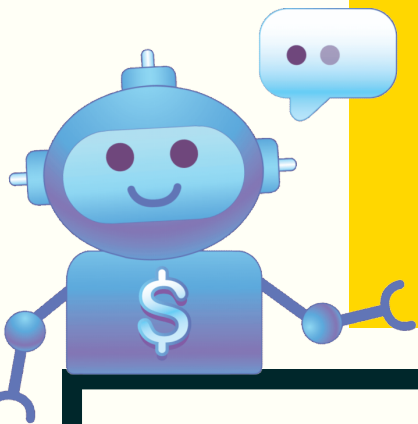


THE DISAPPEARANCE OF CASH

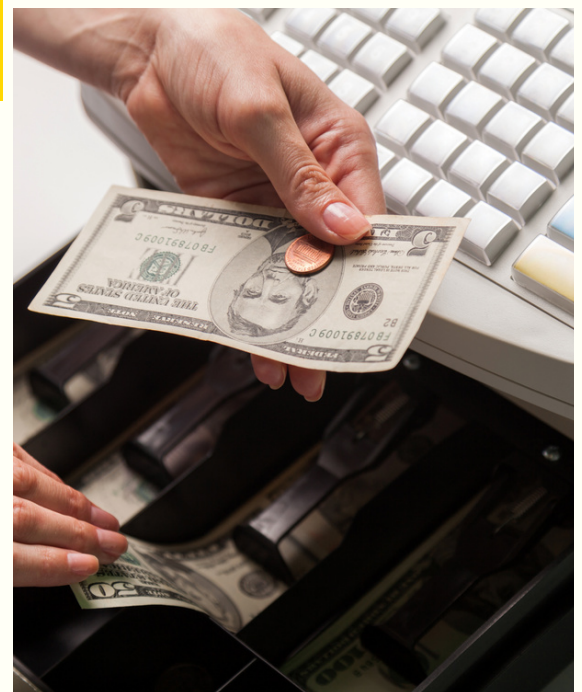


You see it at businesses ranging from massive stadiums to mom-and-pop shops, with signs that firmly state “Cash Not Accepted.” Though credit and debit cards have been a regular payment option for decades, advancing technology and staffing trends have turned some businesses away from paper money altogether. The pandemic, with an emphasis on hygiene and social distancing, accelerated that trend. The share of cashless businesses more than doubled from February 2020 to February 2021. Here are answers to questions about what exactly is going on and how this trend might affect you.

“Why Some Businesses No Longer Accept Hard Cash, and What You Can Do About It”

Don't stores make more money if you pay with cash?

How has that changed? There was a time when some businesses sought to avoid paying fees for credit card transactions by encouraging cash payments. However, the dynamics of retail are changing and now even with those fees a cashless business can be more profitable in today's market with the improved technology and the ability to process electronic payments more quickly than cash, increasing total sales. This has prompted companies to implement cashless operations. For example, Sweetgreen, a salad restaurant chain experimented with cashless operations in 2016 and reported 15 percent more transactions an hour than with cash sales, as well as 2 hours per day in cash management work. This prompted them to implement cashless operations in all their stores, which reduced their staff.



I HOPE YOU FOUND THIS INFORMATION HELPFUL AND LOOK FORWARD TO PROVIDING YOU WITH CONTINUED FINANCIAL INFORMATION.

TOUCH STONES FINANCIAL WELLNESS SERVICES GUIDE TO FINANCIAL WELLBEING

SO, WHERE IS THIS ALL HEADED?

A 2021 survey by transaction tech company “Square” showed that most consumers and small business owners did not think that cash would disappear entirely in the U.S., but that attitudes are changing. The survey reported that 22 percent of small business owners envisioned a fully cashless society within 10 years. This has increased from the only 13 percent who thought so in the 2019 survey.



WHAT TECHNOLOGICAL IMPROVEMENTS HAVE BEEN MADE?

Many businesses have adopted “tablet-based” sales systems as a modern form of cash register. They often will allow the customer to enter a tip into the transaction and tap their card to a sensor to complete the transaction in seconds. Other electronic payment options have been added recently as well including Apple Pay and Google Pay which allows the customer to complete a transaction by holding their phone to a sensor. Depending on how you’ve set up your mobile wallet, you can either withdraw funds from your bank account or charge the purchase to your credit card. In 2020, many consumers aged 51-64 reported using these mobile wallets for many of their transactions due to the pandemic. Another pandemic-sparked trend that is driving this cashless economy is curbside and in-store pickup. Over the past three years, millions of us have begun ordering and paying for items through an app or website before going to the store or restaurant to pick it up and even post-pandemic many of us have continued this practice.

HOW ARE CONSUMERS REACTING?

It would be simple to say that people are having trouble with the change due to a lack of technological skills to adapt to cashless payments, but credit cards have been around since the 1950s, and automated teller machines and debit cards have existed since the 1980s. So, consumers have had plenty of time to get used to the technology. The fact still remains that 15 percent of Americans 55 and older use cash for most or all of their purchases and two-thirds of people 70 to 87 don’t own a Smartphone which keeps them from making mobile payments and app purchases. In addition, there are also those individuals who are unbanked and who do not have access to a credit or debit card. A movement away from cash “disadvantages” these individuals as well as older adults if it becomes required, thereby creating serious social inequities. This issue isn’t limited to any demographic. There are all ages, races, income levels and types of individuals who prefer to pay with cash, and eliminating the option to pay with cash from the marketplace will leave a lot of people behind.

IS IT LEGAL TO ELIMINATE CASH PAYMENTS FROM STORES?

Historically, there are no laws that say a business must accept cash. Some cities and states have passed laws in recent years to make sure consumers can pay with cash in most instances (for example: New York City, Philadelphia, San Francisco, Massachusetts well as New Jersey, and Rhode Island). In 2021, a bill was introduced in the House of Representatives that would establish a federal law prohibiting businesses from refusing cash. However, it is very unlikely that such a bill will pass even though it will benefit the 5.9 million “unbanked” Americans who use cash only. There are some businesses who are coming to this conclusion too (i.e., Sweetgreen reversed its decision to go fully cashless, stating that “Everyone in the community needs to have access to real food”).

