

RBI releases report on Assessment of the progress of digitisation from cash to electronic

The digital revolution is taking the world by storm and no other area has witnessed such metamorphosis as payment and settlement systems, resulting in a myriad of digital options for the common man. Consumers now have a range of options to choose from when selecting a payment method to complete a transaction. They make this selection based on the value they attribute to a payment method in a certain situation as each payment mode has its own use and purpose. In India, like in many parts of the world, cash is the well-established and widely used payment instrument. It is, however, reassuring that non-cash payments, especially those using electronic or digital modes are rapidly increasing.

At this background, Reserve Bank of India (RBI) has released a report on Assessment of the progress of digitisation from cash to electronic. The report highlights that:

- Both cash and non-cash payment instruments fulfil unique needs, and as long as these needs do not change, both types of payment instruments are required to meet the full spectrum of user's needs.
- Electronic payment methods are both at the service of and bound by India's heterogeneous economic composition. Virtual payments are increasing in popularity, but the country's ethnic and economic diversity render the shift toward digital payments geographically variable and certain regions and economic strata exhibit more openness to digitisation than others.
- India's growing use of retail digital payments, along with the radical reconstruction of its cash economy, indicates a shift in its relationship with cash. This is evidenced by the steep growth observed in the retail digital payments. Increasing acceptance and convenience of digital payments vis-à-vis cash is also reflected in decrease in average value per digital payment transaction.
- A large population of the country historically lacked access to personal bank accounts and credit lines. Digital payment methods have played a large role in helping them manage their personal finances leading to their being financially included.
- Cash still rules but is increasingly seen as a way to store value as an economic asset rather than to make payments.
- Speed, convenience and competition are shaping the future of payments. RBI's endeavour is to make digital (payments) a divine experience to the users – Cash is King, but Digital is Divine.

Please find enclosed detailed report released by RBI on Assessment of the progress of digitisation from cash to electronic for your kind reference.

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