Cashless economy: the impact of digital innovation in India

S. Sangeeta Kumari, K. M. Singh and Nasim Ahmad*

Digitalization has brought a revolutionary change in every walk of human life, giving the average person many digital options for payment and settlement. Information communication technology enabled the transformation of our banking system from paper to virtual mode, facilitating speedy and secure fund transfers. Post-demonetization (8 November 2016), the cashless economy got a boost, and about 98% of transactions have become cashless. A cashless policy empowers industries, leading to an increase in employment opportunities and reducing cash-oriented fraud. The Reserve Bank of India-Digital Payments Index was recorded at 349.30 as of March 2022 against 304.06 for September 2021, indicating significant growth, rapid adoption and deepening of digital payment across the nation. During the financial year 2021–22, digital transactions surged to 7195 crores, with the value increasing to Rs 17.44 billion. There is a strong need to make policies for protection against cyber-attacks, encourage digital literacy, and ensure adequate rural penetration of internet connectivity and banking infrastructure, with awareness among rural masses to strengthen organized indigenous markets. This article provides an insight into the cashless economy and the impact of digital innovation on India's financial system.

Keywords: Cashless economy, digital innovation, economic growth, financial transactions, internet connectivity.