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E- Money and How It Can Influence the World Finance Market

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ABSTRACT: The paper aims to analyze the stages in evolution of electronic money & how it can influence the world finance market. E -money is a term used to describe digital cash that may be exchanged electronically without the use of actual money. As a result of technological advancements that have made it simpler and more practical to use, it has recently become very popular. Since e-money has various benefits over conventional currency, it has the potential to have a substantial impact on the global financial industry. First, it doesn't require the use of middlemen like banks and may be sent swiftly and securely. Because cross-border transactions may be finished in a matter of seconds, this makes it ideal. Second, consumers can more easily manage their finances because e-money can be conveniently saved and accessed via digital wallets. As more people might have access to financial services that were previously inaccessible to them, this has the potential to improve financial inclusion.

E-money does carry certain potential concerns, though, such the chance of fraud and money laundering. Therefore, it is crucial that regulators create efficient policies and regulations to reduce these risks. E-money has the ability to completely transform the global financial industry by enhancing user ease, security, and accessibility. It will be interesting to see how e-money develops and changes the financial environment as technology advances.

KEYWORDS: Electronically, technological, substantial, digital wallets ,money laundering.

I. INTRODUCTION

E-money, often known as electronic money, is a term used to describe digital or virtual money that is kept, sent, and used electronically. It is a type of cashless payment that permits exchanges through digital wallets, cellphones, and other electronic devices.

The global finance market has been significantly impacted by the growth of e-money. Here are a few ways that e-money has affected the financial sector:

1. Enhanced transactional efficiency and speed: Transactions using e-money can be processed practically quickly, making them quicker and more effective.
2. Cost savings: Because e-money transactions don't require actual currency or infrastructure, they may be less expensive than traditional cash transactions.
3. Increased accessibility: Since e-money can be accessible through mobile devices and digital wallets, it has the potential to reach people who lack access to banking services or are underbanked.
4. Increased security: Because e-money transactions frequently involve authentication and encryption, they can be more secure than conventional cash transactions.
5. Redefining conventional banking: Traditional banking methods have been affected by the rise of e-money because consumers to get financial services outside of traditional banking institutions, which goes against typical banking practices.
6. Possibility of financial inclusion 6. By giving those who have historically been shut out of the official financial system access to financial services, e-money has the potential to promote financial inclusion.
7. Ultimately, e-money has the potential to revolutionize the financial industry by making financial transactions easier, quicker, and more affordable. Regulating, protecting consumers' interests, and maintaining security are all issues that are raised by it. As e-money develops, it will be crucial for market participants and regulators to

stay on top of an participants to ensure that it is used responsibly and transparently to promote financial stability and economic growth.

II. RELATED WORK

E-money, often known as electronic money, is any type of digital currency that is used for transactions over the internet or other electronic networks. Digital fiat currencies like the US dollar or the euro, as well as virtual versions of actual currencies, can all be used as e-money. The emergence of e-money has significantly changed how the global financial sector is perceived, particularly in terms of financial inclusion and access to capital. E-money has made it simpler for people to engage in the global economy, even if they do not have access to conventional financial services. As a result, economic activity and trade have increased, and both individuals and businesses now enjoy more financial stability and security. The traditional banking industry has also been impacted by e-money. A growing number of people are choosing online banking services over traditional bank branches as a result of the growth of digital payments. Because of this, traditional banks have been compelled to modify their business strategies in order to compete and be relevant in the digital era.

Furthermore, the notion of central banking and currency guaranteed by the government has been questioned by the rise of cryptocurrencies like Bitcoin. This has sparked discussions about the direction of monetary policy and the potential for the current financial system to be disrupted by digital currencies. E-money has the potential to fundamentally alter how the world's financial markets are perceived, and its influence is only expected to increase over the next few years.

III. METHODOLOGY

A systematic research methodology can be used to investigate the impact of e-money on the global financial market. The actions listed below can be taken: Clearly describe the research problem as the initial in the process. The goal of this study is to determine how e-money has affected the global financial system. The following stage is to perform a literature review in order to learn more about e-money and how it affects the finance industry. Reading reports, books, academic journals, and other pertinent sources of information may be required for

Create the research questions that will serve as the study's compass, based on the problem for investigation and the literature review. In this scenario, some potential study inquiries would be: what influence has e-expansion money's had on the conventional financing market?

