

PRESIDENCY UNIVERSITY, BENGALURU

SCHOOL OF MANAGEMENT



MANAGEMENT SAPIENCE

BI ANNUAL NEWSLETTER

LESS CASH TO CASHLESS

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From Less Cash to Cashless Society



One of the most challenging and beneficial objectives of the present government is the move towards a cashless society. While a 100% cashless society may not be possible, even in the most advanced countries, even achieving cashless transactions that cover 90% of all transactions by value and 60% by numbers will itself be a stupendous achievement. Cash transactions, and the supporting infrastructure, entail a huge cost. First, the cost of printing a huge number of notes of different denominations. Second, the cost of monitoring the condition and bona fides of these notes, and withdrawing those that are soiled or damaged, or even worse, are counterfeit notes. Third, the enormous logistics and security costs of transporting, stocking and guarding these notes across the country. On the other hand, facilitating cashless transactions, including by cheque, also require considerable investment in IT and mobile telephony infrastructure-both hardware and software- as well as a certain minimum level of general and computer literacy among all citizens across the length and breadth of the country. There is also the considerable cost of ensuring foolproof cyber security for the entire system. At a personal level, I commend and felicitate the editorial team of Management Sapience for their initiative and I do hope that this will become an institutionalized feature of the School of Management, going forward.

Gautam Ghosh
Director, School of Management
Presidency University

Life is Beautiful in Cashless Economy



The young woman appeared to be an Avatar of none other than Maa Lakshmi, offering me a complete financial freedom! This was nearly two decades back in the streets of Mumbai, a HSBC saleswoman who persuaded me to sign up for the first credit card in my life. After being enlightened what this 'plastic money' could do for me, I was not only thrilled, but also enchanted by the immense possibilities of independence. Carrying cash, counting currency notes something of course, what I had been doing always now appeared to be the biggest stupidity in my life. There was limitation in everything I did so far. The cash I withdrew periodically and every penny I happened to spend kept reminding me of the depleting balance in my bank account. Now it was time to be carefree. Further, as more avenues of cash-less living opened up through debit cards, online banking, mobile based transactions, life kept changing fast in every possible aspect. Like the other amenities and convenience that modern life offered also came with some challenges, the new-era cash had its share of problems too. These issues were creeping into the life of individuals who were hasty in changing their lives and to unshackle their financial chains. Overspending, unbudgeted & unplanned expenditures, hefty debts started to create stress which was unknown in the past era of less cash. The cash-less excitement soon gave way to disappointment and frustrations. It took me some time and in the hard way to learn that, the world of e-cash or cash-less life is amazing, only when its reigned by restrains, discipline and matured financial habits.

Nirupam Mukherjee
Safety Director - Praxair Inc.
Tonawanda, New York

Cashless Economy: Boon or Bane



It was a relief when I could promptly recharge my mobile through cashless banking system for the first time, and had asked my grocer to "go online", lecturing him of the efficiency of the system. Five years hence, when my "cashless" avatar was forced down my throat with no bail out option, my grocer flaunted the "Pay-TM" system in his shop too, for, he too, had no bail out. His cashless state was out of fear of hassles in giving changes of Rs.2000 mammoth currency, of people who by then had to turn to cashless-ness, fearing of the volatile currency notes in circulation, a step towards prevention of "black money". The funny side is, both the grocer and I are poorer in this melee. This cashlessness was not an option for us. It was enforced as the only option, directly or indirectly, by stealing the cash in hand, and issuing further warning, that any money not in bank can become black money at the stroke of any midnight. The banks, on their part, once possessed my money, locked it, sat on it, and simply cut off my interest. And if at all it gave me cash, it ensured, through issuing Rs.2000 notes, which I have to make useless purchase. Now I have to purchase hefty, just to break the note. The grocer? Well, he has marginally raised prices of products to maintain the PayTM. Alas, the Spencers and the Big Bazaars are now offering cheaper. The grocer now is cash less, and is customer less. Long Live Cashlessness....the manufactured wilderness.

Angshuman Bhattacharya
Chief Employee Relations Manager
Indianoil Corporation Ltd, Haldia Refinery

PRO CHANCELLOR'S MESSAGE



I am pleased that "Management Sapience" is being launched by the School of Management. I trust that this will be a medium to express viewpoints on topics of significant importance, to catalyze the readers and writers to engage in understanding and appreciating various dimensions of the topic under discussion, and more importantly, collectively evolve pathways to progress with new approaches or solutions. The theme chosen for the inaugural issue is important for all, especially for students of business and economics. The Digital India program is a flagship program of the Government of India with a vision to transform India into a digitally empowered society and knowledge economy. "Faceless, Paperless, Cashless" is one of professed role of Digital India. A cashless society and its underpinning digital economy should open opportunities for most stakeholders in many economies, including the financially excluded. Yet the topic is divisive due to clashing stakeholder interests. The topic polarizes opinions: substantial risks and issues threaten successful transition to a digital economy (the Internet of Things, dubbed the 4th industrial revolution) and its resulting cashless society. The potential benefits or otherwise of a cashless society depend on the eye of the beholder. We need to fully understand the needs of, and impact on, the least understood stakeholder in our economy -the rural poor.

