



---

## Digital Currency - Way Forward

*Raksana. V. S., Pooja. G , Poonguzhali. M , Srimathi. B , Prethe. G , Vimal Raj*

*KPR College of Arts Science and Research, Arasur, Coimbatore*

---

### ABSTRACT

this presentation, we will explore the current landscape of digital currencies, examine key trends and innovations, opportunities and challenges that lie ahead. As the world moves toward a more digital future, understanding the path forward for digital currencies is crucial for shaping the global economy of tomorrow.

---

### OBJECTIVES

This study aims

- To understand what digital currency.
- To address the benefits which a country could get through the adoption of digital currency transactions.
- To state what are the challenges in adoption of digital currency in India.
- To state the improvement of an economy through adoption of digital currency in the upcoming years.

---

### WHAT IS DIGITAL CURRENCY

The term digital currency refers to a form of currency, available only in digital or electronic form. These are only accessible with computers or mobile phones. Digital currencies have utility similar to physical currency. Some types of digital currencies are Crypto currency (Bitcoin , Ethereum) Stable coins, Central Bank Digital Currency.

---

### DIGITAL CURRENCY AND ITS EVOLUTION

- Electronic cash (1980s -1990s): Idea for digital currency began with proposals like David Chaum's cash.
- Bitcoin launch (2009): Introduction of Bitcoin marked 1st decentralized cryptocurrency using blockchain technology.
- Development of CBDCs (2010): Countries explore their own digital currency to enhance payment system.
- Emergence of Altcoins (2011): Following Bitcoin various alternatives emerged, introducing unique features and improved transaction speed.
- Adoption by financial institution (2020): Major banks and payment processors began to adopt digital currency to make the transactions easy and simple.

---

### RBI's INITIATIVE ON DIGITAL CURRENCIES

The Digital Rupee was proposed in January 2017 and launched on 1st December 2022. This reduces the India's dependency on the US dollars in international trade by providing a robust alternative for cross-border transactions. The RBI launched pilots for both wholesale and retail CBDC in November 2022 to test various aspects of digital currency issuance, usage, and infrastructure. The wholesale pilot (e₹-W) was primarily for large-value interbank transactions and settlements, aimed at enhancing the efficiency of the payment systems in the financial markets. The retail pilot (e₹-R) was for everyday retail transactions, meant for individuals and businesses to conduct payments through digital currency wallets, at present these are being tested in a controlled environment. The payment vision 2025 plan into five distinct key comprising of Integrity, Inclusion, Innovation, Institutionalization and Internationalization.

---

## CHALLENGES TO ADOPTION OF DIGITAL CURRENCY IN INDIA

There is no legal frameworks for cryptocurrencies in India and also they are not consider as legal tender in the country. There is a need for strong digital infrastructure across rural and urban areas. Public lack trust because of frequent changes in the prices and also they are anxious about hacking, data breaches, and individual privacy.

---

## BENEFITS OF DIGITAL CURRENCY IN INDIA

Digital currency helps in bridging the gap between rural unbanked population and banks. It also helps in reduction of intermediaries, especially in cross-border transaction and reduces the risk of black-market activities. It improves transparency and traceability of digital payments and helps in moving to a cashless economy.

---

## INVESTMENT AND TRADING

Investment opportunities: Digital currency provides new investment models like CBDCs offering a range of new opportunities for both retail and institutional investors. It also provides high growth potential at an early stage which attracts risk tolerant investors

Trading activities : Digital currency provides 24/7 marketing globally, it also offers high liquidity and price volatility which creates opportunities to gain profit from price fluctuations.

---

## INDIA'S WAY FORWARD: STRATEGIC RECOMMENDATION

A clear regulatory framework must be developed for digital currency, balancing innovation and consumer protection. By engaging banks and technological sector the government can drive innovation which can build strong digital infrastructure. The govt. can conduct digital literacy campaign to create an awareness to the public, and can collaborate with international organization and other central banks to create a seamless cross-border payments.

---

## THE FUTURE OF DIGITAL CURRENCY IN INDIA

The potential impact of the digital currency in the Indian economy is that it can foster GDP, and it aids to creation of new business models and it leads to financial innovation. The digital currency helps in positioning India as a pioneer in fintech innovation and in the future, this may help India to become a global leader in fintech. The vision for 2030 is the wide spread adoption of digital currencies in terms of a cashless, transparent, and inclusive economy in India.

---

## CONCLUSION

The way forward for digital currency in India involves a balanced approach that fosters innovation while ensuring regulatory oversight. With the Reserve Bank of India exploring the potential of a Central Bank Digital Currency (CBDC), the country is preparing for a digital future that enhances financial inclusion, reduces transaction costs, and boosts economic efficiency. However, challenges related to cybersecurity, privacy, and the need for robust legal frameworks must be addressed. A clear regulatory roadmap will be essential to support the growth of digital currencies while maintaining financial stability and consumer protection.

---

## REFERENCES

<https://www.investopedia.com/terms/d/digital-money.asp>

<https://ecoholics.in/cbdc-pilot-project-in-india/-:~:text=in%20the%20investors.,CBDC%20pilot%20project,fiat%20currency%20and%20the%20government>

<https://www.investopedia.com/terms/d/digital-money.asp:~:text=Digital%20money%20makes%20it%20easier,or%20create%20financial%20system%20stability>

<https://www.thehindu.com/sci-tech/technology/internet/google-phonepe-and-amazon-pay-look-to-join-rbis-digital-rupee/article68491527.ece>

[https://en.wikipedia.org/wiki/Digital\\_rupee -:~:text=RBI%20is%20going%20to%20launch,transactions%20on%2027%20December%202023](https://en.wikipedia.org/wiki/Digital_rupee -:~:text=RBI%20is%20going%20to%20launch,transactions%20on%2027%20December%202023)