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Moving from cash to cashless economy: Factors affecting digitalization in Nepal

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Abstract

This study examines the factors affecting digitalization in Nepal. A cashless economy is a dependable variable. The selected independent variables are digital payments medium, technology, internet, cybercrime, and security. The primary source of data is used to assess the opinions of the respondents regarding different factors affecting digitalization in Nepal. The study is based on primary data gathered from 121 respondents all over Nepal. To achieve the purpose of the study, a structured questionnaire is prepared. The correlation coefficients and regression models are estimated to test the significance and importance of digitalization in the Nepalese economy.

The study showed that digital payments medium has a positive impact on the cashless economy. It indicates that an increase in digital payments medium leads toward a cashless economy. Likewise, the result also showed that technology has a positive impact on a cashless economy. It indicates that technological advancement leads toward a cashless economy. The result also revealed that the internet has a positive impact on a cashless economy. It indicates that the fast and secure internet leads towards a cashless economy. Likewise, the study showed that cybercrime has a negative impact on a cashless economy. It indicates that a decrease in cybercrime leads towards a cashless economy. Further, the study showed that security has a positive impact on a cashless economy. It indicates that highly secured network leads toward a cashless economy.

Keywords:Cashless economy, digital payments medium, technology, internet, cybercrime, and security.

1. Introduction

Cashless economy refers to the physical stream of national exchange being replaced with digital platforms such as online transactions, the introduction of plastic cards, Internet banking, etc. (Praseetha *et al.,* 2019). With this change, the currency is not restricted from use, whether it means slowing down the usage of cash currency by utilizing the appropriate procedure. The role of digital transactions becomes more prominent; hence it provides an alternative solution to the population from different perspectives (Alibekova *et al.,* 2020). Digitalization means internet banking or e-banking, which offers

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the customer to check their balance in their account, fund transfer among accounts, and apply the loan application download transaction information, and trade stocks or mutual funds (Khan *et al.,* 2004). Cashless payment is a behavioral change in people where people eliminate the usage of money as a medium of exchange for goods and services by allowing electronic transfer payments or nonelectronic payments via cheques (Tee and Ong, 2016).

Premchand and Choudhry (2015) suggested that even though cashless payments are growing rapidly across the world, the hard currency remains resilient. By adopting an electronic payment system an economy leads to a cashless society. A cashless transaction is a secure payment for customers, increases revenue, and improves operational efficiency for sellers. However, despite all these benefits associated with e-payment, adequate ICT know-how among users and fear of security breaches remain the most concern of individuals, organizations, and experts in the field of information systems (Khairun and Yasmin, 2010). The adoption of electronic payment systems is much less in government and public sector establishments (Hussein *et al.,* 2010).

A cashless economy is an economic system in which transactions are not done predominantly in exchange for actual cash. It is defined as one in which there are assumed to be no transaction frictions that can be reduced through the use of money balances, and that accordingly provide a reason for holding such balances even when they earn a rate of return (Woodford, 2003). A cashless transaction refers to an economic setting whereby goods and services are transacted without cash either through electronic transfer or cheque payment (Pyul et *al.,* 2012). The effect of cashless payment on an economy can be analyzed by the Diffusion of Innovation Theory (DOI). The concept was first introduced by Roger in 1962 when he explained how innovation is diffused to members of a social system over time (Rogers, 1995).

Oyewole *et al*. (2013) exposed that adopting electronic payment will positively affect economic growth and trade. Hasan *et al.* (2012) examined the fundamental relationship between the adoption of electronic retail payment and overall economic growth across 27 European countries from the period 1995–2009. The study discovered that migration to an effective electronic retail payment would stimulate overall economic growth, consumption, and trade. Likewise, Zandi *et al.* (2013) studied whether the long-term shift to credit and debit cards stimulates economic growth in 56 countries worldwide. The study concluded that electronic card payments can increase efficiency and boost the consumption of the economy. Moreover, the adoption of electronic

transactions is essential for transparency, accountability, and reduction of cash-related fraud, the fundamental elements of economic growth and development (Mieseigha and Ogbodo, 2013).