I congratulate the Editorial team for raising this very significant topic.

Vijayan Immanuel

EDITORS' MESSAGE

Dear Readers, we take the pleasure to launch the inaugural issue of our Bi-annual Newsletter- *Management Sapience*, a topical theme based initiative by Presidency University, Bangalore. It is a contemporary theme-based initiative, which would incorporate multiple perspectives of corporate, students and academia. Each issue is meant to inspire, educate, and advocate for themes we care about. In order to keep the readers widely interested and updated, we have also included articles to communicate significant events and activities of Presidency University. The theme chosen for the inaugural issue is 'Less Cash to Cashless' which is the most venerated issue in the country. We are delighted to share that we received articles from stalwarts in the industry and academics of repute, from India and abroad. We would like to encourage academia and industry to join with us contributing articles and enrich our columns. We are extremely grateful to the contributors for sparing their valuable time. We hope that you will enjoy reading this issue.



Pratika



Tanusree



INDUSTRY SPEAKS



School of Management,
Presidency University
Hosted Discussion on
Union Budget 2018 and
Deliberated on Cashless
Economy and its
Challenges

**“STATUS NOW
IS NOT
WHETHER
YOU ARE
AWAKE OR
ASLEEP, IT IS
WHETHER YOU
ARE ONLINE
OR OFFLINE”**

NARENDRA MODI



**Delegates Discussing
Budget and its Impact on
Economy**



Mobile Wallet Market in India: Leading Transformation Towards Cashless Economy

The Mobile Wallet Market in India is on fire leading the country's transformation from less cash to cashless economy. Though the growth, both in terms of volume and value of transactions, have been phenomenal in last couple of years, but there are certain fundamental challenges that remain in the ecosystem which need to be tackled head-on to keep the momentum of growth.

Mobile Wallet Market in India

Mobile wallet transaction volumes and values have doubled between FY16 & FY17 – Volume has grown from 604 million transactions to 1630 million and Value has grown from INR 206 Billion to INR 532 Billion. The predominant driving factors are –

Government of India's Demonetization pushing Nov, 2016: Widely circulated notes of INR 500 and INR 1000 were end dated, which spurred the need for alternative modes of payment and Mobile wallet became a popular choice given the ease of use and user convenience.

Smartphone boom in India: Availability of affordable smartphones in India in conjunction with improving mobile internet connectivity drove widespread growth in mobile user subscriptions, which in turn pushed the adoption of mobile wallet.

Growth in E-commerce: India's E-commerce industry has been on a remarkable growth path in last decade or so reaching USD 38 billion in 2016. As shoppers are shifting online, mobile wallet is becoming very popular given the ease of use. Online merchants are even

incentivizing usage of digital wallets with lucrative discounts.

Major Players in Mobile Wallet space in India: PayTM, MobiKwik, Oxigen Wallet, FreeCharge, PayU Money, FlipKart Money, JioMoney, SpeedPay etc.

Looking Ahead: Key Challenges

The mobile wallet industry is projected to grow to 32 billion transactions and value of INR 32 trillion by end of Fiscal FY21. However, the industry faces below challenges which can hamper this growth if not tackled effectively –

Security: The security of entire payment ecosystem need to be water tight so that privacy of customers is not compromised as well as fraudulent transactions are prevented. This will need significant technology and financial investment from mobile wallet service providers.

Competition from other digital payment players: Mobile payments have much lower limits on transactions than other digital platforms like Credit/Debit cards. This will pose a significant challenge in scalability for mobile wallet players.

Mobile Internet: Though there has been significant investment in improving mobile internet infrastructure in urban areas, the same is lagging significantly in rural parts of India where majority of population lives.

References:

Reserve Bank of India Data; 'M-Wallet: Post Demonetization Scenario' Report published by ASSOCHAM India

Leading the cashless charge – Evolution of digital wallet industry in India by Deloitte

Sudipto Basu
Director Cloud Services
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Cash-Mukt Bharat A Desired Destination



Cash Mukta Bharat is an ardent effort to move towards a cashless and digital transaction economy by minimizing the use of physical cash,



capping the corruption and transparent taxation. The leading advantage of building a cashless economy is elimination of black money. Cashless economy is a realizable goal by promoting electronic money instruments, developing financial infrastructure and spreading digital transaction habits among people.

Challenges and prospects for cashless transaction economy: Demonetization drive gave impetus to cashless economy but has several constraints as well as prospects in the journey towards cashless economy.

