

Effects of the cashless economy policy on managing customer service quality

IHIMBAZWE NDANGUZA ALAIN PATIENCE

Silesian University Technology; Students 'Management in human resources,

ai304399@student.polsl.pl

Abstract

This paper was designed to give a general overview of the effects of cashless economy policy on customer services quality management; this topic was chosen because today's offering of the products and services have fundamentally moved to digital form and are offered via the Internet. Given the importance and boost of the Internet in the internationalization of services and businesses, the purpose of this paper was to identify the conceptual issues surrounding customer service quality management –by using cashless method - and to emphasize the importance of cashless economy in the lives of customers. This paper defines the customer services quality management Framework after a brief introduction that describes the adoption of cashless economy policy in society's everyday routines and the necessity for customer service quality management. The author then explains what cashless economy is, what managing customer service quality, and Relationship between cashless economy policy in customer services quality management. Finally, this paper summarizes the benefit of cashless, the importance of customer services quality management in the businesses, and relationship between both activities.

Keywords: Cashless economy framework, Customer services quality management.

1. Introduction

A setting where cash is not physically carried from one place to another is known as a cashless economy (Ajayi, 2014). According to (Clinehens, 2020) our propensity to be more inclined to pay when there is not any actual money involved in a transaction is known as the "cashless effect." It implies that we are more likely to use a credit card, debit card and so on than cash to make a purchase than vice versa.

The first types of cashless payments emerged in the second half of the 12th century as a result. Genoese businesspersons at the "Champagne Fairs," which were crucial for European trade in the 12th and 13th centuries, first offered these. Italian businesspersons started employing plastic money instead of precious metals or cash. At these trade shows, fair letters are becoming more and more common. These were formal, written documents. A notary public's certified pledge to pay. Bills of exchange, which superseded these early forms, exchange. However, the most important innovation was the resolution of each merchant's claims and obligations through accounts maintained by banking institutions. The appropriate money was exchange rate tables were used to convert. This was predicated on the person's trust. Gathering at the recognized financial hubs (Denzel, 2008).

Cashless economy The CBN's policies were designed to lower the cost of cash management, boost the effectiveness of the payments system, and promote financial inclusion. A few viewers [(Garcia-Swartz, D.; Hahn, W. & Layne-Farrar, A., 2007) (Klee, 2004)] said that predictions of a cashless society were made because of the growing use of cashless payment systems. In a world without cash, customers can make payments over the internet, payment at unmanned vending machine, manned points of sale (POS), and using mobile devices, personal digital assistant PDAs, smart cards, and other electronic payment methods, such as debit and credit cards. Governments and business organizations strongly promote and support cashless transactions. (Khan, J., & Craig-Lees, M, 2009)

On the other hand, businesses desire a customer services quality management that will help to offer customers good services that will meet their particular needs and support their Business goals. There are many research works on cashless policy but not much has been done in the area of businesses' customer services quality management. Therefore, this study seeks to fill the gap created by lack of research in the area of businesses' customer services quality management in relation to cashless policy economy.

2. Cashless economy framework

The basic goal of a cashless economy is to totally replace physical cash in the economy while still allowing consumers to transact money for goods and services via digital payment methods. Limited cash availability helps to restrain the rate of inflation's growth. According to the quantity theory of money (QTM), an economy's money supply and price level are inversely correlated. The level of prices changes proportionally when the money supply changes, and vice versa (Irving Fisher, 1911). In the past, when the money supply increased in an economy unnaturally, inflationary conditions emerged. Inflation is caused by an excessive growth in the money supply, even though this relationship may not be proportionate.

The Calculations of the Theory are written as:

$$MV=PT \text{ (the Fisher Equation)}$$

These terms are indicated by each variable:

M = Money supply

V = Velocity of Circulation (the number of times money changes hands)

P= Average Price Level

T= Volume of Transaction of Goods and Services

Milton Friedman proposed the idea that "inflation is always and everywhere a monetary phenomenon" in the 1950s. These few phrases capture the essence of the quantity theory of money. Only the excessive expansion of the money supply contributes to inflation (Dr. Budheshwar Prasad Singhraul and Yogita Satish Garwal, 2018). According to (European Central Bank, 2021) Less no cash is demanded in the market because of an increase in cashless transactions, which opens up opportunities for the development of the QTM theory and may contribute to the long-term development of a robust economy.

