

# Cashless Economy Leads to Knowledge Economy through Knowledge Management

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## Abstract

Knowledge management is simply defined as changing human efforts into machines. In the cashless economy the paper money are converted to digital money. At first we have a doubt that what is the relationship between cashless economy and knowledge economy and it have the ability to lead to knowledge management. Of course the cashless economy leads way for digital transactions in India. Even a common man also know about the transactions of banks and make a speedy and secured transactions. It improve the way of thinking and use of their intellectual capital rights in a proper way. Cashless economy is the basic way to eradicate black money, but it also used to create awareness about the knowledge economy among the common people.

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**Index terms**— knowledge management, cashless economy, digital banking and knowledge economy.

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Keywords: knowledge management, cashless economy, digital banking and knowledge economy.I.

## 1 Knowledge Economy

he Knowledge economy is the use of knowledge to generate tangible and intangible values. Technology and in particular knowledge technology help to transform a part of human knowledge to machines. This knowledge can be used by decision support sysytems in various fields and generate economic value. Knowledge economy is also possible without technology.

The knowledge economy is a system of consumption and production tht is based on intellectual capital. The knowledge economy commonly makeup large share of all economic activity in developed countries.

The knowledge economy adresses how education and knowledge-generally called "human capital -can save as a productive asset or a business product since innovative and intellectual services and products can be sold and exported and can yield profits for the individual, the business and the economy. This component of the economy relies greatly on intellectual capabilities instead of natural resources or physical contributions.

In the knowledge economy, the productions of services and products that are knowledge based provides rapid acceleration in the technical and scientific fields, making way for more innovation in the economy as a whole.

Author: e-mail: ragavhr87@gmail.com II.

## 2 Cashless Economy

Cash really is skill king, but a few countries are a step hed of the rest in toppling its throne. Given that the cost of handling cash is high, it is in the interest of governments, banks and business to push for the change towards

44 cashless. In some countries, effective policies have made difference, whereas in others, it is thanks to consumers  
45 being move open to using mobile or plastic payments. Here's a look at same countries that are really making a  
46 move toward becoming cashless.

47 A cashless society describes an economic state where by financial transactions are not conducted with money  
48 in the form of physical banknotes or coins, but rather through the transfer of information between transacting  
49 parties. Cashless societies have existed, based on barter and other methods of exchange, and cashless transactions  
50 have also become possible using digital currencies such as bitcoin. However this article discusses and focuses on  
51 the term "cashless society" in the sense of a move towards, and implications of, a society where cash is replaced by  
52 its digital equivalent -in other words, legal tender (money) exists, is recorded, and is exchanged only in electronic  
53 digital form.

54 Such a concept has been discussed widely, particularly because the world is experiencing a rapid and increasing  
55 use of digital methods of recording, managing, and exchanging money in commerce, investment and daily life in  
56 many parts of the world, and transactions which would historically have been undertaken with cash are often  
57 now undertaken electronically. Some countries now set limits on transactions and transaction values for which  
58 nonelectronic payment may be legally used.

59 The trend towards use of non-cash transactions and settlement began in daily life during the 1990s, when  
60 electronic banking became popular. By the 2010s digital payment methods were widespread in many countries,  
61 with examples including intermediaries such as Paypal, digital wallet systems operated by companies like Apple,  
62 contactless and NFC payments by electronic card or smart phone, and electronic bills and banking, all in  
63 widespread use. By the 2010s cash had become actively disfavored in some kinds of transaction which would  
64 historically have been very ordinary to pay with physical tender, and larger cash amounts were in some situations  
65 treated with suspicion, due to its versatility and ease of use in money laundering and financing of terrorism, and  
66 actively prohibited by some suppliers and retailers, to the point of coining the expression of a "war on cash". By  
67 2016 in the UK it is now reported that 1 in 7 people no longer carries or use cash.

68 It has also been described as a highly controversial and at times a "sinister" or "creepy" move, since such  
69 a move would be both potentially useful and potentially socially dangerous, with widespread implications for  
70 society. It has potential to be very helpful for central governments and economies, in the context of global  
71 negative inflation and quantative easing, and central control of the money supply. However a loss of cash also  
72 transfers complete control of transactions, interest, and individual use of money, and information about these, to  
73 the nation state and third party providers, since the individual cannot avoid their money being held in an external  
74 system capable of regulation and control. While helpful to the global economy and to the fight against crime  
75 and terrorism, many concerns have been raised over "dangerous" unintended consequences. It would mean that  
76 negative interest rates can be fully enforced, and money could be controlled in great detail. For example, some  
77 kinds of money might be set to "expire" and be worthless if not spent in specific ways or by specific times, or to  
78 devalue gradually. It also makes individual savings, and information about individual incomes and transactions,  
79 accessible to any party able to access the records -either legitimately (police and tax related) or not (hackers and  
80 persons with access to the relevant data), and in this way, it facilitates population surveillance. It also means  
81 that groups, individuals and causes could be deprived of cash by the simple expedient of preventing their access  
82 to cashless transaction media.