Currency dominated economy: around 13% of GDP is in the form of cash circulation.

Transactions are mainly in cash: Large size of informal/unorganized sector entities and workers prefer cash based transactions, nearly 95%.

ATM use is mainly for cash withdrawals and not for settling online transactions: There are large number of ATM cards including around 21 crore Rupay cards. But nearly 92% of ATM cards are used for cash withdrawals only.

Limited availability of Point of Sale terminals and poor transaction culture in POS: According to RBI, there are 1.44 million POS terminals installed by various banks across locations at the end of July 2016. But most of them remain in urban/ semi-urban areas.

Mobile internet penetration remains weak in rural India: For settling transactions digitally, internet connection is needed. But in India, there is poor connectivity in rural areas. In addition to this, a lower literacy level in poor and rural parts of the

country, make it problematic to push the use of plastic money on a wider scale.

Prospects

The JAM (Jan Dhan Aadhar Mobile) infrastructure can encourage digital transaction culture: The JAM infrastructure is spreading to reach away remote corner of the country as well as to every citizen. Almost 24 JDY Accounts, 124 Aadhar identity cards and nearly 90 crore mobile phones. Similarly, 33 million internet users are in India. This means that the JAM infrastructure can be used to promote cashless transactions. A large number of government transfers (DBT) are made through JAM mode. This will help people to get digital transaction awareness. The growth in volume and value of transactions using prepaid payment instruments (PPIs) issued by banks and authorised non-bank entities has also been significant. NPCI promoted Aadhaar enabled Payment System, IMPS etc have registered a big turnover in transactions. Newly launched UPI (Unified Payment Interface) is expected to give a big boost to cashless transactions. Number of credit and debit cards users have increased to 25.4 million and 691.1 million, respectively. The demonetization drive may encourage people to learn and settle transactions online. RTGS and NEFT volumes increased almost threefold between 2013 and 2016 reflecting greater adoption of the system by all segments of users. As more people start using RuPay debit cards and Aadhaar for digital payments, it will facilitate a less cash economy. For a smooth transition to a cashless economy, the government will need to ensure that the largely cash-dependent informal sector in India is assimilated into the system.

S P Mishra
Nuclear Medicine
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ACADEMIC SIGHT

Completely Cashless: Myth or Reality

“Cash mein Kitne ka padega ?”



Till a few months back, this was a common statement where every purchase carried a different token amount when transaction was completed in cash versus card. White and Black money were the day to day terms for real estate. The concept of going cashless had started long back with the advent of virtual wallets. These virtual wallets were struggling to make a place of their own. They were successful amongst the youth that used the wallet cash backs and kick backs for online shopping and rewards. But a large audience was still sceptical. In Nov'16 when the country was swept by the demonetization wave, people were compelled to move to mobile wallets for their survival. It is at this time that people realized the benefits of a cash less economy. The best benefit being transparency of the transactions. Every penny of our hard earned money is going in the right hands and is being documented, this feeling in itself was

close to patriotism. For a large number of multi taskers like me that would often forget to carry required amount of cash or exact change; using a virtual wallet was just the answer. One can go on to sing about the transparency and credibility advantages of cashless economy, but the major challenges come in terms of habits. A huge chunk of people are still not on board of this cashless economy just because they are habituated with paying in real cash than virtual cash. These pertain to people that are not technologically savvy, that belong to a particular social class where learning a new tool seems difficult, where age acts like a barrier. Further efforts are still required by the government to educate, train and groom people of all the various demographics so that a completely cashless economy can be made a reality.

Swati Oberoi Dham
Assistant Professor
New Delhi Institute of Management
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The Concept of “Trust” in a Cashless Economy



As we move to a “less cash” towards a “cashless” economy, the idea that we can trust the cashless system is something that needs to be examined. The concept of fiat money itself is built on a system of trust. Cash serves as a token of that trust, and we need a new token of that trust, which is based on technology rather than *specie* and paper. Niklas Luhmann, a German sociologist defines trust as a mechanism that reduces social complexity and allows human beings to function properly. He differentiates between familiarity, confidence, and trust. Familiarity is based on the past. People are willing to enter into social relationships with things they are familiar with. Confidence and trust have a future orientation. Confidence is based on imputing no risk to choices that have to be made, and often, there is only one choice available. Disappointment is seen as a rare event. Trust is based on a proper assessment of risks of several options, after which a choice is made.

Initially, people were not familiar with a cashless system, and were not willing to accept it. However, as they became more familiar with cashless transactions, they build confidence into the system. Often, there was no choice for people but to use a cashless system. Slowly, confidence in a cashless system grows, and people assume that there are no risks to using this system. However, what we would really want for people to do is consider the risks associated with a cashless system, and then choose to use a cashless system. Only then is trust in the cashless system inculcated, and the system becomes more acceptable.

