

The Consequences of Moving to a Cashless Society Essay

Introduction

In a world where we can instantly transfer money with the tap of a button, it's hard to imagine a future without cash. But what would a cashless society look like? A cashless society is one where people no longer use physical currency but instead use electronic methods of payment such as credit cards, debit cards, and mobile payments. This shift has been slowly occurring for several decades now, as technology has made non-cash payments more convenient and widespread. For instance, in Sweden, cash is used in only 3% of all transactions (Hasan, et al., 2020).

A cashless society is more efficient because it reduces the need to print and distribute paper money. It lowers crime by making it more difficult to commit fraud or theft when there is no cash involved. Additionally, it can reduce corruption because it is more challenging to bribe someone when all transactions are electronic and traceable.

On the other hand, there are some drawbacks associated with a cashless society. One, it is difficult for unbanked or underbanked people to participate in such an economy. Additionally, it can be harder to anonymously donate to charities or to engage in other types of transactions that one might not want a paper trail for. The decision of whether or not to move to a cashless society is a complex one, with several pros and cons to consider. Ultimately, the decision will come down to weighing the advantages and disadvantages of such a move. This essay explores the positive and negative implications of a cashless economy for society.

Main Body

The consequences of moving to a cashless society are still being debated by experts. Some argue that it could lead to negative effects, such as turning citizens into criminals, while others believe that the benefits outweigh the risks. However, there is still a lack of consensus on the issue. Taskinsoy (2020) argues that the move towards a cashless society is being accelerated by the global lockdown caused by the novel coronavirus. This is because people are now relying more on online transactions and digital payments. Rivera (2019); Engert (2018) warned of the potential negative effects of a cashless society, such as making it easier for the government to track citizens and turning them into criminals if they are unable to pay their debts.

A cashless economy is more efficient and transparent but can contribute to more crime. It is easier to launder money through cashless means, as opposed to physical cash (Rivera, 2019). However, Alaeddin (2019) disagrees with the views of other studies, claiming that society could be less corrupt if the cashless means are fully installed, as it would be more difficult to hide or launder money.

Discussion

One of the main benefits of a cashless economy is increased efficiency. This is because cashless transactions are often faster and more convenient than traditional methods. For example, when you use a credit or debit card to pay for something, you don't have to count out the exact change or wait for the other person to count it (Jain & Jain, 2017). This can save a lot of time, especially in busy situations. In addition, cashless transactions can be done online or over the phone, which is very convenient for both businesses and customers.

There is the assurance of more security with a cashless economy compared to physical cash. With electronic payments, there is no risk of theft or loss of cash (Jain & Jain, 2017). In addition, electronic payments are more difficult to forge than paper money. With electronic payments, there is a transparent record of all transactions which can be easily traced. This makes it more difficult for corrupt officials to pocket public funds.

Another advantage of a cashless economy is increased efficiency. Electronic payments are faster than cash payments, and they can be made online or in person, making them more flexible. In addition, electronic payments can be made 24 hours a day, 7 days a week (Hasan et al, 2020) This allows businesses to accept payments at any time, and it also allows consumers to make payments when it is convenient for them.

The increased transparency that comes with electronic payments can help to prevent corruption and fraud. By being able to track and trace all transactions, businesses, and government agencies can see where money is going and how it is being used. This makes it more difficult for corrupt officials to pocket funds or funnel money into illicit activities (Fujiki, 2020). Additionally, it becomes easier to identify and investigate fraudulent activities when all transactions are recorded and available for review. Electronic payments can therefore help to create a more accountable and transparent system, making it more difficult for corruption and fraud to go undetected.

There are also some disadvantages to a cashless society. One of the biggest disadvantages is that a cashless economy can be exclusionary. This is because not everyone has access to electronic payment methods and the Internet, which is central to the use of cashless techniques (Liu, 2021). This can exclude certain groups of people, such as the elderly, the poor, and rural populations. In addition, a cashless economy can be vulnerable to cyberattacks. Hackers can target electronic payment systems and steal people's money (Seshan, 2019). A cashless economy can lead to higher prices. This is because businesses can charge higher prices for goods and services when they don't have to accept cash.

Fujiki (2020) examines the use of noncash payment methods in Japan. He finds that the use of noncash payment methods has increased in recent years, but that cash is still widely used for regular payments. He argues that the demand for cash is likely to decline in the future as more people use electronic payment methods (Maurya, 2019). Most people are willing to use digital payment systems, but there are some concerns about security and privacy. Liu (2021), argued that governments should take steps to address these concerns to promote the use of digital

payment systems. A cash-free society would be more convenient, but the government and organizations providing such services should ensure its security and access to all.

The first-hand survey I conducted through questionnaires, established that more people believe in a future dominated by non-cash payment techniques. More than 80% of the participants in the questionnaires reported finding it safer to use cashless means to make business transactions. Moreover, more people claimed to better manage and trace their use of finances with cashless techniques, as they can refer to their transactions whenever needed. This is difficult to achieve with cash payments. However, some people reported encounters with fraudsters, who managed to steal from them. Despite this, they claimed to have physical cash was more unsafe than electronic money.

Conclusion

A cashless economy can have several benefits, such as increased efficiency and transparency. However, some drawbacks should be considered, such as the exclusion of those without access to electronic payment methods or the internet, and vulnerability to cyberattacks. Additionally, prices for goods and services could potentially increase in a cashless economy.

Further research could explore the potential impacts of a cashless society on different groups of people. For instance, the researchers could examine how a cashless economy would impact the elderly, the poor, and rural populations. Additionally, the research could explore how a cashless economy would impact businesses, and whether or not prices would increase for goods and services. Ultimately, the decision of whether or not to move to a cashless society is a complex one, with several pros and cons to consider.

References

- Alaeddin, O., Altounjy, R., Abdullah, N., Zainudin, Z., & Hallak Kantakji, M. (2019). [The future of corruption in the era of a cashless society](#). *Humanities & Social Sciences Reviews*, 7(2), 454–458.
- Engert, W., Fung, B. S. C., & Hendry, S. (2018). [Is a cashless society problematic?](#) [PDF document].
- Fujiki, H. (2020). [The use of noncash payment methods for regular payments and the household demand for cash: Evidence from Japan](#). *The Japanese Economic Review*, 71(4), 719–765.
- Hasan, A., Atif Aman, M., & Ashraf Ali, M. (2020). [Cashless economy in India: Challenges ahead](#). *Shanlax International Journal of Commerce*, 8(1), 21–30.
- Jain, V., & Jain, P. (2017). A journey towards a cashless society. *Banking Sector in Oman: Strategic Issues, Challenges and Future Scenarios*, 17(5), 61-73. Web.
- Liu, W. (2021). [Digital payments](#). *Singapore University of Social Sciences – World Scientific Future Economy Series*, 105–119.
- Maurya, P. (2019). [Cashless economy and digitalization](#). *Proceedings of 10th International Conference on Digital Strategies for Organizational Success*.