

“E–Money: An approach to counter currency crimes through ICT”

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Abstract: From ages cash money has been indispensable or quintessential for the economy to conduct the value (commodity) exchange or the trade, most efficiently. Currency in cash plays a key role in almost all transactions from legal to illegal which is used from charity to crime, the major reason being it enables the money circulation without any concrete records or proofs left so escape from its public, and sometimes even the legal scrutiny. In fact, Most of the economic crimes known as corruption, and fake currency occur mainly due to such cash transactions. But this can be prevented or checked with the Information Technology (IT) today through “Electronic Money Transaction (EMT)” if proper regulatory and policies are implemented for all sort of monetary transactions. The present paper proposes a few of such cases, which can be pondered upon and implemented around the world and all across the economies, to get all clean transactions in future.

Introduction:

Information Technology (IT) with widespread network / broadband Internet connections is ushering a new economic age of E-commerce, E-business. Most significant step-stone is the innovative electronic (E-money) transaction technology, in which the money payment/receipt in-between any

two parties necessarily conducted through a “third party”, a bank or financial institution providing “financial service” and thus all “INFORMATION” gets instantly recorded in the digital data storage. Any fraud can be detected / trapped easily therefore it is impossible for anyone to cheat, deny or hide the true accounts of monetary transactions.

Traditional CASH Money Crimes:

Traditionally the genuine reason for people to keep their money hidden and not to display its true amounts to the public is to PROTECT it from getting stolen, burgled or looted or lost while carrying around for the transaction. Thus seeded the currency based crimes. However, today E-Money Transaction (EMT) can fulfill all the needs of the traditional CASH money transaction far more efficiently while removing all such potential threats or the genuine fears of robbery, theft, etc.

By the way, the main drawback of the traditional cash money transaction is that it is impossible practically to keep and maintain the records, accounts of ALL cash money transactions for its legal, public scrutiny. Its paper and storage cost alone would be so enormous let alone its labour cost and other factors. It is possible only through IT keeping digital record of E-money transaction.

Currency: A Public TRUST:

Currency money puts a social responsibility and the legal obligation on all those who owns it over and above a given limit that they should maintain and submit its truthful accounts before the designated public authorities for its due legal scrutiny and not to use it for unlawful, illicit purposes. However the conventional cash money delivery between any two parties got no such effective technology to monitor and record its movements and know all its location all the times to prevent it from getting misused. Thus it becomes possible for the unscrupulous individuals to totally hide it or submit it false so breach of its public trust.

Cash currency amounting to enormous sums kept hidden away from the legal scrutiny or collected and employed unlawfully and so breeds corruption / crime. It is a big economic crime of tax fraud or the evasion. Along with its cheating and depriving the public revenue it also puts the other people around in the money market competition into a very disadvantageous position thus pressurizes, encourages or tempts many among them also to commit that crime. It is mainly due to the cash money (currency) basically having this “concealable” property that gives its possessor the ability to hide it from its legal scrutiny that could lead into its surreptitious transactions. This seeds for the circulation of fake currency and spoils the economic system.

Technology Can Prevent Economic Crimes:

Technology has become the integral part of peoples every day's life we are surrounded with Networks, Cell phones and several other such gazettes round the clock. Hence it is very easy to replace the nation's money transaction system of old printed paper cash currency, which is getting more and more inefficient day by day in the face of the sheer volume of growing economy with IT E-Money. National governments control on currency money is weakening and many times spiraling into deep

economic crises eg. poverty and inflation etc. The public expects the government to control it, but governments fail to do so and thus creep in the political instability. Fortunately the IT offer a great solution to prevent most of it in terms of E-Money the same is explained ahead.

Mandate Electronic Money Transaction (EMT) System:

The emerging electronic money (E-Money) transaction if pursued deeply and by legislation made mandatory or obligatory in all money payments and receipts of all magnitudes, could provide the most effective technological device and the great historical opportunity for the Government to eradicate most of the unlawful or ‘illicit’ money transactions and the corruption as well. Therefore preventing the currency in cash circulation and so the fake currency is no-where in the existence.

In future Electronic Money Transaction (EMT) economic system all commerce trade, business, buying and selling, all wages, salaries, services, incomes, profit, earnings, bills, receipts/payments, deposits of all magnitudes made only through the E-Money. In fact establishing an EMT based economic system not only possible but also it is INEVITABLE! Experts predict “Cashless Future” in the coming years more and more people begin to conduct their everyday money receipts and payments in electronic transaction. Most importantly the ubiquitous cell phones going to play a major role in this matter. May be used as an EMT tool to conduct every day money transactions through some secure approach (biometric/ password based) thus preventing the accounts identity fraud.

Such an E-Money transaction economic system operating under some secured network would make all financial accounts completely transparent before the legal or the public scrutiny. Thus it would deter people from engaging in any of the economic crimes or corruptions because that essentially leaves the

electronic money trail as clear evidence that could be impossible to get rid off.