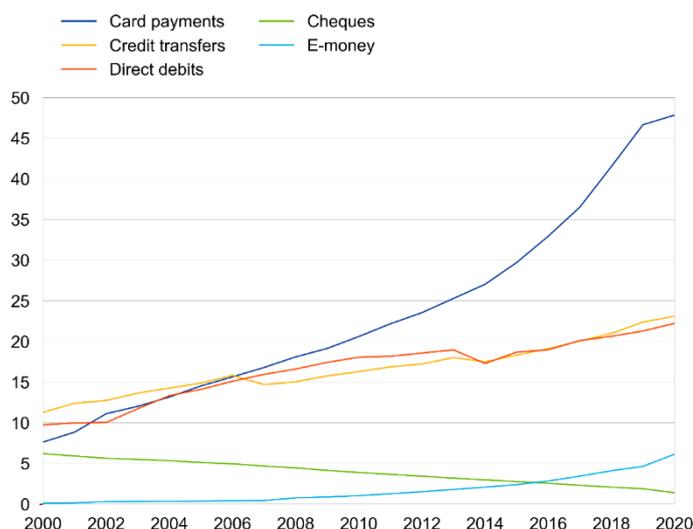


Figure 1 European Central Bank, 2021

3. Management of quality customer service

Every business that wants to attract customers and retain high levels of customer loyalty must first provide excellent customer service. Every firm needs quality management in order to provide the highest level of client satisfaction. According to (Albrecht, K. and Zemke, R, 1985) customer service is becoming more and more significant in service-related companies. Rising service standards brought on by competitive trends have raised customers' expectations as consumers become more aware of their options. Additionally, clients are expressing more and more dissatisfaction with the level of service they receive. Consumer expectations are wishes or wants that customers believe a service or product should provide. These expectations are developed based on prior interactions with a business and its marketing mix inputs, which include tangible proof, processes, and people (Booms, B.H and Bitner, M.J., 1981). The term "people" refers to the service providers who are vital to the creation of a service. The physical environment includes facilitating items and tangible clues that may be essential or incidental to the service being purchased. The management is much more aware of the needs of the customers, and technological advancements have made it possible for organizations to assist the customer-company exchange at the point of contact, employing EFTPOS and ATMs, for example. Additionally, management has been able to execute several customer-focused ideas that would have been nearly impossible 20 years ago, such as customer databases, thanks to increasingly sophisticated marketing/management information systems. As a result of these trends and the fact that most service industries are seeing an environment that is becoming more competitive, many organizations view the quality of the services they offer as being essential

to gaining an advantage over their rivals. Quality "has become a crucial strategic determinant in the contest for market share," According to (Berry, L.I., Bennett, D.R. and Brown, C.W., 1989) who think that service excellence is a crucial strategic tool, concur with this. As a result, top management commitment and a corporate culture that promotes a customer- and quality-focused mindset throughout the organization are characteristics of organizations that are emerging as leaders in quality service.

4. Relationship between cashless economy policy in customer services quality management

4.1 Cashless economy policy

The cashless economy policy consists of a package of measures directed at achieving the objectives of the policy. Promoting awareness through market sensitization and education is one of the strategies. The banks directly do this through high visibility messaging in all media, both separately and jointly. Cashless awareness programs are a key component of the strategy because by educating the public, they can assist in overcoming any potential market failure. This will make it simpler for suppliers to offer electronic services to both banked and unbanked clients who do not use their accounts or e-channels (Abubakar, F.M., & H.B. Ahmad , 2013).

4.2 Benefits of the Cashless Economy

Cashless offers numerous payment methods; decreases transfer/processing fees, lengthens transfer/transaction times, and provides immediate notification of all transactions on clients' accounts. Having a wide customer base, access to international goods and services, the ability to promote their brands and develop individualized relationships with customers, as well as having simpler documentation and transaction tracking, are all advantages for banks and merchants (Moses-Ashike, 2011). Also according to (Sharma, 2020) cashless has benefit such as:

- **Reduced Maintenance Costs:** The cash supply chain and logistics are costing the exchequer their financial fate. It costs a lot of money to print money, store it, transport it, distribute it, and look for counterfeit money.
- **Transparency in Transactions:** It is understood that using plastic money or electronic transfers always leaves a digital trail that benefits both the consumer and the tax collector (government).
- **Higher Revenue:** One novel advantage of transparent deals is that tax revenue will increase. Resulting in the government receiving upfront payments that will then be transformed into public welfare policies and programs?

