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CASHLESS SOCIETIES: EVALUATING THE IMPACT OF DIGITAL PAYMENTS AND MOBILE WALLETS

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ABSTRACT
This paper explores the rapid adoption of digital payment systems in India and the implications for achieving a cashless society. Digital payments have been on the rise due to the government's initiative of Digital India and with the increased usage of mobile wallets, especially post-COVID-19, where 260% growth was witnessed in e-commerce transactions. However, there are challenges, which are cyber security, threats to data privacy, and disregarding the rural and elderly who might not have access to technology. The study is quantitative in nature, where data from 200 respondents has been collected using simple random sampling to help analyze how people experience and perceive digital payments. Findings indicate that despite the fact that an overwhelming majority of users acknowledge the ease and speed of conducting digital transactions, security and privacy issues are still one of the major concerns. This research emphasizes the need for cyber security that is strong and broad, allowing equal access to digital payment systems. Ultimately, it shall contribute to informing policy and practice for policymakers and stakeholders concerning the social, economic, and technological implications of digital payments, offering advice on safety, fairness, and inclusion in the process of turning towards a cashless economy.

KEYWORDS: *Digital Payments, Cashless Society, Cyber security risks, Mobile Wallets.*

1. INTRODUCTION

Rapid developments in digital payment systems and mobile wallet technology have sparked a global shift toward a cashless society, which has changed how individuals deal with money. The use of cashless payment methods is changing economic environments, making transactions easier, and promoting financial inclusion in both urban and rural locations. The increasing use of cell phones, government programs to lessen reliance on cash, and the rising need for quick, safe, and effective payment methods are some of the causes driving this change. Mobile wallets and digital payments, which combine convenience and advanced technology, have completely changed how consumers behave and how businesses operate. Paytm, Phone Pay, Google Pay, and other region-specific mobile wallets have transformed the traditional payment infrastructure, allowing for smooth peer-to-peer transfers, contactless purchases, and cross-border transactions. As these systems grow more integrated, they raise concerns about privacy, cyber security, regulatory issues, and societal readiness to embrace truly cashless economies. This article seeks to assess the effects of digital payments and mobile wallets on economies, enterprises, and individuals. By examining the benefits and potential risks of this transition, the study will investigate how cashless systems affect economic efficiency, financial inclusion, and consumer trust while addressing challenges such as cyber security threats, digital divide, and regulatory oversight. Understanding the consequences of this transformation is crucial as countries throughout the world manage the transition to a digital financial future.

2. LITERATURE REVIEW

Digital payments and mobile wallets are quickly changing India's financial environment, propelling the country toward a cashless future. The government initiated the Digital India plan in 2015 with the goal of creating a digitally enabled society and knowledge economy (G, 2023). This program has resulted in the adoption of a variety of digital payment systems, such as banking cards, the Unified Payment Interface (UPI), the Aadhaar Enabled Payment System (AEPS), mobile wallets, and micro-ATMs (Banerjee & Saha, 2021; S et al., 2021). Digital payments have had a big economic

impact in India. Mobile payments are predicted to expand fivefold by 2025, with the government's attempts to make India cashless going successfully (Gohil et al., 2023). The adoption of digital payment methods has increased convenience and speed for consumers, reducing the reliance on cash transactions (Nishad, 2022). E-commerce has also seen a substantial boost, with digital payments for e-commerce and retail increasing by 260% after the second wave of COVID-19 (Tripathi & Dave, 2022). However, challenges remain in achieving a completely cashless society. India's cash-to-GDP ratio of 11.4% in 2019 is still higher than many developing and developed countries (Gupta et al., 2020). Rural areas face unique challenges in adopting digital payments, including the need for technological literacy and infrastructure development (Anusha, 2019). Additionally, concerns about security and user switching between different mobile wallet providers highlight the importance of focusing on quality aspects of digital payment technologies (Routray et al., 2019).

3. STATEMENT OF THE PROBLEM

The development of cashless society offers a lot of benefits such as convenience, financial inclusivity and economic efficiency. However, there are barriers to adopting a cashless system, such as the lack of access among the elderly, rural, and poor communities. Also, cyber security threats such as data and fraud leaks raise concerns about reliability and safety among users. Moreover, there are gaps in consumer safety that are often created by gaps that exist between the pace of technology advancements and legal frameworks. The scope of this study includes assessing the impacts of digital payment systems in technological, social and economic perspective, identifying measures that will help in risk mitigation and achieve an effective, safe, and inclusive migration towards cashless systems.

