

## **Demonetization and Digitization**

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### **Abstract**

Using big datasets from four diverse sources, of both suppliers and facilitators or recipients of digital payment platforms, we conduct a comprehensive analysis of the impact of unexpected demonetization in India on payment digitization. The drying-up of cash due to demonetization leads to a significant increase in the level of payment digitization and the rise applies to both traditional and non-traditional digital payment modes, including card and e-wallet. The usage pattern persists even during the re-monetization period when cash makes a comeback in the economy, indicating the success of demonetization in enabling new digitization technologies to make inroads into consumer payment habits. Heterogeneity tests reveals that regions that are underdeveloped economically, lag in financial inclusion and technology infrastructure and have a population with more conservative demographic characteristics experience a weaker digitization response.

### **Speaker Profile:**

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