

Role of Digital Competence in Cashless Economy

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Abstract: The basic purpose of this paper is to visualise the role of digital competence in cashless economy and to establish a theoretical relationship between them. Digital Competence refers to the set of knowledge, skills, attitudes (including abilities, strategies, values and awareness) that are required when using Information and Communication Technology (ICT) and digital media to perform tasks, solve problems and communicate. Digital competence is the prerequisite to cashless economy or cashless transactions. Cashless economy is an economy where transactions are made without physical movement of cash rather by the use of credit or debit card, internet banking etc. Digital competence is an integral rather compulsory part to transform an economy from cash to cashless; as basic knowledge, skills and attitudes are necessary to use ICT and digital media to complete a transaction without cash.

Key Words: Digital competence, cashless Economy, ICT

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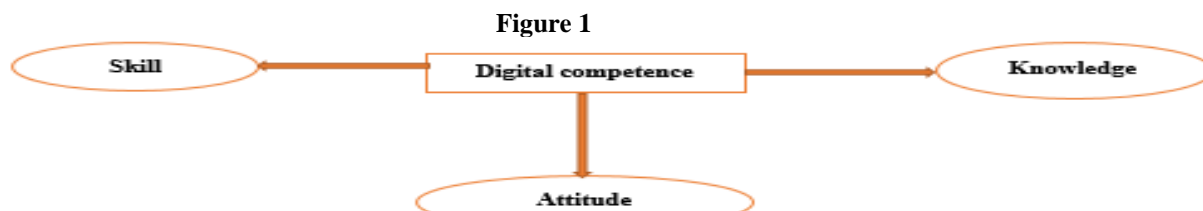
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I. Introduction

Digital competence is the most recent concept describing technology related skills. The dream of Digital India will only come true when people of India are digitally competent. A cashless society is a society where currency notes or cash money are not used in monetary transactions. The European Commission (Punie & Cabrera, 2006) has defined digital competence as involving the confident and critical use of information technology for work, leisure and communication. Digital competence incorporates a more complex and holistic proficiency in the use of ICT. The ITU defines digital competence as “skills, knowledge, creativity and attitudes required to use digital media for learning and comprehension in a knowledge society”. Digital competence consists of:

- i) Technical skills to use digital technologies.
- ii) Abilities to use digital technologies in a meaningful way for working, studying and for everyday activities.
- iii) Abilities to critically evaluate the digital technologies.

Digital competence is the set of knowledge, skills and attitudes necessary to play an active role in using ICT. It's difficult to perform cashless transactions unless one is having the relevant knowledge of various means to perform cashless transactions. In spite of relevant knowledge of various means to perform cashless transactions one may fail to do so if there is lack of skill. Skill refers to the ability to do something. Hence skill is indispensable to cashless transactions. Last but not the least, attitude plays a very crucial role in any economy in making it cashless. Mere literacy of individual is not sufficient for cashless transactions. This is the attitude which breaks the resistance and helps to adopt new ways of transactions called cashless transactions.



Digital competence means the knowledge or the understanding of the functioning of the main computer applications, skills or ability to manage information and the attitude or the recommendation gauges as essential that citizens are critical and reflective towards information. A digitally competent person has effective ICT skills, an ability to critically evaluate information and social awareness. A citizen is digitally competent if he or she is able to make use of digital means to reach personal goals.

Digital Competence and Cashless Economy

Digital Literacy is the key to more effective e-payments and cashless transaction. A cashless economy is one in which all the transactions are done using cards or digital means. The circulation of physical currency is

minimal. Complete cashless economy is neither feasible nor desirable from economic point of view, especially countries like India where majority of population is unable to use ICT and digital media. Hence, it's better to use the term less cash instead of cashless. In this paper cashless means less cash and vice versa. There are various modes to go for cashless payments, such as:

- E-wallets: Paytm, Free charge etc.
- Plastic money: Debit cards, Credit cards
- Net banking, Mobile banking (mobile payment system)

On the other hand, digital competence comprises the related knowledge and skills you need to have to exploit ICT efficiently for your own needs, be it for your personal or professional life. In this era of technology, most of us opt for cashless transactions as it is an easy way out for making payments. To make cashless transactions, a person has to be digitally competent. A person needs to have the knowledge, the skills and the attitude to make use of the ICT. In India, many literate people don't know how to operate cards. Many have the fear of being cheated by fraudsters. Most of us lack the right attitude for using digital means leading to cashless transaction. Mobile payment system is a popular system of payment and allows commercial transactions to be carried out anywhere, any time and by anyone and such type of transactions support cashless economy. Agboola (2006) observed that some payments are now being automated and absolute volume of cash transactions have declined under the impact of electronic transaction brought about by the adoption of ICT to the payment system especially in the developed countries.