The idea of e-banking and online banking to move towards a cashless economy incorporates a wide range of banking exercises performed through electronic networks. It is the latest conveyance channel of banking administrations which is utilized for both business-to-business (B2B) and business-to-client (B2C) exchanges (Daniel, 1999). As the world is technologically advancing in every field, the banking sector has also evolved over time. Advancements in information technology have been very rapid and intense. However, all these limitations have been overcome as the banking sector has now technologically advanced and adopted online banking, also called internet banking or e-banking (Furst *et al.,* 2001).

According to Agrawal *et al.* (2021), a cashless economy does not mean the complete absence of cash; it is just a medium of money supply in which goods and services are purchased and sold, and payment is made or received electronically. The study examined moving from a cash to a cashless economy: toward digital India and found that there will be both positive and negative impacts in moving from a cash to a cashless economy. Pandey (2022) explained a study on digital payment systems and consumer perception. This study indicated that the adoption of digital payment is influenced by the education level of the customer.

Dalebrant (2006) studied the monetary policy effects of Sweden's transition towards a cashless society and the findings of the study showed that there is no relationship between the growth rates of the money supply and economic output. Schreft and Smith (2000) studied the evolution of cash transactions. The study found that even perpetual declines in the demand for base money pose no threat to the traditional methods employed for conducting monetary policy. Bryant (2002) studied trade, credit, and systemic fragility. The study showed that with the decentralization of trade, the indemnification of either merchant bank credit instruments or local bank deposits eliminates fragility which resulted in a stable cashless economy, a replacement of trade in specie.

Reistad (1967) examined the coming cashless society. The study concluded that future new technologies can positively and negatively impact customers while going cashless. Downey (1996) showed that without proper legislation, the internet may never realize its full potential. Tanaka (1996) analyzed the possible economic consequences of digital cash and found that

digital cash will provide positive benefits and negative problems shortly. Swartz *et al.* (2006) analyzed the move toward a cashless society. The study showed that merchants face relatively high net private costs for electronic payment methods as compared to paper payments but in general, the shift towards a cashless society appears to be a beneficial one.

Takala and Viren (2007) investigated the impact of ATMs on the use of cash in the bank of Finland. The study showed a very different effect on banks and consumers, which makes it difficult to predict future developments in ATM networks. Lineonen (2008) analyzed payment habits and trends in the changing e-landscape. The study showed that increasing the efficiency of payment systems is positively related to implementing new technologies. Hu *et al.* (2008) studied mobile payment and banking the killer apps for mobile commerce and found challenges and opportunities associated with this argument are positively and negatively correlated. *Liu et al.* (2012) analyzed the consumer implications of the use of electronic and mobile payment systems. The study stated that the higher the socio-economic background the easier it would be to afford the basic needs necessary for academic performance.

Jain and Jain (2017) explored a journey towards a cashless economy to understand the theoretical concept of a cashless society with the help of its SWOT analysis. The study found that respondents are able to create a significant relationship between the use of cashless instruments with ease/comfort, security/safety, and cost benefits of the transactions. Meena (2017) analyzed a move from a cash economy to a less-cash economy in India. The study cocnluded that this move will help in curbing corruption and black money. Girija and Nandhini (2018) studied awareness about the cashless economy among students in K. S. Ramasamy College of arts and science where the ANOVA proved that there is no significant relationship between the method of transaction and opinion regards the benefits of a cashless economy.

Yuvaraj and Eveline (2018) examined consumer's perceptions of cashless transactions and information security in the digital economy. The study revealed that the majority of consumers prefer credit/debit cards as the most comfortable mode of payment followed by mobile wallets. Moreover, Singhraul and Garwal (2018) studied the cashless economy – challenges and opportunities in India. The study showed that an effective and modern payment system is positively correlated with economic growth. According to Yu (2009), security experts stated that mobile banking is safe than computer banking since very few trojans and viruses exist for phones and that doesn't mean mobile banking is vulnerable to security threats, but mobile users are

particularly susceptible to a publishing-like scam referred as smashing, it occurs when a mobile banking customer receives a fake text message asking the details of bank account from a hacker acting like a financial institution.

In the context of Nepal, in 1937, banking began in Nepal with the establishment of the first bank that is the Nepal Bank, Ltd. After that, it took nearly 58 years for the banking sector in Nepal to initiate online banking. In 1994, Mercantile private limited introduced the ISP and started email service for commercial purposes (Yadav, 2004). The Himalayan Bank, Ltd. was first in line in this regard, as it was the first bank to introduce the Automated Teller Machine (ATM) and telebanking in 1995. However, it was not until 2002, that online banking was properly started in Nepal by the Kumari Bank, Ltd (Mishra, 2008).