4. NEED FOR THE STUDY

Aspects like faster transactions, lesser reliance on cash, and increased financial access for the unbanked populations goes in favor the global phenomenon where there's a shift towards cashless societies driven via mobile wallets and digital payments. However, this swift adoption comes with its own set of disadvantages such as the risks associated with cyber security, data privacy issues or the marginalization of people rose out of the reach of the web. These factors starkly bring into focus the need to consider the pros and cons associated with a move to cashless systems. Empirical research is necessary to inform policy as governments and firms spend money in the infrastructural measures required to support digital payment methods. This research will therefore fill these gaps by identifying the social, economic and technological effects that accompany the use of digital payments and provide recommendations that ensure safety, fairness and inclusion in the transition to the new system.

5. OBJECTIVES OF THE STUDY

- To Analyze Usage Trends
- To Assess User Perceptions and Satisfaction
- To Identify Barriers to Adoption
- To Understand Desired Improvements
- To Explore Future Trends

6. RESEARCH METHODOLOGY

6.1. Source of Data

Primary and secondary data are used for this study. Primary data were collected from the respondents through questionnaire and secondary data were collected from Reports, Journals and articles.

6.2. Sampling Method

The study was carried out using 200 respondents using simple random sampling method.

6.3. Tools for Analysis

The collected where analyzed by using appropriate statistical tools and techniques. For analytical purpose percentage analysis tools were used.

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7. DATA ANALYSIS AND INTERPRETATION

.Table-1: Demographic profile of the Respondents

Particulars	Categories	Frequency	Percentage
Age	Below 18	10	5
	19–25	50	25
	26–35	80	40
	36–45	40	20
	46–60	15	7.50
	Above 60	5	2.50
Gender	Male	120	60
	Female	75	37.50
	Other	5	2.50
Location	Urban	150	75
	Suburban	30	15
	Rural	20	10
Occupation	Student	70	35
	Professional	90	45
	Business Owner	30	15
	Other	10	5

The above table reveals that the majority of respondents is aged 26–35 (40%) and resides in urban areas (75%). Professionals (45%) form the largest occupational group, indicating that young, urban professionals are the primary users of digital payments.

Table-2: Usage of Digital Payments and Mobile Wallets

Particulars		Frequency	Percentage
Do you aware of digital payment methods?	Yes	170	85
	No	30	15
Which methods do you use?	Mobile Wallets	120	60
	Bank Apps	30	15
	Credit/Debit Cards	30	15
	Upi	20	10
Frequency of digital payment usage	Daily	60	30
	Weekly	80	40
	Monthly	40	20
	Rarely	20	10
Types of transactions	Shopping	110	55
	Bill Payments	40	20
	Food Delivery	25	12.50
	Transportation	20	10
	Peer-to-peer transfers	5	2.5

The above table depicts that a significant (85%) of respondents use digital payments, with mobile wallets and Bank apps (75%) being the most popular methods. Daily and weekly usage account for (70%) combined, and shopping is the most common transaction type (55%).

Table-3: User Experience and Perception

Particulars		Frequency	Percentage
Overall experience	Excellent	65	32.50
	Good	90	45
	Average	35	17.50
	Poor	10	5
Most valuable features	Ease of use	95	47.5
	Speed of transactions	45	22.5
	Security features	35	17.5
	Rewards and cash back offers	25	12.5

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	Wide acceptance	5	2.5
Concerns about digital payments	Data privacy	110	55
	Security of transactions	45	22.5
	Lack of trust in technology	20	10
	Transaction failures	15	7.5
	Hidden fees	10	5

Table-3 explains that over (75%) of respondents rate their experience as "Good" or "Excellent," with ease of use (47.5%) and Speed of transactions (22.5%) being the most valued. However, (55%) cite data privacy as a concern, reflecting the need for enhanced security measures.