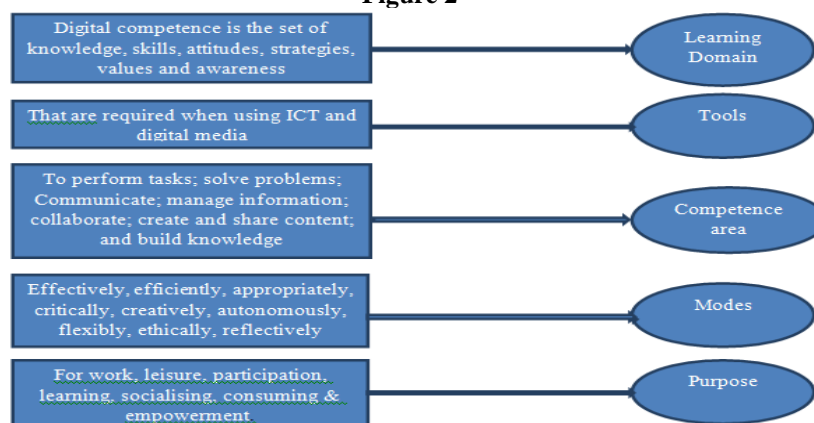
In a cashless economy, everybody needs digital competence in order to be able to use digital media for the purpose of learning. Digital competence focuses on developing digital skills which can be applied to a wide range of subjects and scenarios. Financial literacy and awareness about digital transactions which leads to digital competence is paramount to make cashless economy a reality. For carrying out different kinds of digital transactions appropriately, safely, confidently and with a definite purpose, an individual must be digitally competent and financially literate & aware about digital transactions.

The trend towards the use of digital transactions and settlement in daily life began during 1990s when electronic banking became popular among people in different countries across the globe. A widespread use of digital payment methods was witnessed during 2010s in many countries and these methods among others include PayPal, digital wallet systems, Payments by electronic card or smart phone, electronic bills etc. By 2016, in UK it is reported that 1 in 7 people no longer carries or uses cash. Recently, the government of India launched a mission of cashless India to reduce dependency of Indian economy on cash and to bring the stashed black money lying unused into the banking system. On 8th of November 2016, the government of India took a revolutionary step of demonetization of old currency notes of 500 and 1000. The move has turned out to be a push towards cashless India that is bound to pave the way for a cashless economy, marked by greater transparency, ease and convenience in monetary transactions. In order to transform the entire ecosystem of public services through the use of information technology, the Government of India has launched the Digital India Programme with the vision to transform India into a digitally empowered society and knowledge economy

Relationship between Digital Competence and Cashless Economy

Digital Competence is the set of knowledge, skills, attitudes, abilities, strategies, and awareness that are required when using ICT and digital media to perform tasks; solve problems; communicate; manage information; collaborate; create and share content; and build knowledge effectively, efficiently, appropriately, critically, creatively, autonomously, flexibly, ethically, reflectively for work, leisure, participation, learning, and socialising (Ferrai et al., 2012). This definition has been bifurcated into various segments