E-Money is the magic stick solution to problems:

Some Major problems prevented are listed follow

- i. The counterfeit money, money-laundering, ransom money, black marketing, illegal hoarding, all kinds of smuggling, trafficking, illegal drugs, weapons, mafia, ‘Terrorist Finance’, the cash money robbery/theft/stealing, etc., will become history in a fully pledged EMT system where there is absolutely no printed paper Cash currency money to carry it out in the first place!
- ii. Credit card fraud/fake/theft, or the fear of getting it lost and its misuse will be lowered as E-Money network can trap and trace back a transaction and all its preceding accounts more easily against the currency in cash money transaction system. Poverty eradication is definitely possible and achievable through EMT system in a couple of years.
- iii. Besides all the above, as a bonus, EMT provides the government with an entirely new kind of financial control device to check inflation, stock market crash etc. Corporate business scams, misappropriation of public funds, developmental project money embezzlement, poverty scheme money swindling, buying of the bureaucracy, police, judiciary, and politician for money, none can escape from the EMT system/ technology.
- iv. Unscrupulous people who engage in the economic crimes, corruptions, illicit business, will be caught with its clear evident get duly prosecuted and sent to prison because EMT leaves behind the concrete records of the electronic money trail as clear as day of the light so they can

no longer cover-up its track and conceal their crimes.

Fearless Businesses:

It can very much fulfill the vision of the UN Human Rights Principles particularly the UN Global Compact tenth Principle, which specifically states: “Businesses should work against corruption in all its forms, including extortion and bribery”.

In fact honest business practices will be benefitted because it would create a very conducive atmosphere to practice a corruption free, progressive economy without corrupt, criminal business practices (tax fraud, bribe, extortion, etc.) as the latter are the worst enemies of the honest businesses. Most importantly there will be no restrictions or limits imposed on legitimate money earnings; profit making or owning money or property of any magnitude. One can be a billionaire or a trillionair, provided all the businesses money transaction is transparent.

The Government could more encourage businesses (small & big), by providing with more opportunities, removing many of trade barriers, hurdles and most importantly by lowering the taxes.

Implementation is Easy:

The EMT economic system may be a bit difficult to introduce initially but it depends upon the socio-economic-political system of a country. However it is far simpler to implement effectively instead of thousands and legally cumbersome anti-corruption laws! Fundamentally EMT is a single wholesome technological solution the latter are hundreds of year’s old antiquated legal solutions so much fraught with numerous human error and complications.

Phasing out the higher currency notes:

To make the EMT more effective, the Governments should phase-out or gradually withdraw the higher denomination currencies from the public. The higher denominations currencies have been conveniently

used or grossly misused or end up in committing most and major economic crimes. Besides the absence of it would greatly promote the EMT. However the banks may continue to have those higher denomination currencies even of very high values; a hundred thousand, million even a billion denomination currency bills but should be restricted mainly to exchange only between the banks, financial or the monetary institutions.

EMT - Anti-Terrorism Machinery:

EMT can tremendously help the government security agencies to track down the criminals specially the terrorist. For example during an investigation, this system can trace back every day PHYSICAL movement, location, phone call, contact of the suspect based on his/her every day buying and the money payment for things, services, material that he /she had made, which includes any such things that the suspects left behind the crime scene.

Future of Potential Growth with Political Will:

It would not intrude in the human private or personal life like the other electronic devices / gadgets surrounding us round the clock today for example the Close Circuit camera's etc. Today existing electronic credit card digital or E-money transaction technology can make it happen but a few issues need to be addressed.

Along with the Government its concerned legislatures, departments also the private sector mainly the financial institutions, banks, credit card companies combined with the E-commerce/business, online companies, have to take the pivotal role in the construction of the building blocks of this system. They will have the enormous potential for growth and a great social responsibility as well to encourage people to participate more and more into this EMT economic system of the future.

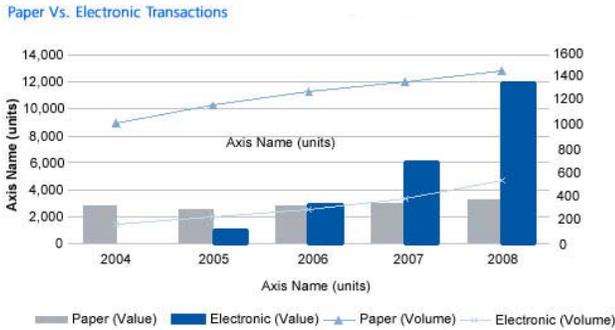
A Socialist kind of Revolution without sacrificing the Private Property:

Abolition of cash (paper) currency money and making all money transaction in electronic would bring in a more "just" economic system. A new kind of Democratic Republic Socialist Revolution without the abolition of 'private ownership of means of production' or the "Private Property". A blend of benevolent capitalism and socialism.

E-Money Transactions in India today:

In India payments system is transforming from paper to electronic (plastic money) at rapid pace with a growth rate of 60 percent. The retail e-payments market is likely to grow nearly 70 percent with a value of retail e-payments reaching US\$150 billion to \$180 billion by 2010. However Electronic transactions currently account for just 37 percent of total payments by volume. However, over 75 percent of payment value is electronic. Also, according to RBI, in the year 2012, there are, 130 million debit and credit cards are in use in India and according to recent and separate surveys conducted by ICICI, HDFC, IDBI and Axis banks, as compared to total 25.6 million credit card transactions in July 2011 in India, debit cards were used 26.6 million times. In August 2011, credit cards were used 27.6 million times, while debit cards were used on 27.7 million times. In the past, credit card swipes always outstripped that of debit. In the whole of 2010-11, credit cards were used for 265.1 million times, while debit cards were used 237 million times. According to RBI there is 60% increase in the Electronic transaction in last 3 years, which includes the ATM transactions as well.

Thus, the payment system in India has seen unmatched growth since the inception of electronic payment mechanisms, with the introduction of various kinds of payment mechanisms into the retail payments space has ensured more timely and efficient completion of financial transactions.



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