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Many economists believe the world will someday be cashless. They point to India, which recently banned notes with lower denominations. So 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 that cash 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 therefore remains an elusive myth – both today and for the foreseeable future.

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Cash still dominates person-to-person payments by 79 per cent. In specific scenarios, such as dining out, 55 per cent of consumers (including 47 per cent of millennials) still prefer to split the bill with cash. A separate study by the Federal Reserve Bank of San Francisco reached 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. Consumers see cash as the most convenient and efficient method for making small purchases – they feel it isn’t worth the “hassle” to take all the steps necessary to make a digital payment when they can just slap a note on the counter.

For consumers to embrace digital payments, they not only need to be as fast and as simple as cash, but must be perceived as such. Until this happens, cash will remain king. It isn’t going away. Not now, nor anytime soon.

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