

THESIS SUMMARY

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SUMMARY

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In the first chapter of my thesis, I presented all the alternative digital payment methods starting of with the Credit and Debit Cards, which are the most commonly known and used oldest digital payment methods all over the world. Through the years these cards had an upgrade and have near-field communication function which allows contactless payment for people.

Today's most popular type of payment for convenience is the mobile payment. There are some different kinds of methods within this as well. Mobiles have built-in NFCs into every phone since 2011, which enables the transaction if the phone is in direct close range to the POS terminal.

Browser-based mobile payment has a built-in interface, which facilitates the process quickly and easily by giving the required card information only.

In-app payments have several useful functions. Through the app, consumers can purchase Evignettes, food, season tickets, order a taxi, and many other things that make the people's life easier.

In order to use Peer-to-peer payment, specific applications need to be downloaded, such as Cash App, or Venmo, for both parties in order to send money, and the transfer is instant.

Another very commonly used payment is QR code. Nowadays every smart phones have a builtin QR code reader. QR code payment processes can happen through an App-to-App payment, where both sides open the proper apps, then the user scans the unique QR code given by the recipient through the app or at some places there is a barcode shown on bills, buses, and after scanning it, the consumer can quickly pay for the product/service. The last version of it, is when the retailer scans the consumer's QR code, where the consumer enters the amount that has to be paid, and the retailer practically "takes away the consumer's money".

Digital currencies are required to have E-wallets, in order to pay with them, and considering the encryption, it counts as the safest type of payment, because it is almost impossible to hack thanks to the blockchain.

In the second chapter, I made a comparison study on the Hungarian Simple application and the famous Chinese app called WeChat Pay. WeChat Pay was released 9 years ago and has

already over 1 billion active users. Together with Alipay, jointly took up accounted for 94.2% market share by transaction volume in the Chinese Mobile Payment Market. In China, mobile payment is very common and plays a very important role in their everyday life.

WeChat Pay and Simple by OTP are similar to each other in terms of policy, however, there is a big significant difference between these two applications. WeChat Pay has access to a copy of the identity document, while on the other hand Simple draws attention not to upload any document, because Simple does not take any responsibility for that. WeChat Pay is supported by 40 countries around the world, and since 2019 due to the high Chinese tourist numbers, Hungary introduced WeChat Pay, Alipay, and China Union Pay into Budapest Airport and the Heinemann DutyFree.

In terms of functions, the applications are very similar, but Simple is like a budget version of WeChat Pay, because everything that Simple has, it can be found in the other as well along with several other useful features.

In the third chapter, I made a research about the possibility of Hungary going cashless. According to some data, COVID-19 had a positive influence concerning digital payments, because the cashless payments exponentially increased. Hungary has a goal and will be trying to decrease the cash payments down to 50% by 2030, which seems reasonable because in the past 10 years digital payments increased by 22%. More than 75% of the people receive their salary electronically. The number one reason for such aspiration is to lower the percentage of the shadow economy because compared to other EU countries, Hungary is seemingly above average.

The country, that is just one step away from being completely cashless, and will not accept a single penny, is Sweden. According to predictions in 2023, Sweden will go 100% digital and will become the first cashless society nation in the world. In 1967 Sweden was also one of the first among the countries that installed automatic cash machines. As it should be, Swedes were the first country in Europe to introduce banknotes in 1661 and 362 years later, predictably they will be the first ones to exclude them. Nordic countries are way ahead of any other country in Europe, they have the highest number of card payments per inhabitant. Since 2016, the government of Denmark gave the option to refuse to accept cash at petrol stations, bars, restaurants, buses, and trains to become totally cashless in order to mitigate crime incidents. Denmark's plan to become completely cashless by the year 2030. Germany on the other hand, where all the high technology is given still prefers cash over any digital payments. While the

Israeli government also tries to eliminate cash, in order to lower criminal activity, because the black market is approximately 25% of the Israeli GDP, therefore the government made some restrictions on the maximum cash transaction limit.

In order to have a complete view of these payments, I listed all the advantages and disadvantages for both digital payments and cash.

There is no doubt, that the greatest advantage of cash is that it is accepted literally everywhere. There is no possibility of risk of personal data theft since there is no personal data involved during the transaction, therefore personal information remains safe. Cash is just easily accessible, can be given to the other party, the transaction immediately goes through, and no need for a third-party intermediary, and there is no transaction fee at all.

However, the disadvantage of cash is, that it costs hundreds of billions of forints to maintain that, and it is all paid by the taxes of citizens. There are no records of transactions after any transaction, thereby it favors the operation of the black market, since it is untraceable when paying with cash. Cash can be stolen, destroyed, and even lost, and cannot be refunded, nor cannot be exchanged by banks.

The advantages of digital payments are that, they are convenient and give immediate access to their money. The chances are less, that thieves will attempt a crime, and try to steal because it is also trackable and can be easily proven whose money was it in beforehand. In case it did succeed, the card can be blocked in less than a minute, and there is a high chance for a refund by the company. Expenses can be easily trackable, and their use abroad is a lot better than cash, since there is no need to withdraw money to be able to pay with the local currency. In contrast to paying with cash, since there is no verification during the online transaction, it is hard to tell if the person who made the payment is really the card's owner. Cybercriminals frequently try to deceive individuals or hack them in order to acquire their data and exploit them, and they have a good possibility of escaping detection at all times. An enormous obstacle to moving toward a cashless society is that the older generation lacks the expertise necessary to use smartphones efficiently, so they avoid it and stick with traditional cash payments. Online payments depend on software, therefore system failures can always occur and at important times can be quite annoying.

In the last chapter, I made a questionnaire, about which I expressed my conclusion in the previous chapter. The main result of the survey is that Hungarians would lean towards cashlessness with a well-developed infrastructure.



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