

# Going cashless in midst of pandemic

Vivek Agrawal, Head of Enterprise Business at Comviva, points out that the pandemic has sped up the process of online and contactless payments. And it is just the beginning



Apart from the real global threat to health and humanity, the 2019 novel coronavirus (2019-nCoV) has also brought forth multiple new challenges across various industries, including banking.

Cash has, for instance, come under scrutiny, owing to the public concern pertaining to transmission of the virus via this instrument. To address this, banks around the world are undertaking various initiatives to reinstate universal acceptance. The South African Reserve Bank, for instance, has counteracted scams in a timely manner. It has clarified that there is no evidence of transmission by cash and it is not withdrawing this instrument from circulation (SARB 2020). Other measures taken globally include:

However, changed perceptions to cash are still significantly widespread. Globally, in fact, the emphasis is on creating a cashless economy.

## Digital payments: the global war cry

In this situation, digital payments have, therefore, emerged as a viable solution.

Naturally, governments, global bodies, banks and financial service providers are focusing on pushing digital, contactless payments and remote banking.

## Pushing Remote Banking and Digital Payments

In the Middle East, it is believed that the pandemic is more than likely to provide a tipping point to a cashless society and further digital connectivity. The emphasis on cash and cash-on-delivery will, therefore, cease to exist. Also, the demand for contactless mobile payments, such as Apple Pay, Google Pay, Samsung Pay and a bank's own payment application is expected to expand.



Vivek Agrawal, Head of Enterprise Business at Comviva

In fact, contactless payments are already being focused upon. Various card schemes have increased the contactless payment limits across the region. In the banking space, leading players have encouraged customers to leverage digital and online banking services. Notably, over the past few years, banks in the region have already undertaken multiple digital payment initiatives. This ranges from launching separate digital-only banking platforms, to strengthening existing mobile and online banking services with various technologies like QR code, NFC-HCE.

## Envisaging a post-2019-nCoV world

Of course, while it is too soon to envisage

## IN CASH WE TRUST?

- The People's Bank of China is sterilising banknotes in regions affected by the virus
- The United States' Federal Reserve System is quarantining bills arriving from Asia prior to recirculation (Schroeder and Irrera (2020))
- Central banks in South Korea, Hungary, Kuwait, et al, are sterilising or quarantining banknotes, to ensure that cash leaving central bank currency centres does not carry pathogens

a post-2019-nCoV economy, new types of payment structures are well underway.

However, while digital payments are certainly advancing by leaps and bounds, it remains to be seen if cash can be dismissed. Digital payments, such as contactless card payments have their own challenges. Their vulnerability to fraud is increased as they do not require a PIN for small transactions. Also, the divide between those with access to digital payments and those who don't is set to widen. This is, however, contingent on cash ceasing to be an acceptable payment instrument. Multiple technologies, too, are expected to come to the fore.

All in all, the pandemic has certainly changed the face of the payments industry, as we know it. This is, however, only the beginning. One thing's certain, though-the best is yet to come, challenges notwithstanding.

## A DIGITAL CALL-TO-ARMS

- The Ministry of Municipal and Rural Affairs in Riyadh has passed a multitude of rules and regulations pertaining to home delivery services of food and essential goods. No transactions are to be carried out in cash, but focused on electronic methods only.
- A UAE-based fintech firm has introduced a fast and secure mobile payment services platform. This is aimed at replacing cash and cards with contactless and cashless payments at physical store locations.
- Many UAE-based banks have automated digital transactions in excess of 95 per cent and have launched a host of digital products.

## ENVISAGING A DIGITAL-FIRST FUTURE

- The switch to a cashless society will be fuelled by the adoption of alternative integrated payment features powered by mobile wallets and digital only banks.
- Personal mobile devices will become a user's central operating device. Consumers will use mobile devices to operate ATMs and terminals remotely without touching the screen.
- By 2025, e-wallets are expected to be the second-most preferred method of payment after cards - and the first among millennials-Deutsche Bank AG