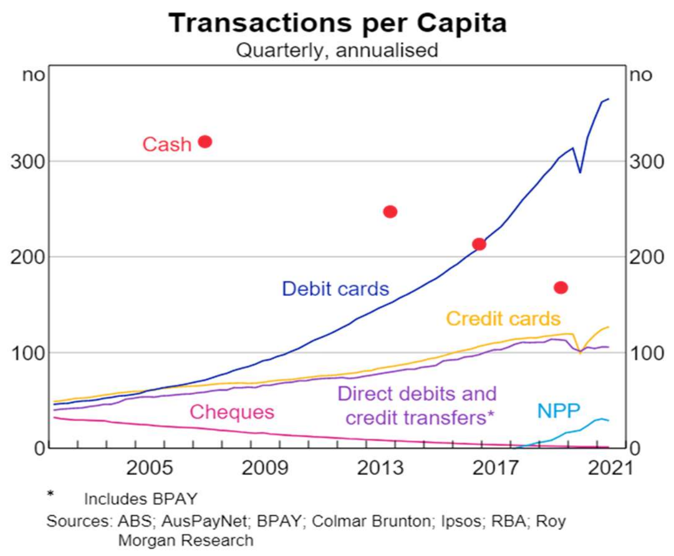
How Electronic Payment Impact On Economy And Monetary Policy
Impacts of Electronic Payments

Cashless payments promote economic growth

Cash payment is no longer king. In reality, a cashless economy expands more slowly and miss out on huge financial rewards. In contrast, a digitized economy is more prosperous. In Australia, card use contributes to GDP average 0.19 percent in the period from 2011 to 2015 (Moody's Analytics). According to Visa Australia, in the same period of time, the increased use of electronic payments contributed $11.93 million to the Australian economy. Moreover, growth in the use of electronic payments in Australia also created an average of 21,360 jobs per year (Visa).

More and more payments are now made electronically rather than in cash, and checks are rarely used (Figure 1). In 2020/21, Australians averaged around 625 electronic transactions per person, up from 275 a decade ago. Debit cards are the most popular retail payment method in Australia and debit cards are preferred over credit cards for most transactions. According to the Bank's retail payments statistics, around 75% of card payments in Australia in 2020/21 were made with debit cards, compared to around 60% a decade ago according to RBA.

Figure 1.



However, while respondents in this demographic are increasingly using electronic payment methods over time, older Australians continue to make a significant percentage of their payments in cash. In the wider transition to electronic payments, it will be important to consider the needs of those who continue to prefer to pay by cash or check or who do not have access to electronic payment options.

The effect of e-payments on Monetary Policy

Bitcoin trading is uncharted territory for the world's central banks. From the lender's point of view, international trade reduces the money supply of one country and increases the money supply of another. The transaction was carried out without the use of global central banks and intermediaries. The only record of a transaction is on the blockchain, but the blockchain does not show that the transaction has crossed borders.

A single transaction cannot have a significant impact on national monetary policy and multiple transactions. In electronic payment systems, monetary policy statistics may not be accurate. monetary policy. Manufacturers who develop sophisticated econometric models to guide policy may miss an important unseen part of international trade. When policies are based on unreliable data, they can lead to inappropriate policies (Kelly, 2014:62).

Government policies and structures must protect consumers and mitigate a number of integration challenges. First, public infrastructure policies must enable the technological infrastructure to provide nationwide broadband services. Given the already developed infrastructure in developed countries, there are no obstacles in this matter. However, to prepare for digitization, underdeveloped countries must work with state banks to develop policies to expand their broadband infrastructure and develop competitive markets for their broadband providers.

References

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