

The Economics and Societal Impact of Digital Banks and Digital on the Global Banking Sector and the Transition Toward a Cashless Society

Problem Statement:

Over the last decade, the global financial sector has witnessed a significant shift in how individuals and businesses interact with money. Digital banks and digital wallets have developed as revolutionary financial innovations, offering faster transactions, improved accessibility, and enhanced convenience. The literature demonstrates that these innovations can drive financial inclusion, operational efficiency, and economic growth across different regions (Srouji, 2020; Al Ghunaimi, 2025; Sarika & Vasantha, 2022). Despite their increasing global influence, their impact remains inconsistent, and several barriers continue to slow down the transition toward a fully cashless society.

The problem domain lies within digital financial technologies, specifically their economics, social, and regulatory implications. Existing studies show that while digital banking solutions can increase transparency, stimulate GDP growth, and support SMEs, their adoption is hindered by uneven digital literacy, cultural resistance, limited trust in security, and inconsistencies in regulatory frameworks across countries (Koont, 2024; Janamolla, 2024; Srouji, 2020). These differences make the road to digital transformation less clear and raise questions about the long-term sustainability and inclusiveness of cashless adoption.

Current solutions—such as digital wallets, mobile payment systems, and neobank models—have shown promising results but still face limitations. For example, mobile payments may thrive in urban centers but remain inaccessible to less educated or rural populations (Sarika & Vasantha, 2022). Neobanks extend financial inclusion, yet they introduce regulatory and stability concerns (Janamolla, 2024; Koont, 2024). These challenges indicate that the existing approaches are not sufficient to ensure equitable adoption or to fully support the transition to a cashless economy.

The importance of this problem lies in its global economic and social impact. A successful transition to digital finance can enhance transparency, reduce reliance on cash, enhance tax compliance, and strengthen financial inclusion. Conversely, failure to address the underlying challenges may widen inequalities, reduce trust in digital ecosystems, and create regulatory vulnerabilities. Therefore, there is a clear need for research that systematically analyzes how

digital banks and wallets influence economic structures, user behavior, and regulatory frameworks—and how these elements collectively shape the transition toward cashless societies. This research is necessary to address the existing knowledge gap, synthesize fragmented insights from different regions, and offer a comprehensive understanding of the conditions required for sustainable digital financial adoption.

Research Objectives

- **Primary Research Goal:**

To conduct a comprehensive analysis of the economics, societal, and regulatory implications of digital banks and digital wallets within the global banking industry, and to evaluate how these technologies facilitate the transition toward cashless societies.

- **Specific Objectives**

1. To analyze the economic impact of digital banks and digital wallets on traditional financial systems.
 - To examine how digital payment systems influence financial inclusion, operational efficiency, and economics growth.
 - To assess the extent to which digital wallets contribute to transparency, reduced cash dependency, and macroeconomic expansion.
2. To investigate societal and behavioral factors that shape digital financial adoption.
 - To identify the cultural, educational, and trust-related variables influencing user acceptance.
 - To analyze difference in adoption patterns across demographic and socioeconomic groups.
3. To evaluate regulatory and structural challenges associated with digital financial innovation.
 - To analyze the effectiveness of current regulatory frameworks that govern digital finance.
 - To examine risk related to financial stability, cybersecurity, and cross-border digital payment ecosystems.
4. To assess how economic, societal, and regulatory factors collectively influence the transition toward cashless societies.
 - To synthesize findings across regions to understand the varying paths toward digital financial maturity.
 - To identify conditions necessary for sustainable and inclusive cashless adoption.

5. To propose evidence-based recommendations for policymakers, regulators, and financial institutions.
 - To provide practical strategies that enhance user trust, improve digital literacy, and strengthen regulatory readiness.
 - To suggest policy and industry measures that support secure, inclusive, and resilient digital financial ecosystems

References

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