### 83 **3 a) What is a cashless economy and where does India stand?**

84 ? A cashless economy is one in which all the transactions are done using cards or digital means. The circulation  
85 of physical currency is minimal. Payments can be easily traced and collected, and corruption will automatically  
86 drop, so people will no longer have to pay to collect what is rightfully theirs. o There will be efficiency gains  
87 as transaction costs across the economy should also come down. o 1 in 7 notes is supposed to be fake, which  
88 has a huge negative impact on economy, by going cashless, that can be avoided. o Hygiene -Soiled, tobacco  
89 stained notes full of germs are a norm in India. There are many such incidents in our life where we knowingly or  
90 unknowingly give and take germs in the form of rupee notes. This could be avoided if we move towards Cashless  
91 economy. o In a cashless economy there will be no problem of soiled notes or counterfeit currency o Reduced costs  
92 of operating ATMs. o Speed and satisfaction of operations for customers, no delays and queues, no interactions  
93 with bank staff required. o A Moody's report pegged the impact of electronic transactions to 0.8% increase in  
94 GDP for emerging markets and 0.3% increase for developed markets because of increased velocity of money o An  
95 increased use of credit cards instead of cash would primarily enable a more detailed record of all the transactions  
96 which take place in the society, allowing more transparency in business operations and money transfers.

### 97 **4 c) This will eventually have the following chain effect**

98 1. Improvement in credit access and financial inclusion, which will benefit the growth of SMEs in the medium/long  
99 run.

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102 Reduce tax avoidance and money laundering thanks to the higher traceability of all the transactions. 3. The  
103 increased use of credit cards will definitely reduce the amount of cash that people will carry and as a consequence,  
104 reduce the risk and the cost associated with that.

## 105 **6 d) Challenges in making India a cashless economy**

106 ? Availability of internet connection and financial literacy. ? Though bank accounts have been opened through  
107 Jan Dhan Yojana, most of them are lying un operational. Unless people start operating bank accounts cashless  
108 economy is not possible. ? There is also vested interest in not moving towards cashless economy. ? India is  
109 dominated by small retailers. They don't have enough resources to invest in electronic payment infrastructure.

110 ? The perception of consumers also sometimes acts a barrier. The benefit of cashless transactions is not  
111 evident to even those who have credit cards. Cash, on the other hand, is perceived to be the fastest way of  
112 transacting for 82% of credit card users. It is universally believed that having cash helps you negotiate better.  
113 ? Most card and cash users fear that they will be charged more if they use cards. Further, non-users of credit  
114 cards are not aware of the benefits of credit cards. ? Indian banks are making it difficult for digital wallets  
115 issued by private sector companies to be used on the respective bank websites. It could be restrictions on using  
116 bank accounts to refill digital wallets or a lack of access to payment gateways. Regulators will have to take a  
117 tough stand against such rentseeking behaviour by the banks. Recently, the RBI had issued certain guidelines  
118 that allow the users to increase their limit to Rs any potential restrictive practices that banks may indulge in to  
119 maintain their current dominance over the lucrative payments business.

120 In the initial stage its something hard to understand and implement. But after utilizing the uses cashless  
121 economy its come into ease of practice.

122 It creates a great impact on knowledge management even to the common people also. Knowledge management  
123 in the digital banking is not a new one for the common people. The intial startup is the ATM cards. Nowadays  
124 most of the people have ATM cards.

## 125 **7 III.**

## 126 **8 Conclusion**

127 Today there is a great challenge before the government that of implementing the cashless economy. Because  
128 it deals with the economic status of a man. Every individual is getting fear of their hard earned money to  
129 be secured or not when using digital way of transactions. The same type of fear is arise when a new thing is  
130 introduced with related to knowledge and intellectual capital. For Example, Typewriter and Ledgers, Written  
131 records are replaced by Computers, at the time of introduction of computers in office the employees protest  
132 against the introduction but after sometime they realize the help of a computer in all means. Likewise Post cards  
133 are replaced by telephones, telephones are replaced by mobile phones. Nowadays everybody used mobile phones,  
134 Even a remote village also have the facilities of network sharing for mobile phones. An illiterate person also know  
how to use <sup>1</sup>

Real estate prices which inflates the prices of Real estate markets

- o In Financial year 2015, RBI spent Rs 27 billion on just the activity of currency issuance and management. This could be avoided if we become cashless society.
- o It will pave way for universal availability of banking services to all as no physical infrastructure is needed other than digital.
- o There will be greater efficiency in welfare programmes as money is wired directly into the accounts of recipients. Thus once money is transferred directly into a beneficiary's bank account, the entire process becomes transparent.

*[Note: ? Some studies show that cash dominates even in malls, which are visited by people who are likely to have credit cards, so it is no surprise that cash dominates in other markets as well.b) Benefits of Cashless economy o]*

Figure 1: ?

- f) Suggestions
  - o Open Bank accounts and ensure they are operationalized.
  - o Abolishment of government fees on credit card transactions; reduction of interchange fee on card transactions; increase in taxes on ATM withdrawals.
  - o Tax rebates for consumers and for merchants who adopt electronic payments.
  - o Making Electronic payment infrastructure completely safe and secure so that incidents of Cyber crimes could be minimized and people develop faith in electronic payment system.
  - o  
1,00,000  
based on a certain KYC verification
  - o Promotion of e-commerce by liberalizing the FDI norms for this sector.
  - o Government has also launched UPI which will make Electronic transaction much simpler and faster.
  - o Government has also withdrawn surcharge, service charge on cards and digital payments.

Figure 2:

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