- **Financial Inclusion:** The desire for a cashless society would promote the enclosing of the populace in money. It will force the government to create a synthetic economy and bank to connect every family.
- **Lower transaction costs:** Digital transactions save money and time on processing fees. If correctly executed, it will raise the rates of production and consumption, which will strengthen the economy.

In a similar spirit, the cashless system offers the chance to "track the money" and so prevent cross-border money laundering also In light of the foregoing, it is predicted that the cashless system will lead to greater transparency in corporate dealings (Jaiyeola, 2011).

4.3 Customer services quality management

Putting the customer first because businesses rely on their customers, they must comprehend their present and future needs; abide by their demands, and work to surpass their expectations.

The main factor separating good, poor, and neutral businesses is the standard of customer service. Customers who receive high-quality service are more likely to return, whereas those who receive poor treatment are more likely to leave and bring their friends, family, and coworkers with them. If all else is equal, superior customer service gives an advantage over rivals (Lyndsay, 2022).

4.4 Importance of customer services quality management in consumer satisfaction

When a customer's requirements or aspirations are met by a product or service, an emotional response and sense of pleasure are produced. Customer happiness is a dynamic phenomena that depends on a variety of variables. Perceived value, image, price, quality, dependability, and comfort have all been recognized as some of the common characteristics influencing customer satisfaction.

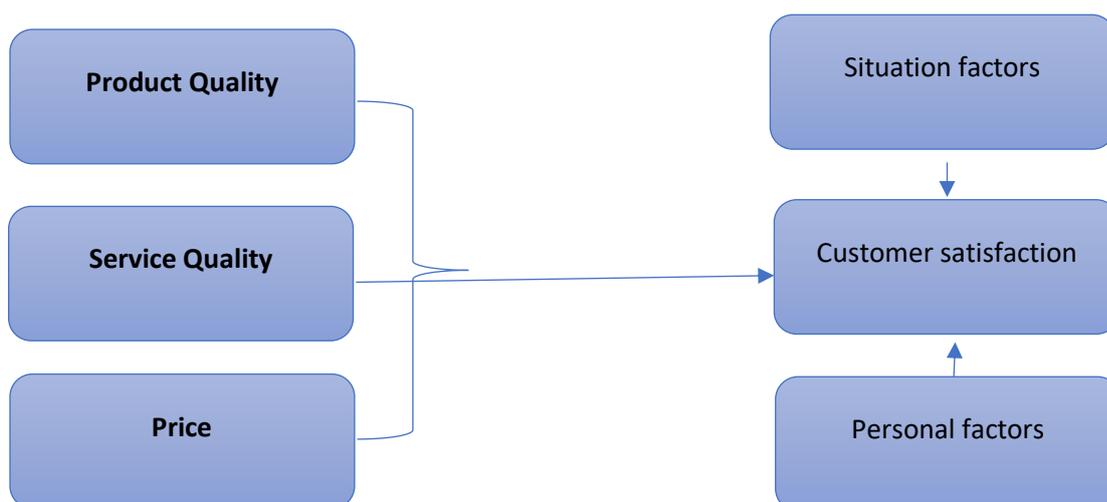


Figure 2 Customer Satisfaction Model (Duy P.N.N. and Hoang T.M, 2017)

According to the model (figure 2), a customer's contentment encourages repurchase intentions, whereas dissatisfaction prompts a consumer to stop using a product or service. This

model depicts many metrics for measuring customer satisfaction, which is a fatal flaw in any kind of business and its effectiveness (Gyambrah, 2016), as well as the importance of product quality and service at a particular price for ensuring customer satisfaction (Sangwan, S. and Pau, L.F, 2005).