One of Nepal's first digital wallets, E-Sewa, entered the country's digital payment system market in 2009. With the launch of numerous digital payment service providers like eSewa, IME Pay, Khalti, etc. When it comes to the history and introduction of the idea of digitizing payment services in Nepal, Kumari Bank was the first business to launch online banking there. However, Nabil Bank launched the credit card system in 1990. Moving on to the digital wallet or mobile wallet system, eSewa, developed by F1 Soft International and released in 2009, was the first on the market. It took almost ten years for the market to accept it, and other payment systems like Khalti, IME Pay, QR Pay, connect ips, and Prabhu Pay soon followed (Timsina, 2019).

Sharma and Dhulikhel (2020) analyzed digital governance in Nepal at Kathmandu University and found that citizens' knowledge about the new e-government services is constantly used of e-government services. Giri (2020) studied factors affecting the adoption of digital payment systems at Tribhuvan University which showed that both technological and trust-based issues are important in increasing customers' behavioral intention to use digital transactions. Agrawal (2020) analyzed covid-19: a boon for digital transformation in the financial industry which exposed the urgency for digital transformation and showed a positive relation to contactless payments during covid-19. Tamang *et al.* (2021) studied the acceleration of digital payment adoption during the covid-19 pandemic. The study showed that people have shifted from cash to digital payment since the start of the pandemic.

The above discussion shows that the studies dealing with factors affecting digitalization are of greater importance. Though these are the findings in the context of different countries and Nepal, no such findings using more recent data exist in the context of Nepal.

The above discussion reveals that the empirical evidences vary greatly across the studies concerning the different factors affecting digitalization in Nepal. Though there are above mentioned empirical evidences in the context of other countries and in Nepal, no such findings using more recent data exist in the context of Nepal. Therefore, in order to support one view or the other, this study has been conducted.

The main purpose of the study is to analyze the different factors affecting digitalization in Nepal. Specifically, it examines the relationship of digital payments medium, technology, internet, cybercrime, and security with cashless economy in Nepal.

The remainder of this study is organized as follows. Section two describes the sample, data, and methodology. Section three presents the empirical results, and the final section draws the conclusion.

2. Methodological aspects

The study is based on primary data. The data were gathered from 121 respondents through questionnaire. The study used convenience sampling technique to select the sample for the study. The respondents' views were collected on digital payments medium, technology, the internet, cyber-crimes, security and importance of cashless economy in Nepalese economy.

The model

The model estimated in this study assumes that the cashless economy depends on a digital payments medium, cybercrime, the internet, security and technology. Therefore, the model takes the following form:

Mobile Banking= f (Digital payments medium, technology, internet, cyber-crimes, and security)

More specifically;

$$CE_{it} = \beta_0 + \beta_1\,DPM_{it} + \beta_2\,T_{it} + \beta_3\,I_{it} + \beta_4\,CC_{it} + \beta_5\,S_{it} + e_{it}$$

Where,

CE = Cashless economy

DPM= Digital payments medium

T= Technology

I= Internet

CC= Cybercrime

S=Security

The cashless economy was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly agree

and 5 for strongly disagree. There are 5 items and sample items include "One of the factors that negatively affect the medium of the cashless transaction is technology", "Online or Cashless transactions become dangerous due to cybercrime" and so on. The reliability of the items was measured by computing Cronbach's alpha ($\alpha = 0.922$).

Digital payments medium indicates the responses using 1 for strongly agree and 5 for strongly disagree. There are 5 items and sample items include "Digital payments medium helps to do online transactions with proper security and ease", "More digital payments medium have a significant impact on customers' preference for cashless transactions" and so on. The reliability of the items was measured by computing Cronbach's alpha ($\alpha = 0.777$).

Technology was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly agree and 5 for strongly disagree. There are 5 items and sample items include "Technically skilled individuals can use the cashless transactional medium with ease", "I am aware of the most recently mobile banking updates" and so on. The reliability of the items was measured by computing Cronbach's alpha ($\alpha = 0.756$).

