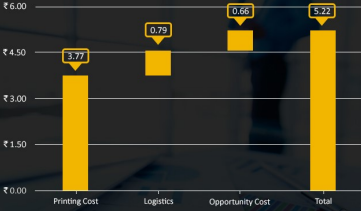


COST OF CURRENCY V/S. COST OF DIGITAL TRANSACTIONS

ECONOMY'S COST OF PRINTING CURRENCY

*Approximate Cost of ₹ 2000 Note



Logistics = Transport, handling & insurance
Opportunity Cost = interest on idle cash in ATM & treasury chest

HIDDEN COST SUBSIDISED BY BANKS

Commercial bank overheads:

- Rent, Staff, Utility.
- Fake Currency Cost.
- Agency Cost.
- ATMs Maintenance.

FAKE NOTES COUNT

Fake Notes in FY 2017 was 7,62,072
Amounting to ₹ 43.47 Cr.

COST OF DIGITAL TRANSACTIONS TO CUSTOMERS SHOULD GO DOWN.

COST OF DIGITAL TRANSACTION TO CUSTOMERS

	IMPS		NEFT		RTGS	
	SBI	HDFC	SBI	HDFC	SBI	HDFC
Up to Rs.5000	₹ 5.00	5.00	₹ 2.50	0.00	N.A.	0.00
₹ 2 Lakh - ₹ 5 Lakh	N.A.	N.A.	₹ 25.00	0.00	₹ 25.00	0.00
Minimum amount	₹ 1.00	0.00	₹ 1.00	0.00	₹ 2,00,000.00	0.00
Maximum amount	₹ 2,00,000.00		₹ 50,000.00		No upper ceiling	

Note 1: IMPS - SBI & HDFC have waived charges for IMPS transactions up to ₹ 1000

Note 2: HDFC has made online transactions through RTGS & NEFT free

COST OF DIGITAL TRANSACTION TO BANKS

NPCI Charges:
 ↳ Rs. 0.25 paise for IMPS
 ↳ Rs. 0.45 Paise for ATMs switching fee

GOVERNMENT IS ENCOURAGING TO MOVE TOWARDS DIGITAL TRANSACTIONS

UPI charges Rs. 0.50 paise to customers. Service available 24x7; Can operate different bank accounts.

Government to bear Merchant discount rate charges on digital transactions up to ₹ 2000.

CASH V/S DIGITAL

Cash Transaction

- Cost borne by the economy --- ↑
- No connectivity required --- ↑
- One time cost till notes are worn out --- ↑
- Supports black money activity --- ↓
- Cash transaction leads to leakage --- ↓

Digital Transaction

- Cost borne by the users --- ↓
- Need internet connection --- ↓
- Cost each time you avail the service. --- ↓
- Brings more transparency leaves an audit trail. --- ↑
- In digital transaction money stays within the system. --- ↑

BANKS ARE SUBSIDIZING CASH BY UNNECESSARILY PENALIZING DIGITAL TRANSACTIONS

COST OF DIGITAL TRANSACTIONS TO BANKING SYSTEM

In Rupees	Initial Cost	Trans. 1	Trans. 2	Trans. 3	Trans. 4	Trans. 5	Total
Cash 2000	5.22	1.45	1.45	1.45	1.45	1.45	12.47
Cash 6000	15.66	4.35	4.35	4.35	4.35	4.35	37.41
Cash 12000	31.22	8.70	8.70	8.70	8.70	8.70	74.72
IMPS 2000	0.00	0.50	0.50	0.50	0.50	0.50	2.50
IMPS 6000	0.00	0.50	0.50	0.50	0.50	0.50	2.50
IMPS 12000	0.00	0.50	0.50	0.50	0.50	0.50	2.50
NEFT 2000	0.00	0.50	0.50	0.50	0.50	0.50	2.50
NEFT 6000	0.00	0.50	0.50	0.50	0.50	0.50	2.50
NEFT 12000	0.00	0.50	0.50	0.50	0.50	0.50	2.50

Note 1: Digital transaction Cost = NPCI Charges + Server Cost ₹ 0.25 per transactions.

Note 2: For Cash transactions - ₹ 1.45 is the Logistic & Opportunity Cost

COST OF DIGITAL TRANSACTIONS TO CUSTOMERS

In Rupees	Trans. 1	Trans. 2	Trans. 3	Trans. 4	Trans. 5	Total
Cash 2000	0.00	0.00	0.00	0.00	0.00	0.00
Cash 6000	0.00	0.00	0.00	0.00	0.00	0.00
Cash 12,000	0.00	0.00	0.00	0.00	0.00	0.00
IMPS 2000	5.00	5.00	5.00	5.00	5.00	25.00
IMPS 6000	5.00	5.00	5.00	5.00	5.00	25.00
IMPS 12000	5.00	5.00	5.00	5.00	5.00	25.00
NEFT 2000	2.50	2.50	2.50	2.50	2.50	12.50
NEFT 6000	2.50	2.50	2.50	2.50	2.50	12.50
NEFT 12000	5.00	5.00	5.00	5.00	5.00	25.00

IDEAL SOLUTIONS

Banks Should Charge for ATM / Branches Access

Banks Should lower Cost of digital Transactions

Keep small denomination currency (up to ₹ 200) in circulation

Extra charges (penalty) should be levied on high value cash Transactions.