What major factors have influenced the spread of e-money over the world?

What possible advantages and threats does electronic money present to the world financial system?

What potential future changes could e-money bring to the way we do business?

Organize your research: Create a research strategy for data collection and analysis after the research questions have been developed. Research methodologies using both quantitative and qualitative data might be used for this.

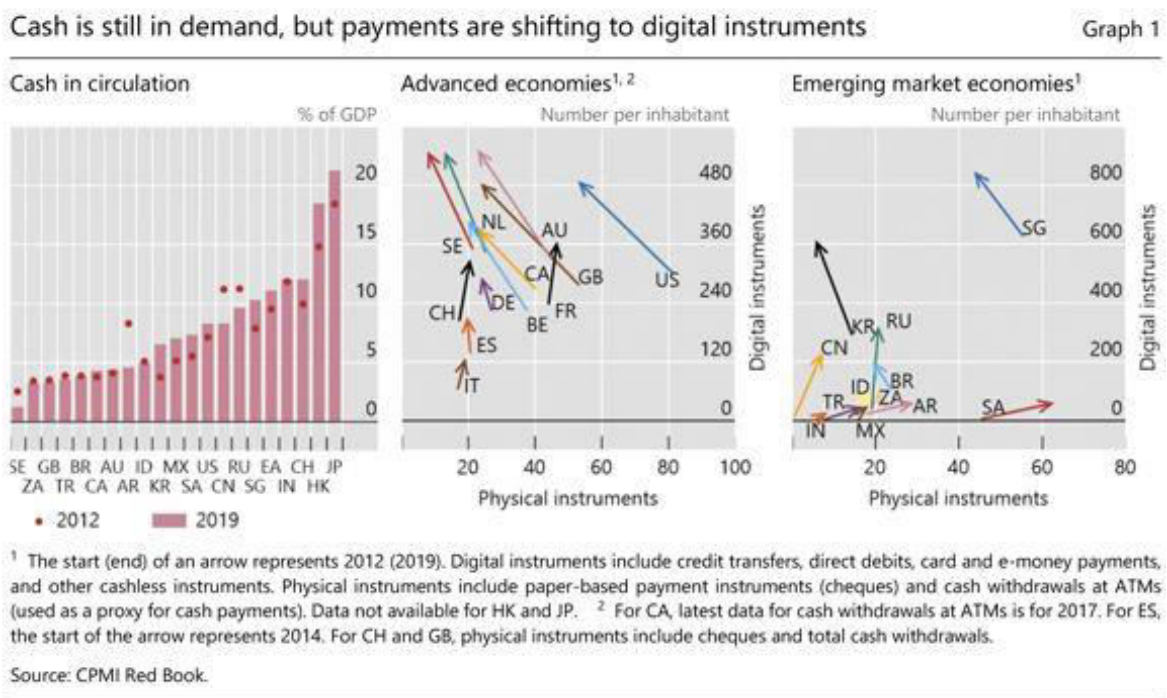
Execute the research plan to gather data using various approaches, such as surveys, interviews, case studies, and other techniques. Use the right statistical and qualitative analytic tools to analyze the data once it has been gathered. Make conclusions based on the data analysis to determine the effect of e-money on the global finance market. Determine any patterns, trends, or relationships that you notice in the data. Share results: Lastly, disseminate the research results via a report, presentation. This can be done to a variety of stakeholders, including the public, policymakers, financial institutions, and scholarly communities.

IV. EXPERIMENTAL RESULTS

The demand for cash is still there, but digital instruments are being used for payments more and more. Faster, more effective, and more practical payment methods are becoming more popular with consumers. In mature economies, there are fewer ATMs and bank branches available. Payments are being transformed by the digital revolution. From physical to digital instruments, consumers are increasingly switching. The trend favours payments that are effective, quick, and convenient. The Council on Payments and Market Infrastructures (CPMI) Red Book figures are used in this commentary to examine these changes by examining the payments environment.