Internet was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly agree and 5 for strongly disagree. There are 5 items and sample items include "When the connection speed is slow, online payment transactions become unresponsive", "If the internet is down, it is impossible to do cashless transactions" and so on. The reliability of the items was measured by computing Cronbach's alpha ($\alpha = 0.738$).

Cybercrime was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly agree and 5 for strongly disagree. There are 5 items and sample items include "My personal information is safe with digital payment methods", "Using online payments for transactions is safe" and so on. The reliability of the items was measured by computing Cronbach's alpha ($\alpha = 0.755$).

Security was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly agree and 5 for strongly disagree. There are 5 items and sample items include "I believe that my bank's mobile banking system is secure", "My personal information is secure when making any online transactions" and so on. The reliability of the items was measured by computing Cronbach's alpha ($\alpha = 0.822$).

The following section describes the independent variables used in this

study along with the hypothesis formulation.

Digital payments medium

According to Kulkarni (2017), digital payment mediums in this context mean Electronic Payment Authorization, which serves in making payments for several reasons. Including automated teller machines (ATM), point of sales (POS), credit/debit card services, currency exchange, electronic financial services, and much more payment software, E-pay is the leading payment system used worldwide. Obe and Balogue (2007) found that there is a significant relationship between advances in the cashless economy and determinants of digitalization. Adarmola and Kolapo (2019) found that digital payment mediums are the major challenges for digitalization and the move toward a cashless economy. Likewise, Inam and Islam (2013) found that digital payments medium is popular owing to the convenience that it gives customers to access their accounts, pay bills, and make cash transfers through online banking and forwards a country's economy toward cashless. Musse *et al.* (2019) found that awareness of mobile banking has a positive influence on the cashless economy provided by banks and online payment mediums. Pradhan *et al.* (2017) found that the intention of individuals to adopt different digital payments medium is considerably influenced by financial cost, trust, perceived risk, and self-efficacy to become a cashless economy. Moreover, Chavan (2013) found that a lack of awareness about digitalization and not being willing to use mobile banking by customers is the challenge for banks to provide mobile banking services and will negatively impact digitalization and a cashless economy. Onuman and Christopher (2016) found that digital payment mediums from different banks and other online payment mediums have a positive relationship with the adoption of a cashless economy. Based on the discussion, the study develops the following hypothesis:

H_1: There is a positive relationship between digital payment mediums and the cashless economy.

Technology

Volti (2009) stated that technology is a system created by humans that uses knowledge and organization to produce objects and techniques for the attainment of specific goals. Chavan (2013) opined that technical literacy and technology are important to use mobile banking the customers and become aware of digitalization. According to Musse *et al.* (2019), insufficient technical skills and old technology at the management and board levels are a challenge to securing online banking services and digitalization. Kunwar and Thakur (2019) found that young individual in Nepal is aware of the

technological advances happening in the banking sectors of Nepal like mobile banking, e-banking, e-wallets, etc which shows a positive relation towards a cashless economy and they are keeping up with changes going around and embracing them. Adaramola and Kolapo (2019) emphasized the importance of the assessment of cashless technology machines and online banking as market strategies for raising the performance of banks in Nigeria and measuring the cashless economy of a country. Tiwari and Buse (2007) found that technological and demographical developments have influenced many aspects of online banking services for a move toward a cashless economy and awareness of digitalization. Based on this, this study develops the following hypothesis;

H_2: There is a positive relationship between technology and the cashless economy.

Internet

Internet is a set of routers and protocols enabling network interconnection to a broader notion of the internet that encompasses interconnected networks and their users, social practices, and skills (Abbate, 2017). Singhraul and Garwal (2018) found that the internet is a major important thing for any digitalization and cashless payment and has a positive relation towards a cashless economy. Chiu *et al.* (2017) showed that internet speed is positively related to mobile banking services and cashless transactions. Khan and Ansari (2019) found that high internet speed is required to perform financial transactions in mobile banking and a faster move towards digitalization and a cashless economy. Chavan (2013) found that the Internet plays a vital role in banks and customers receiving and delivering information, this form of banking is described as Internet banking which helps in digitalization and a move towards a cashless economy for the country. According to Zafra (2002), internet speed is the major challenge to providing mobile banking services, digitalization, and online payments medium for a move towards a cashless economy. Based on this, this study develops the following hypothesis;

H_3: There is a positive relationship between the internet and the cashless economy.

