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Market Watch

Quantum Leap: End of cash is near, cashless currencies are in vogue

BY [SHELLEY SINGH](#), ET BUREAU | UPDATED: DEC 29, 2019, 10.12 AM IST

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The case against cash is clear — expensive to print, difficult to track, prone to theft and an enabler of corruption. Western economies, notably the [Nordic](#) countries, have come to depend less and less on cash for transactions.

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In the UK, cash is used for only 30% of transactions while South Korea plans to phase out cash. Singapore too plans to reduce cash usage by supporting [digital payments](#). In China, super app [WeChat](#) derives about half its revenue from digital payments.

In India, the [demonetisation](#) of 86% of the currency notes in circulation in 2016 accelerated the shift to digital payment modes. Yet, cash continues to account for over 90% of transactions, according to the RBI. But usage of digital money is increasing in India.

People will use more apps and platforms to do monetary transactions. The trend of cash-on-delivery for online orders is already declining. The coming decade could see introduction of new currencies — more [cryptocurrencies](#) backed by sovereign governments.

And even private currencies, like Facebook's Libra — a blockchain digital currency, is set for a 2020 launch.

Clearly, paper money and coins will be less in use. "Cash will have completely disappeared in five years' time," Paul Amery, founding editor of New Money Review, was recently quoted as saying.

In 2018, Christine Lagarde, then MD of IMF, compared the smartphone to the town square, where people will do all their transactions. "Money itself is changing. We expect it to become more convenient and user-friendly, perhaps even less serious-looking."

Digital money will lead to greater financial inclusion — helping unbanked populations. It might lead to difficulties for older people, used to carrying cash, and those living in remote areas. Central banks will have to adjust to ideas of new kinds of payment instruments, which are not under their control.

The 2020s may see new currencies, owned by private corporations. The startup VeganNation already offers Vegan-Coins in the hope that these will be used for transactions among the world's vegans. Such models could expand — digital money coming with a purpose attached. Hurdles in the way of such ideas going mass market are the highly regulated banking systems.

This story is part of the ['Tech that can change your life in the next decade' package](#)

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