Cash and other paper-based payments, such as cheques, are still significant payment methods even if digital payments are expanding quickly in some countries. The circulation of "cash is still king" in more than half of the CPMI jurisdictions and is increasing (Graph 1, left-hand panel). With 21% and 18% of GDP, respectively, Japan and Hong Kong SAR have the highest GDP ratios. Comparatively, China's GDP has seen a 3 point fall in cash since 2012. With a cash-to-GDP ratio of 1%, Sweden continues to serve as an example for "cash-lite" societies. In the CPMI countries from 2012 to 2019, the time period under consideration, there was a 14% increase in the value of banknotes in circulation relative to GDP, compared to a 5% decrease in the value of coins. About half of the CPMI countries have seen a reduction in the usage of physical payment methods and an increase in the use of digital payments during the same time period (Graph 1, center and right-hand panels). Digital payment tools include direct debits, credit transfers, card and e-money payments, whilst the former include both cash (with cash withdrawals at ATMs used as a proxy) and cheques. From 176 per resident in CPMI jurisdictions in 2012 to 303 per resident in 2019, the average number of digital payments per resident grew. As it increased in developing market nations, the use of physical payments decreased by an average of 30% in advanced economies over the period under consideration. Card payments were the most popular digital instrument in 2019; people in CPMI countries made purchases with their debit and credit cards worth USD 15 trillion annual.



Beyond debit and credit card payments, there has been a shift to digital. Using effective, quick, and easy payment methods is made possible by digital technologies (Graph 2, left-hand panel). When fast payment systems are implemented in more and more CPMI jurisdictions, the average number of fast payment² transactions per person keeps rising. ³ The use of contactless cards for payments as well as remote (i.e. card-not-present) payments increased over the time under consideration. ⁴ In CPMI jurisdictions⁵, residents performed 65 contactless card transactions on average per person in 2019, which is almost three times greater than in 2017. The gap in the growth rate is apparent when it comes to online payments (right-hand panel). The average consumer makes more than 75 online payments every year in nations like the United States, Sweden, and Australia, where e-commerce income accounts for more than 1.5% of GDP. Those who make less than five online payments annually, such as those in South Africa and Mexico, are at the low end.



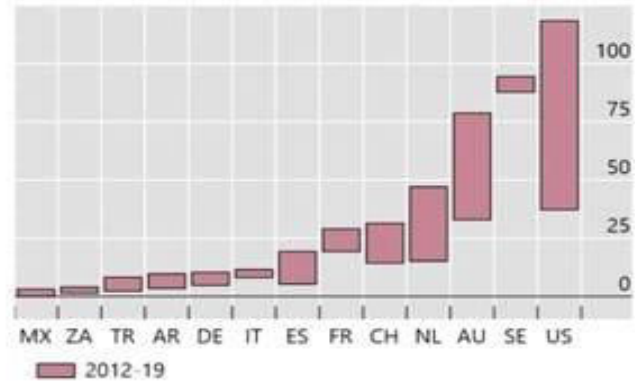
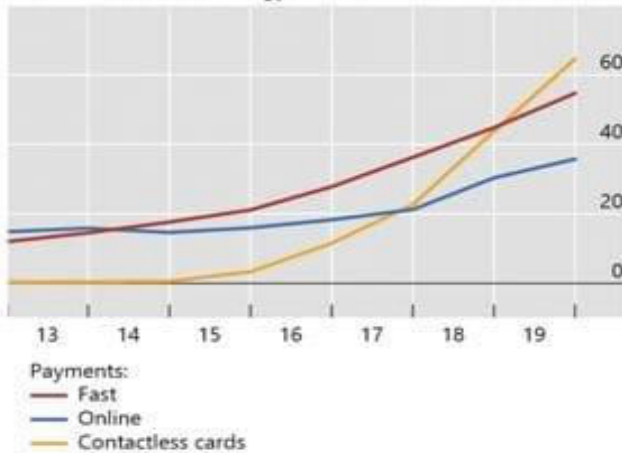
Use of fast, efficient and more convenient forms of payments is increasing¹

Number per inhabitant

Graph 2

Greater use of technology...