Cyber-crime

Cybercrime encompasses a wide number of acts, crimes, or illicit conduct perpetrated by both individuals and groups against computers, computer-related devices, or information technology networks, as well as traditional crimes that are facilitated or maintained by the use of the internet and/or information technology. (Donalds and Osei-Bryson, 2019). Mauladi *et*

al. (2022) showed that cybercrime is the major challenge for banks in order to move towards a cashless economy and there is a threat among customers that banks' databases are corrupted by hacking into their networks. Likewise, Singh (2012) found that cyber security threats have a positive significant loss of confidentiality, integrity, and availability which leads to the deprivation of public trust and the organization's image resulting in business loss because of the disclosure of confidential client data such as credit card numbers to the public and downfall towards a cashless economy. Goodman (2010) revealed that cybercrime reinforces the new risks and threats from hackers, spies, thieves, and crackers to become a cashless economy. According to Harris *et al.* (2013), an increase in cybercrime leads to the insecure service provided by banks which ultimately affects the customers of the bank and the cashless economy of the country. Anderson *et al.* (2013) identified that there are over 100 different sources of data on cybercrime, yet the available statistics are still insufficient and fragmented; they suffer from under- and over-reporting, depending on who collected them, and the errors may be both intentional (e.g., vendors and security agencies playing up threats) and unintentional (e.g., response effects or sampling bias) which hampers a move towards a cashless economy. Chowdhary (2017) revealed that cybercrime makes banking activities insecure, affects the bank's customers, and negatively impacts a cashless economy. Based on this, this study develops the following hypothesis;

H_4: There is a positive relationship between cybercrime and the cashless economy.

Security

Security improves trust and the perceptions of good security and trust will ultimately increase the use of electronic commerce. In fact, customers' perceptions of the security of e-payment systems have become a major factor in the evolution of electronic commerce in markets (Kim *et al.,* 2010). Likewise, Afshan and Sharif (2016) found that 90 percent of all mobile banking apps have security issues for a move toward a cashless economy. Inam and Islam (2013) found that there is a positive relationship between security and the influence of mobile banking on a cashless economy. Likewise, Khan and Ansari (2019) found the security factor of online banking is used because of which people feel secure about their transactions. Islam (2015) found that customers had a positive outlook and experience with the security provided by the banks for a move towards a cashless economy. According to Wechuli *et al.* (2017), concluded that there is a positive relationship between

cybersecurity challenges and a cashless economy. Based on this, this study develops the following hypothesis;

H_5: There is a positive relationship between security and the cashless economy.

3. Results and discussion

Correlation analysis

In an analysis of data, correlation analysis has been undertaken first and for this purpose, Kendall's Tau correlation coefficients along with means and standard deviations have been computed and the results are presented in Table 1.

Table 1: Kendall's correlation coefficients matrix

This table presents Kendall's Tau coefficients between dependent and independent variables. The correlation coefficients are based on 121 observations. The dependent variable is CE (Cashless economy). The independent variables are DPM (Digital payments medium), T (Technology), P (Promotion), I (Internet), CC (Cyber-crimes), and S (Security).

Variables	Mean	S.D	CE	DPM	T	I	CC	S
CE	1.238	0.383	1					
DPM	1.271	0.338	0.649**	1				
T	1.453	0.377	0.318**	0.447**	1			
I	1.864	0.243	0.339**	0.303**	0.167*	1		
CC	1.499	0.495	-0.610**	0.569**	0.413**	0.361**	1	
S	1.554	0.473	0.525**	0.521**	0.472**	0.424**	-0.696**	1

Note: The asterisk signs (**) and (*) indicate that the results are significant at one percent and five percent levels respectively.

Table 1 reveals that digital payments medium is positively correlated to a cashless economy. It indicates that an increase in digital payments medium leads towards cashless economy. Likewise, the result shows that technology is positively correlated to a cashless economy. It indicates that the technology advancement leads towards cashless economy. The result also reveals that the internet is positively correlated to a cashless economy. It indicates that the fastest speed of the internet leads towards cashless economy. Likewise, cybercrime is negatively correlated with a cashless economy. It indicates that a decrease in cybercrime leads towards cashless economy. Further, security is positively correlated to a cashless economy. It indicates that highly secured networks leads towards cashless economy.

