



**UNIVERSITI TEKNOLOGI MARA**

**A STUDY ON CASHLESS PAYMENTS AND  
ITS IMPACT ON ECONOMIC GROWTH**

**NUR AISYAH BINTI RIJAL  
2018653336**

Final Year Project Paper submitted in fulfilment of the  
requirements for the degree of  
**Bachelor of Business Administration (Hons)**  
**Investment Management**

July 2021

## **ABSTRACT**

This study explores the relationship between cashless payments and their economic impact in Hong Kong, Thailand, South Korea, Vietnam, and Malaysia between 2010 and 2020. The Panel Ordinary Least Square (OLS) regression model is used to examine the within- and between-country effects of adopting remittance (via telegraphic transfer), card payment, and cheque payment in these selected countries. The findings indicate that cashless payment has a sizable impact on Hong Kong, Thailand, South Korea, Vietnam, and Malaysia. Specifically, remittance inflows on economic growth were discovered, whereas card and cheque payments have no impact on economic growth. As a recommendation, Hong Kong, Thailand, South Korea, Vietnam, and Malaysia should intensify their efforts to promote cashless payments, emphasising remittance inflows, which have the most significant positive impact on economic growth. Thus, the country would benefit from a cashless economy.

## **ACKNOWLEDGEMENT**

In retrospect, completing this Degree programme and completing the final year thesis project has been both challenging and a process of professional and personal self-discovery. I am eternally appreciative of everyone who has been a part of this journey.

First, I want to express my gratitude to Allah S.W.T, the Almighty, for bestowing upon me His blessings, physical and psychological well-being, and an abundance of endurance throughout my journey to complete this study. Without His assistance, I would have difficulty completing this study within the allotted time. While conducting this study, I gained a wealth of knowledge, which will prove extremely useful in the future.

I am incredibly fortunate to have Dr Roslina Mohd Shafi as my research advisor, as she brought a depth of knowledge that few could match. I thank her for the support of this project and her thoughtful feedback, which always geared toward moving me forward. Her thoughtful responses to my choices and perceptive questions about my research paper were highly beneficial.

Finally, but certainly not least, I would like to express my heartfelt appreciation to my family and friends, who never cease to show me their love and support. I appreciate it.

## **TABLE OF CONTENTS**

	<b>Page</b>
<b>ABSTRACT</b>	<b>4</b>
<b>ACKNOWLEDGEMENT</b>	<b>5</b>
<b>TABLE OF CONTENT</b>	<b>6 – 8</b>
<b>LIST OF TABLES</b>	<b>9</b>
<b>LIST OF FIGURES</b>	<b>9</b>
<b>LIST OF ABBREVIATION/NOMECLATURE</b>	<b>9</b>
<b>CHAPTER 1 : INTRODUCTION</b>	
1.1 Introduction	<b>10 – 11</b>
1.2 Overview	<b>11 – 12</b>
1.3 Problem Statement	<b>12 – 13</b>
1.4 Research Questions	<b>13</b>
1.5 Research Objectives	<b>13 – 14</b>
1.6 Significance of Study	<b>14</b>
1.7 Scope of Study	<b>14-15</b>
1.8 Limitation of Study	<b>15</b>
1.9 Definition of Key Terms 1.10	<b>15 – 16</b>
1.10 Summary	<b>16</b>
<b>CHAPTER 2 : LITERATURE REVIEW</b>	
2.1 Introduction	<b>17</b>
2.2 Cashless Economy and Economy Growth	<b>17 – 18</b>
2.3 Remittance inflow of Migration	<b>18 – 19</b>
2.4 Card Payment ( Debit and Credit )	<b>19 – 20</b>
2.5 Cheque Payment	<b>20 – 21</b>
2.6 Theoretical/Research Framework	<b>21</b>
2.7 Summary	<b>21</b>

---

# CHAPTER ONE

## INTRODUCTION

### 1.1 Introduction

A cashless transaction is one in which financial activity is carried out primarily without actual coins or banknotes, but through digitally modulated data that connects the transaction group (R.Ragaventhara, 2016). Electronic payment has gained prominence in recent years due to its convenience, security, and quick mode of payment. The transition from a cash-based economy to one that is cashless is widely considered as having substantial benefits.

Malaysia made its first attempt at e-money implementation in 1999 when MEPS cash was introduced in the Klang Valley. The initial response was uninspiring. The facilities for reloading the cards with money were limited, as were the outlets that accepted MEPS cash. However, the situation has changed significantly in recent years, with almost every Automated Teller Machine (ATM) in the country equipped to reload MEPS cash.

Another attempt to implement electronic money in Malaysia is through the private company Rangkaian Segar's Touch and Go cards. The Touch 'n Go cards were originally intended for use in Malaysia to pay tolls on highways. The cards can be linked to a credit or bank card and feature automatic reloading up to a predefined maximum limit when the cards' balance falls below a predefined minimum level. Additionally, the cards' balances can be replenished at certain toll booths and bank ATM terminals. However, it's worth noting that Touch 'n Go cards can now be used to pay for parking spaces as well as train and bus fares.

Cashless economy is currently implemented through various platforms, including remittance (via telegraphic transfer), electronic payment, and electronic clearing settlement. Transparency, accountability, and a reduction in cash-related fraud are critical components of economic growth and development, and electronic transactions can assist in accomplishing these objectives. (Uyoyou Ogbodo, 2013). By emphasising electronic card

---