5. Conclusion

This study's goal is to determine how the cashless economy policy affects the control of customer service quality. Cashless economy can participate in management of customer services quality. Businesses only need to use cashless methods properly, take advantage of safe and secure services like immediate payment certification, transparent account statements, lack of hidden fees, complete control over money, and streamlined transaction processes by providing all necessary information. Overall, the majority of businesses around the world are advancing in a fantastic manner toward a cashless economy. The time has come for businesses to leverage the cashless economy to satisfy customers, advance quickly, and establish a new legacy. It is time for businesses to adopt a cashless system so they can provide top-notch customer service quality management.

References

1. Abubakar, F.M., & H.B. Ahmad . (2013). *The Moderating Effect of Technology Awareness on the Relationship between UTAUT Construct and Behavioral Intention to Use Technology*. Australian Journal of Business and Management Research.
2. Ajayi, I. B. (2014). Effect of cashless monetary policy on Nigerian banking industry: issues, prospects and challenges. *International Journal of Business and Finance Management Research*,.
3. Albrecht, K. and Zemke, R. (1985). *Service America: Doing Business in the New Economy*, Dow Jones-Irwin, Homewood, Illinois.
4. Berry, L.I., Bennett, D.R. and Brown, C.W. (1989). *Service Quality: A profit strategy for financial institutions*,. Illinois : Dow Jones-Irwin, Homewood,.
5. Booms, B.H and Bitner,M.J. (1981). "Marketing strategies and organization structures for services firms", in donnelly, J.H. and Geaorge, W.R. Chicago: Marketing of services, American Marketing Association.
6. Clinehens, J. (2020). The Cashless Effect: How eliminating the “pain of payment” can improve your experience. *Medium*, <https://medium.com/choice-hacking/the-cashless-effect-how-eliminating-the-pain-of-payment-can-improve-your-experience>.
7. Denzel, M. A. (2008). *The origins of cashless payments*. Beiheft: Stuttgart: Steiner.
8. Dr. Budheshwar Prasad Singhraul and Yogita Satish Garwal. (2018, March 9). *Cashless Economy – Challenges and Opportunities in India*. Retrieved from www.pbr.co.in: http://www.pbr.co.in/2018/2018_month/March/6.pdf
9. Duy P.N.N. and Hoang T.M. (2017). *Factors Affecting Customer Satisfaction and Customer Loyalty the Case of Binh Duong Ceramic Product*. Bangkok: In proceedings of NIDA International Business Conference 2017-Innovation Management: Bridging Theory and Practice,.
10. European Central Bank. (2021, July 23). *Payments statistics: 2020*. Retrieved from [ecb.europa.eu](http://www.ecb.europa.eu): <https://www.ecb.europa.eu/press/pr/stats/paysec/html/ecb.pis2020~5d0ea9dfa5.en.html>
11. Garcia-Swartz, D.; Hahn, W. & Layne-Farrar, A. (2007). *Further thoughts on the cashless society: A reply to Dr. Shampine, Review of Network*.
12. Gyambrah, K. (2016). The Contribution of Electronic Banking to Customer Satisfaction: A Case of Gcb Bank Limited - Koforidua. *International Journal of Managing Information Technology*, pp. 1-11.
13. Jaiyeola, L. (2011). "Benefits of Cashless Economy by Experts. Retrieved from <http://www.iq4news.com/>
14. Khan, J., & Craig-Lees, M. (2009). *Cashless Transactions: Perception of money in mobile payments*. *International Business and Economic Review*,.
15. Klee, E. (2004). *Paper or Plastic: The Effect of Time on Check and Debit Card Use at Grocery Stores*. Retrieved from : <http://ssrn.com/abstract=687159>
16. Lyndsay, S. (2022). *9 Principles of Quality Customer Service*. Retrieved from Management for the Rest of Us: <https://mftrou.com/quality-customer-service/>
17. Moses-Ashike, H. (2011). *Cashless Economic can Reduce Risk of Carrying Huge Cash*. Retrieved from www.businessdayonline.com: <http://www.businessdayonline.com/.../22217>
18. Sangwan, S. and Pau, L.F. (2005). *Diffusion of Mobile Phones in China*. ERIM Report Series Research in Managemen. Retrieved from ERIM Report Series Research in Managemen.

Effect of the cashless...

19. Sharma, D. R. (2020). A CONCEPTUAL FRAMEWORK FOR CASHLESS ECONOMY. *Inspira-Journal of Commerce, Economics & Computer Science (JCECS)*, 144-150.