economy, and yet, there is criticism. The issue is whether the decision should have been implemented better. Cashless economy is not about no cash but of less cash. Various views have emerged on our readiness to embark on this journey. Are the opponents of demonetisation afraid that the prime minister's mission would meet success? Or do they fear change?

Given that consumers in Asia-Pacific and Africa regularly use their mobile phones to pay on the go, India can lead the mobile payment services much faster than any other country. The dismal 2% penetration of POS terminals and poor internet bandwidth and connectivity even in urban areas need not be a dampener for the country to embrace digitisation via the mobile phone. A mobile services ecosystem — mobile top-ups, ring tones and so on — is already in place. These, in turn, can be drivers to go digital for remittances and bill payments. Remember, the uneducated, unbanked, rural poor too have mobile phones.

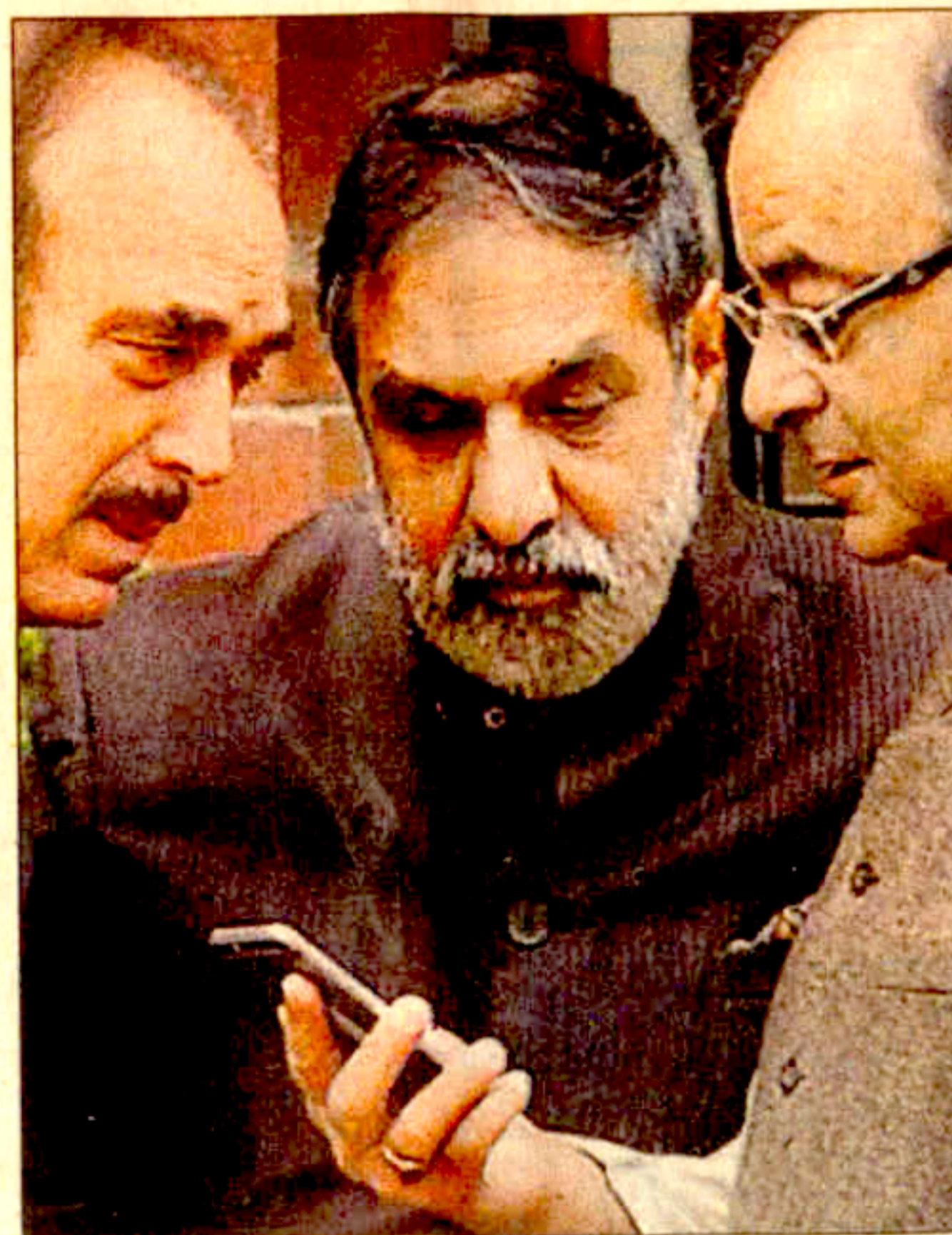
A case in point is a pilot project of HDFC Bank and Vodafone in Rajasthan's Jhalsu village. A farmer there loses a whole day's earnings if he goes to a bank branch a few kilometres away for a simple deposit or withdrawal. HDFC Bank used select Vodafone retailers to act as subagents of the bank, enabling anyone to send or withdraw cash through them. The ability to perform basic financial transactions over a mobile phone can be the driver to a

cashless economy.

Given that youngsters are generally tech-savvy, the government may be able to tap their enthusiasm to embrace the new services and, in turn, use them to educate others to overcome their discomfort and insecurity concerns. The digitisation drive will save over ₹21,000 crore annually for the banks in cash handling, storage and transfer.

A recent study involving more than 30,000 consumers in 62 countries shows that the use of mobile payment technology has more than tripled in the last two years or so. Mobile e-wallets account for everyday transactions of 20% of those surveyed. However, experts say that mobile-payment apps powered by near-field communication technology are being adopted at a swifter pace.

The UPI-based Bhim app that was launched recently — at last count, the fastest downloaded app on Google Play Store — can do wonders. In no time, we can lead the world due to the sheer numbers. Bhim allows a customer to pay directly from a bank account to different merchants both online and offline without the hassle of typing in card details, IFSC codes or other online banking or wallet passwords.


**My salary's been credited through UPI**

New Zealand leads in e-wallet adoption at 44% and is followed by China at 30%, according to Nielsen's research. Respondents in the Asia-Pacific region reported the highest level of confidence and security at 65% compared to 42% in the US. The size of e-commerce transactions in Asia is expected to top \$12 trillion by 2019 to touch almost a third of global market. Historically, Asia has led mobile adoption as it did not have landline infrastructure and, hence, built wireless and new infrastructure faster. African countries are not far behind for similar reasons.

While the Bhim offers great potential to realise the digitisation dream, there are a few barriers to adoption. So, the technology readiness of different sections of the population must be assessed and categorised — into the known segments of explorers, pioneers, sceptics, hesitators and avoiders — to make efficient and cost-effective marketing of the services. Banks and the RBI will swiftly address security concerns.

Poor levels of literacy are being raised as a barrier, but voice-based services offer a potential solution. Vernacular language voice services have two major benefits: they can work on all handsets and used by all irrespective of technology proficiency or literacy levels. App providers can also bring in a human interface to help such customers complete transactions by handholding with no extra charges. As banks will save crores of rupees, this can be done without any fee to users.

The success factors for mobile financial services critically include usability, cost, efficiency, interoperability and security for transactions. Besides, it should be available even on low-end feature phones. Bhim addresses smartphone users, and we need a Chhota Bhim for other phones to include those at the bottom of the pyramid. Niti Aayog and NPCI should innovatively communicate these benefits, and e-transactions must be incentivised to maximise adoption. We can be on the top of the heap of a cashless world.

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