Ashok Natarajan
Professor, School of Management
Presidency University
Bangalore

“INDIA WILL BE
 GLOBAL
 PLAYER IN
 DIGITAL
 ECONOMY”

SUNDER PICHAI
 GOOGLE

STUDENTS’ PERSPECTIVE

My Story of Cashless



“CASHLESS” might sound simple but believe me it has brought tremendous change. The change that we wouldn't have imagined, the change that happened drastically. A decade before my mom used to stand in que waiting the whole day to pay bills, to transfer money, to shop and to travel. But now the term cashless has made her work so simple and easy. The bills are paid online through Paytm, Phonepe, Freecharge and Mobikwik. Money transfer can be done in fraction of seconds from one bank account to another (Tez). A smart phone and an internet connection is what all we need to transfer money. It has reduced her burden of carrying more of cash with fear that it might be lost or misplaced which is actually a matter of risk. It has helped her in times when she was running out of grocery and cash as well.

She just simply has to order what she needs and things reach at doorstep and the mode of payment is online. Once, I was in an hurry to go out I had booked a cab to travel from my place to the destination and I had unfortunately forgot my wallet so but online payments helped me solve that problem. And now we go with less cash and cashless. This is the change that we brought in our life to make life better, lighter and easier.

I hope to spread the same across all corners of the society so that everyone can be part of this inclusive India.

Sowmya C S
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CAMPUS TALK

THE TEAM

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ARTICLES INVITED FOR NEXT ISSUE ON
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1st International Conference – Digital Entrepreneurship-Prospects, Perils, Dividends and Challenges , 20th and 21st April 2018, Organized by the School of Management, Presidency University

The School of Management hosted two days International Conference on Digital Entrepreneurship which attracted speakers from Finland (Dr. Ulla Koivukoski, Avanto Ventures) to Malaysia (Dr. Naresh Kumar, Kelantan Universiti). The Country Head for Yes Bank, Amit Shah was the Chief Guest, while one of the panels was presided by Dr. Aloknath De – the Country Head for Samsung. Mr Krupesh Bhat of Legal Desk.com defined Digital Entrepreneurship as one that could be scaled exponentially, can run without the Founder's constant presence and of course make profit.



Chetan Bhagat at the Power Talk Series

The Founder's Day Power Talk Series was held as a precursor to the Founder's Day which will be celebrated on the 3rd of February 2018. The inaugural lecture was delivered by Chetan Bhagat, bestselling author and motivational speaker who spoke on the topic "Life Skills for the Millennials." He wooed the crowd with his easy wit and charm and gave the students an insight as to how to follow their passion and raise above the self and society imposed boundaries. It was a completely interactive session where in students, faculties and budding writers posed various questions which Chetan Bhagat answered in his inimitable style, sharing vignettes from his own life as examples.



Know Your Goals-Management Student Efforts

The afternoon of Friday, 8th December was eventful for the students of the School of Management Presidency University. A group of 15 students along with faculty visited the Kakolu Government High School; Bangalore, India spent more than a couple of hours sharing the 17 goals of the UN Sustainable Development Solutions Network, with examples from everyday life. The post graduate students worked on a presentation with visual aids like charts and spoke in Kannada – the local language and the medium of instruction in the school that they visited. They also conducted a drawing/sketching competition after the presentation.



Corporate Connect

Mr Vishwas Shetty, National Head – Sales, IndiaBulls addressed the Management students on February 2, 2018. Mr. Shetty gave a very frank and realistic picture of what to expect when starting work, the likely challenges and the sure fire way to success. He shared his own experiences in a witty manner and had the students smiling often while connecting with what he said. The students of the School of Management who formed the audience took away precious food for thought on how they should be envisaging their future. The importance of being conscious of the image one is projecting, the language used and the willingness to work were brought out succinctly in the interaction.



Campus Reverberates by presence of Dr. Hari Krishna Maran

Dr. Hari Krishna Maram, Governing Council Member (AIMA), Member-UGC addressed the students on "Future Technology Changes and How We Can Take Advantage." He is the Digital Brand Ambassador of vision digitalindia.com and Chairman and Founder of Imperial College Bangalore. The Interactive talk session was very informative because of the many facts and figures that Dr. Maram used to emphasize the core of his lecture, which was how technology and collaboration are today's buzzwords for success. Dr. Maram ended his talk with a very significant point that, like in the Indian Movies of yore, where heroes would take the lesser used path to reach faster than the villain, the youth too must do things differently in order to be successful.



MBA Students @ Karnataka Soaps & Detergents Ltd.



Management Fest Cerebrum



Farewell @ SOM 2018

RECENT ACTIVITIES



Sports Fervor Generates Energy



Campus Ignites on Freshers' Day



Blood Donation Camp @ Campus



The Intercollege Fest Meraki 2018