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Editorial

Currency of the Future (E-Payment)

The RBI released its draft suggestion on 'Migration from paper based fund movements to electronic fund transfer' for public comment. According to RBI estimation, cheques and drafts still account for more than 80 percent of volume of payments in India. Cheque transaction could result in criminal charges if the Cheque bounces. Moreover, cheques are printed in special security paper and no wonder it becomes very expensive. Payments through paper instruments are settled through the mechanism of clearing house at each center. For these purposes there are more than 1000 clearing houses operating in the country. Therefore the RBI took two major steps to replace the Cheque payments. Introduction of Magnetic Ink Character Recognition (MICR) technology and Electronic Clearing Services (ECS) are designed to solve the paper-based transactions. Next, RBI introduced the Electronic Funds Transfer (EFT) scheme which targeted one to one payments, as an alternative to the use of cheque and draft. RBI introduced Image based transaction which will eliminate the need for physical movement of paper instruments. Presently banks are using the comforts of intra-day liquidity provided by Deferred Net Settlement (DNS). Now RBI intends to introduce strategies through processing mechanisms for equities clearing and settlement system which was earlier handled by Clearing Corporation of India (CCIL). There is no doubt that, payment cards, Electronic Bill Present & Payment (EBPD), Internet banking and mobile payment are likely to replace paper based payments in future.

The seventh issue (Vol: 4, No: 1) of the SMART Journal of Business Management studies comprises of 13 Articles, written by authors of repute, on different themes of contemporary relevance. I hope readers find it academically challenging and strategically stimulating.

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