Regression analysis

Having indicated Kendall's Tau correlation coefficients, the regression analysis has been carried out and the results are presented in Table 2. More specifically, it shows the regression results of digital payments medium,

technology, the internet, cybercrime, and security on cashless economy in Nepal.

Table 2: Estimated regression results of digital payments medium, technology, i internet, cyber-crimes, and security on cashless economy in Nepal

The results are based on 121 observations using a linear regression model. The model is $CE_{it} = \beta_0 + \beta_1 DPM_{it} + \beta_2 T_{it} + \beta_3 I_{it} + \beta_4 CC_{it} + \beta_5 S_{it} + e_{it,}$ where, the dependent variable is CE (Cashless economy). The independent variables are DPM (Digital payments medium), T (Technology), I (Internet), CC (Cyber-crimes), and S (Security).

Model	Intercept	Regression coefficients of					Adj. R_bar²	SEE	F-value
		DPM	T	I	CC	S			
1	0.177 (1.922)	0.834 (11.896)**					0.539	0.260	141.510
2	0.702 (5.383)**		0.369 (4.241)**				0.124	0.358	17.990
3	-0.184 (0.772)			0.763 (6.013)**			0.227	0.337	36.150
4	0.308 (4.607)**				-0.620 (14.629)**		0.640	0.230	313.995
5	0.471 (4.930)**					0.493 (8.378)**	0.365	0.305	70.188
6	0.180 (1.676)	0.837 (10.315)**	0.004 (0.057)				0.535	0.261	70.164
7	-0.033 (0.169)	0.770 (8.041)**	0.003 (0.043)	0.154 (1.294)			0.538	0.260	47.602
8	0.222 (1.350)	0.419 (4.627)**	0.101 (1.660)	0.030 (0.300)	-0.458 (7.717)**		0.692	0.212	68.452
9	0.176 (1.080)	0.426 (4.771)**	0.064 (1.026)	0.017 (1.71)	-0.556 (7.495)**	0.162 (2.139)*	0.701	0.209	57.364

Notes:

i. Figures in parenthesis are t-values
ii. The asterisk signs (**) and (*) indicate that the results are significant at 1 percent and 5 percent levels respectively.
iii. Cashless economy is a dependent variable.

Table 2 shows that the beta coefficients for digital payments medium are positive with a cashless economy. It indicates that digital payments medium has a positive impact on a move towards cash to a cashless economy. This finding is consistent with the findings of Obe and Balogue (2007). Likewise, the beta coefficients for technology are positive with a cashless economy. It indicates that technology has a positive impact on a move towards cash to a cashless economy. This finding is consistent with the findings of Chavan (2013). In addition, the beta coefficients for the internet are positive with a cashless economy. It indicates that the internet has a positive impact on a move toward a cash-to-cashless economy. This result is consistent with the

findings of Chiu *et al.* (2017). Further, the beta coefficients for cybercrime are negative with a cashless economy. It indicates that cybercrime has a negative impact on a move toward a cash-to-cashless economy. This finding is consistent with the findings of Singh (2012). In addition, the beta coefficients for security are positive with a cashless economy. It indicates that security positively impacts a move toward a cash-to-cashless economy. This finding is similar to the findings of Wechuli *et al.* (2017).

4. Summary and conclusion

Digital transactions have one major benefit: they bring transparency and accountability to the monetary system. Digitizing monetary transactions helps banks recognize customers and track money flow. This helps to reduce financial fraud and crimes such as tax evasion and counterfeit money in the economy. The purpose of a cashless economy is to control the movement of illegal money from circulation in the economy, better tracking of transactions, and ease the carrying of financial transactions at any point in time from any place.

This study attempts to examine the impact of digital payments medium, technology, the internet, cybercrime, and security on a cashless economy. The study is based on primary data gathered from 121 observations.

The study showed that digital payments medium, technology, internet and security have a positive impact on moving towards cashless economy whereas, cyber-crimes has a negative impact on moving towards cashless economy. The major conclusion of this study is that the diverse digital payments medium, technological advancement, speed and secure internet, and higher level of security help in moving toward a cashless economy. However, cyber threats resist an economy that is moving towards a cashless economy.

The study also concludes that digital payment mediums followed by the internet and cybercrimes are the most influencing factors preventing the economy of Nepal going cashless.

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