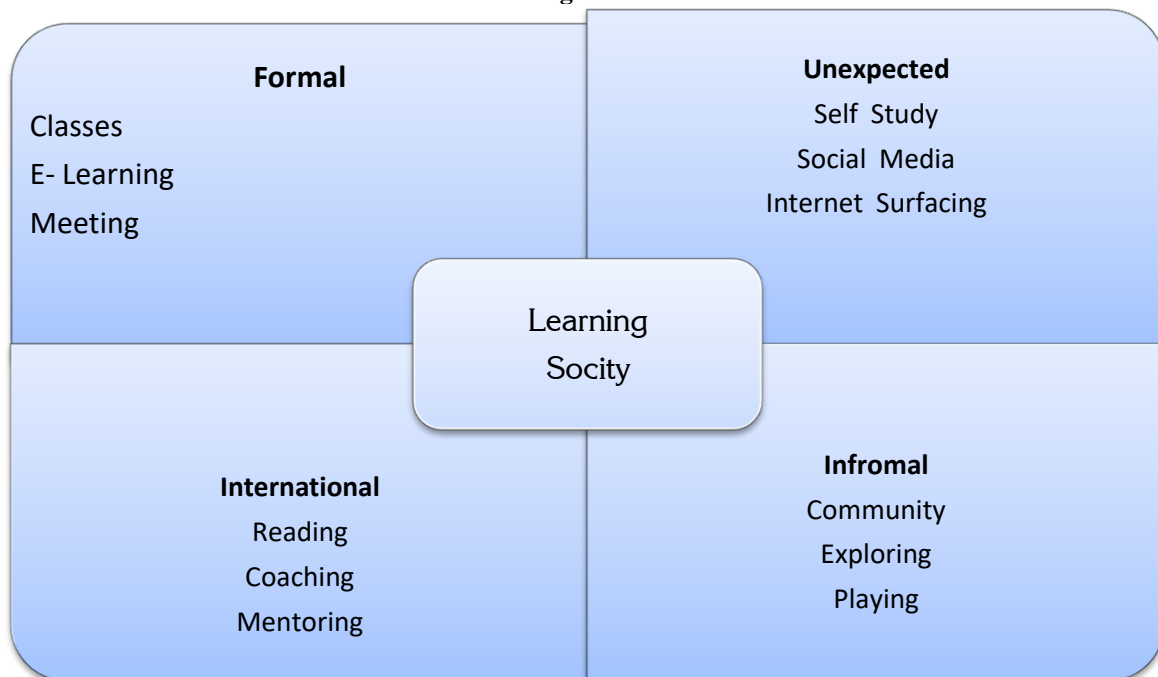
Figure 2



(Adopted from Ferrai et al., 2012)

From the above definition it is inferred that the use of ICT and digital media for different purposes; such as communication, managing information, online transactions and creating and sharing contents etc. are the areas of competence which are very important in cashless transactions. Digital literacy is imparted through ICT (Parvathamma, N. V, 2013). Knowledge, Skills and Attitudes can be learned either formally or informally. ICT and digital media are regarded as tool through which digital competence can be obtained consequently helping in cashless transactions. It's not necessary to be digitally competent in every cashless transaction but in some cases, we must be competent. Some of the important methods of cashless payment are listed below- Cheque, Demand Draft, Online Transfer- NEFT or RTGS, Credit Card or Debit Card, Electronic Purses/ Wallets, Mobile Wallets, UPI Apps, Gift Card, Aadhar Enabled Payment System, electronic fund transfer at a point of sale and Unstructured Supplementary Service Data. Some of the methods can be used without knowledge of ICT and digital media whereas some of them are not possible. E- Learning is important component of formal learning, has changed the traditional concept of learning, thus helpful in making cashless transactions.

Figure 3

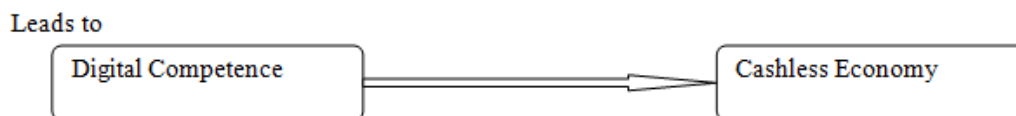


(Adopted from Catelli, A., 2012)

Figure 3 represents that learning in our society is four dimensional out of which E- Learning which belongs to formal learning domain, plays a vital role in obtaining digital competence. As it helps in getting knowledge, skill and attitudinal aspect of cashless transactions and many other aspects of using ICT and digital media.