...also for online transactions²



¹ CPII average. Data are not available for all CPII countries and for all years. ² Card-not-present transactions. The lower part of the bar represents 2012 value while the upper part of the bar represents 2019 value.

Technological technology are also influencing how people access payment methods. Store tills are partially replacing bank branches and ATMs by enabling customers to deposit/withdraw money from their bank accounts, while the network of traditional access points is becoming less dense as digital and mobile payments take traction (as debit card transactions). 7 In 2012–19, bank branches per million people decreased by about 13% across CPII jurisdictions (Graph 3, left-hand panel). In CPII advanced economies, there has been a comparable reduction in the overall number of ATMs per million persons (centre panel). The density of point-of-sale (POS) terminals nearly doubled over this time, with 20 POS terminals per thousand persons in developing market economies and 34 POS terminals per thousand in advanced nations (right-hand panel).

Moving away from traditional access points

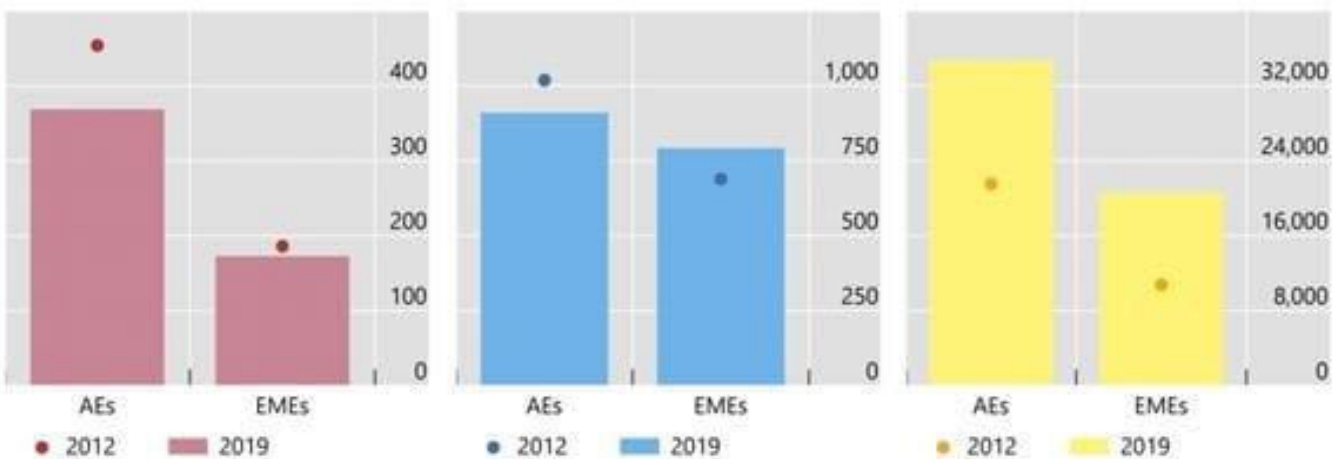
Number per million inhabitants¹

Graph 3

Bank branches

ATMs

POS terminals



¹ Average of the respective groups; data are not available for all CPII countries for all indicators and for all years.



The Covid-19 epidemic is probably going to speed up the present tendencies towards digital payments, which are summarized in this 2019 Red Book data overview, even though the 2020 Red Book data won't be accessible for some time. The effect of the pandemic on payments has previously been examined in several research or is currently being investigated. 9 Digital payments are being used more frequently, which could have structural effects in the future due to social distance, public anxiety over the spread of disease from cash, and the boom in e-commerce.

V. CONCLUSION

Old forms and tools are replaced with new, poorly researched ones as ICT advances and its revolutionary power completely affects every area of contemporary life in a society and the global economy. Traditional forms of payment are being gradually replaced by electronic ones. E-money is a relatively new form of payment that is gradually gaining acceptance. Unquestionably, this route is starting to take shape in industrialized nations where knowledge and education are at their highest levels and technology is at the forefront. Developing nations will have to enact new legal guidelines for e-money due to problems with electronic banking.

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