Table-4: Adoption Challenges and Future Trends

Particulars		Frequency	Percentage
Barriers to adoption	Lack of access to technology	40	20
	Lack of trust	80	40
	Preference for cash	50	25
	Limited acceptance by merchants	30	15
Desired improvements	Better security measures	110	55
	Enhanced usability	20	10
	More rewards and incentives	60	30
	Wider acceptance	10	5
Interest in advanced payment methods	Yes	100	50
	No	55	27.5
	Not sure	45	22.5

Table-4 shows the main barriers are a lack of trust (40%) and preference for cash (25%). Key improvements desired include better security (55%) and more rewards (30%). Additionally, (50%) of respondents are interested in exploring advanced payment technologies.

8. FINDINGS

Out of the analysis of the responses gathered through the questionnaire on "Digital Payments and Mobile Wallets," the following conclusions have been reached:

- Respondents in the age 26-35 years and 18-25 years make up a large portion of the total population with ages 26-35 making up 40% of the population while ages 18-25 making up 25%. This shows that young adults are very active in the adaptation of digital payments systems.
- 75% of the respondents were urban dwellers while rural areas had a minimal 10% response rate when asked, accounting for urban dominance in the user base.
- High proportions of respondents are Professionals (45%) and Students (35%). This shows a high level of adoption among the educated and working class.
- According to the respondents, when asked if they have used digital means of payment, (85%) said they have done so, while (60%) and (15%) reported using mobile wallets and bank apps, respectively.
- A lot of respondents reported that they use such payment technologies every day accounting for (30%) while the remaining (40%) stated that they use the payment systems at least once every week, this suggests that a lot of people depend on these technologies often.
- Most of the respondents who own digital payment wallets reported that they use the wallets to pay for shopping (55%), to settle bills (20%), to buy food (12.5%) and to pay for transport (10%) with bill payments taking the lead.
- Highlights of the overall satisfaction level of participants revolved around the fact that over 75% of users rated their experience as “Good” or “Excellent” with the majority using the digital payment system.
- Most users were happy with the performance of the application as its ease of use and speed of transactions qualified them as the most useful aspects with (47.5%) and (22.5%) of respondents respectively.
- Despite being pleasant to the eye, data privacy and transaction security were concerns for (55%) and (22.5%) of participants respectively.
- Among non-users, the primary barriers are lack of trust (40%) and preference for cash transactions (25%).
- Desired improvements include better security measures (55%) and enhanced usability (10%).

- Incentives such as rewards and cash back are sought by (30%) of users, while (5%) want broader merchant acceptance.
- There is growing interest in advanced payment methods like blockchain and crypto currency, with (50%) expressing curiosity.

9. RESULTS AND DISCUSSION

9.1. Trend of Adoption

Preliminary results show that those urban populations, especially high digital literacy, are found to be more frequent adopters of mobile wallets while rural and older populations adopt less due to lack of access to technology and not having the necessary digital skills to use them.

9.2. Security concerns

Security remains one of the major concerns for the users where a very significant proportion of participants are actually frightened about fraud and identity theft. However, people will be more likely to trust the platforms if such features as two-factor authentication and end-to-end encryption are advanced.

9.3. Barriers to Adoption

Technological barriers are reported among the rural respondents and elderly as well. They include less reliable internet connections, inadequate smartphone usage, and lack of information on digital payment systems. Financial incentives and information programs are deemed as the solutions to break the above barriers.

10. CONCLUSION

The transition to cashless societies poses significant opportunities for enhanced financial inclusion and economic efficiency. However, the integration of digital payments into everyday life poses particular challenges to disadvantaged populations. To really benefit from these digital payments, concerns with regards to security, access, and equity should be dealt with. There is an absolute need for the policymakers and enterprises to focus their efforts on devising a secure, accessible, and inclusive system that caters to a diverse group of demographics. Future research should be in developing regulatory frameworks that would mitigate the risks of digital payments

11. RECOMMENDATIONS

Enhance Digital Literacy: Pay particular attention to teaching digital payment platforms to underserved populations in order to increase its adoption in rural and elderly communities.

Strong cyber security: Digital payments need to ensure that robust security protocols protect users' information, thus making them secure.

Develop Inclusive Policies: the government should have inclusive policies that spur the financial service to offer digital payment solutions accessible to all income groups and demographics.

Upgrade Infrastructure: Enhance rural internet connectivity and Smartphone access to ensure an equitable reach of digital payment systems. While promoting economic stability and fairness.

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