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# Business Zone

Four pages of analysis and expert comment

## Cryptocurrency and the future of cash

**M**ANY ECONOMISTS believe the world will someday be cashless. They point to India, which recently banned lower-denomination notes. How long before the UK follows suit, asks Henley Business School professor Dr Benjamin Laker.

Consumers are embracing a wide array of payment options in today's increasingly complex marketplaces. Cryptocurrency evangelists believe cash is a relic of the past, but Mark Ridley, partner at global advisory firm Transform Performance International, believes it is "a symbol of the nation state. It will always be king."

He's right. Contrary to widely held beliefs, cash is not dying out, despite the increasing use of mobile phones

and contactless payment for purchases. The Bank for International Settlements said in its latest report that the amount of cash in circulation rose from 7 per cent of global GDP in 2000 to 9 per cent in 2016.

A cashless society remains an elusive myth – both today and for the foreseeable future, with 79 per cent of US consumers in Cardtronics' recent research claiming they can't imagine a world without cash. A full 83 per cent of respondents said they would miss cash if it went away, and 85 per cent believe it will never go out of style. And while digital and mobile payment adoption is rising, a moderate pace of adoption indicates that consumers are complementing



the use of cards and cash rather than replacing them large-scale.

A separate study conducted by the Federal Reserve Bank of San Francisco reached three similar conclusions...

- Cash continues to be the most frequently used consumer payment instrument

- Cash is widely used in a variety of circumstances
- Cash dominates small-value transactions

The third point is particularly troublesome for those pushing digital payments. For consumers to embrace these in all settings and situations, they not only need to be as fast and as simple as cash, but consumers have to perceive them as such. Until this happens, cash will remain king. It isn't going away. Not now, nor any time soon.

**INDUSTRY VIEW**

[@DrBenLaker](https://twitter.com/DrBenLaker)

[www.transformperformance.com](http://www.transformperformance.com)