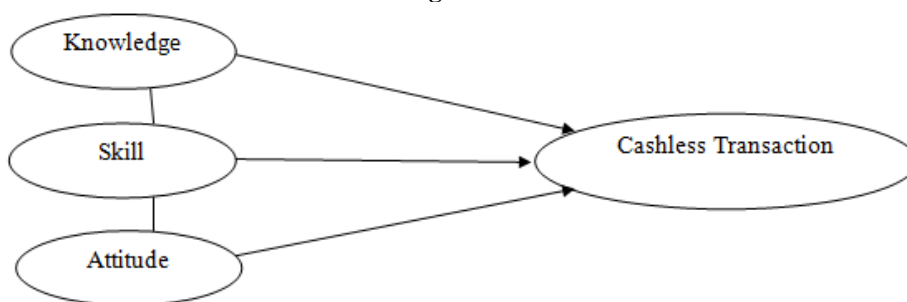
Online shopping is the fruit of information Technology sector (Rao, 2005). ICT user skill represents the capabilities required for the effective application of ICT system and devices by the individual, apply system as a tool in support of their own work (Ala- Mutka, K., 2011). Media literacy refers to skill, knowledge and understanding that allows consumer to use media effectively and safely (European Parliament and Council, 2010). Cashless economy depends on ICT, (Agabonifo et al., 2012) suggested that ICT ensures success of cashless policy.

Figure 4

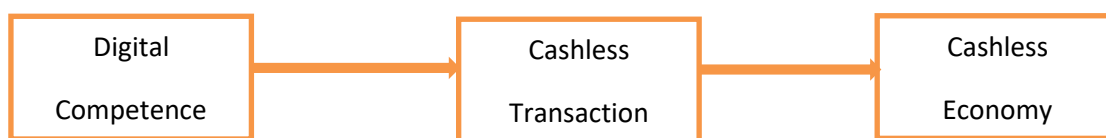


Digital competence is combination of knowledge, skills and attitudes related with ICT and digital media that are required for cashless transactions. Here authors have tried to explain how digital competence is related to cashless transactions or how digital competence leads to cashless economy.

Figure 5



From the above figure it's clear that knowledge, skills and attitudes are the learning domain which can be learnt to perform cashless transactions which lead to cashless economy. Cashless economy is not possible without cashless transactions. Therefore it's clear that digital competence leads to cashless transactions and subsequently to cashless economy. Norway became the first country in the world with a national curriculum where digital competence was one of the five basic core competencies. Krumsvik (2008) Computer literacy, media literacy, digital literacy and digital competence are all concepts which highlight the need to handle technology in the digital age. Digital competence has broader and holistic meaning. Digital competence helps to manage ICT and other digital media. Hence it's worth mentioning that digital competence is the road to cashless transactions / less cash transactions and there is a direct link between digital competence and cashless transaction.



It's clear from above typology that digital competence leads to cashless transactions and subsequently to cashless economy. There are no empirical evidences in literature regarding such relationship, hence degree cannot be determined but direction is quite clear in literature for this relationship. Literature on learning also emphasizes that understanding and facts ease transfer of skills to new situations (Bransford, 2000). From an Indian perspective learning of ICT and digital media will help the people to adjust with new kind of financial transactions i.e. cashless transactions. Users who are better able to learn on their own become more proficient in performing cashless transactions and need not be digitally competent, their attitude helps them to do the same, in such a case perhaps, but generally for performing cashless transactions one needs to have knowledge, skill and attitude to use ICT and digital media for cashless transactions and therefore making economy cashless.

II. Conclusion, Limitations and Recommendations

Digital competence is one of the essential elements of cashless economy. People who are digitally competent will not hesitate to go for cashless (digital) transactions and will perform the same with more accuracy and confidence. Digital competence will ensure more and more cashless transactions which will ultimately lead to cashless economy. The attitude of people towards cashless transactions plays a very pivotal role. There are no empirical evidences which have found the relationship between digital competence and cashless economy but there are theoretical supports and evidences of such relationship. Researchers only tried to establish theoretical relationship between two sets of variables, further this relationship can be tested by the researchers empirically in different parts of the globe. Only digital competence has been taken into account for the present study but there are other factors as well which play an important role in determining a cashless economy. To make digital competence a reality, the government will need to work on digital infrastructure and digital literacy of the public at large, which can be made possible through digital literacy programmes at different levels of governance (village level, block level, tehsil level, district level etc.). Moreover, the government needs to establish such institutions which will create awareness among people through different ways such as workshops, conferences, seminars etc.

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