



## THE CASE FOR CASH PART ONE: MYTHS DISPELLED

### 1. MYTH 1: CASH IS EXPENSIVE

The “expense” and social costs of cash are the new arguments for the war on cash.

### 2. MYTH 2: WITHOUT CASH, CRIME WOULD DECLINE OR DISAPPEAR

The media often picks up the controversial and thought-provoking myth that cash use attracts criminal behavior as it generates sensational headlines. Three recent reports illustrate this sensationalist tendency to align cash use with criminal behavior, while overlooking a complex interaction of factors (e.g., a stable us gdp) that contribute to a decrease in crime rates

### 3. MYTH 3: THE CASHLESS SOCIETY IS JUST AROUND THE CORNER

For the last 45 years, various media outlets have predicted the end of cash. See in the report why this is not the case.

### 4. MYTH 4: CASH DEMAND IS DECLINING

The credit card companies and the commercial banks lead consumers to believe that their “war on cash” is being won. Examining the statistics worldwide on cash issuance and usage, one concludes that while the rate of growth in cash (not cash itself) may be declining in some countries, cash overall continues to grow worldwide.

### 5. MYTH 5: RETAILERS PREFER CREDIT CARDS

MasterCard is spreading the myth that all retailers will soon eliminate their cash registers and use only card readers for all transactions. The headlines promote a vision of retailers rushing to join the cashless world. However, Currency Research finds numerous examples where not only are retailers and retail associations actively promoting cash in their stores but are also taking credit card companies to court over pricing practices.

### 6. MYTH 6: CASH IS “DIRTY”

The oft-circulated claim that a “microbial jungle” resides in the world’s wallets due to “dirty money” makes for a sensational, albeit misleading, headline. A recent “independent report” commissioned by MasterCard claims that banknotes are far less hygienic than payment cards. Currency Research believes such claims (i.e., cash is dirtier than other items or transmits diseases) are unbalanced reporting.

### 7. MYTH 7: CASH IS ONLY USED BY THE OLDER GENERATION

Judging from recent headlines, newspapers and the payments world would have us believe that younger generations are driving monumental shifts in payment trends, while also moving away from cash in droves. Once again, however, recent surveys and payment studies do not support this claim.

### 8. MYTH 8: BITCOIN WILL REPLACE CASH

Many factors indicate that Bitcoin is not well situated to replace cash as a payment method. Currency Research believes that there has not yet been a viable alternative to replace cash; however, central banks should not ignore the world of cryptocurrency payments. Central banks and mints must fully understand all implications of any payment method and be able to regulate it for consumer protection.

### 9. MYTH 9: CREDIT CARDS ARE “SAFER” THAN CASH

In promoting the use of their cards, MasterCard and Visa claim that credit cards are “safer” and regularly produce stories of robbery and loss of cash via transport and handling to convince both retailers and consumers of the dangers of cash. If an individual loses his or her cash the loss is minimal as compared to the much greater losses of both money and time involved in cases of identity theft.

### 10. MYTH 10: CASH IS “LOW TECHNOLOGY”

Currency Research estimates that each year billions of dollars are invested in banknote and coin advanced technologies to secure them from counterfeiting and to improve overall efficiencies in the cash cycle. Recent trends and new technologies in cash include: streamlining cash handling functions; minimizing the returns of criminal activity; optimizing cash management and flow; security inks; and developing innovations in banknote security,

banknote design, and security printing. The reputation of the central bank, and the country itself, is at stake and must be protected by this ongoing research and development.

The life span of banknotes has increased dramatically over the last decade with the advent of polymer, hybrid, varnished, and reinforced banknotes, which has also brought down the cost of production and the overall cost of cash in circulation.

**11. MYTH 11: ONLY CRIMINALS USE BANKNOTES**

The card industry's sensational claim that cash use implies criminality is extremely insensitive and verwhelmingly based upon biased research in an effort to convince central banks and governments to abandon cash. What this claim does not take into account is the number of unbanked and underbanked individuals that rely on cash for everyday transactions, as well as stored value.

**12. MYTH 12: CASH WILL BE REPLACED BY MOBILE PAYMENTS**

M-Pesa is primarily used to facilitate the transfer of cash from one person to another, with cash remaining the preferred payment vehicle for the majority of people.

**13. MYTH 13: CONSUMERS DON'T LIKE CASH**

Reports by the UK Payments Council and Link and the Sloan School of Management show that cash remains a preferred payment method because it allows consumers to exert more control over their spending habits.

**14. MYTH 14: CASH HAS NO SOCIETAL BENEFITS**

From an unseen tax to a work of art, from an educational tool to a preferred method of payment for charitable giving, and even acting as a catalyst for the discussion of important social issues, cash is much more than just a payment method.

**15. MYTH 15: SOCIETY BENEFITS FROM CONVINCING PEOPLE CASH IS BAD**

The world would be a more profitable place for commercial banks and the card payment industry without cash. Our conclusion is that the more the major banks and card companies can convince governments and consumers that the myths surrounding cash are true, the faster their profits will grow.

**16. MYTH 16: CASH IN CIRCULATION AS PERCENT OF GDP AND COST OF PAYMENTS TO GDP IS RELEVANT**

There is now a growing tendency of central banks and national payments plans to cite cash-to-GDP ratios as a justification to promote non-cash payment methods.

## **CONCLUSIONS**

Why do we need to argue the Case for Cash? We need it largely because organizations and governments are promoting agendas that are not always in the best interests of society. Large organizations are spreading myths as facts that eventually serve as the platform for payments systems planning, and therefore also the platform for our collective future.

Currency Research believes that cash in the form of banknotes and coins will be in widespread use for generations to come. Cash has no obvious replacement in sight. We do not see any legitimate reason to decelerate our collective investments and research into improving the cash consumer experience and cash life-cycle costs.

For more than 40 years, we have read articles heralding the death of cash due to credit cards, debit cards, the internet, mobile payments, digital/virtual/cyber currencies, and now "identity" as it becomes the new currency. When or if a new payment method is introduced that is 99.9992% secure, 100% trusted, and 100% reliable in times of crisis, as well as easy, convenient, universal, and understandable, it may replace cash. Until that time, cash will continue in regular use, perhaps declining as a percent of payment means, but growing as overall payments grow. But perhaps the strongest case for cash is that it continues to be demanded by our citizens in the face of arguments to the contrary.

Please contact Currency Research ([rhyde@currency-research.com](mailto:rhyde@currency-research.com)) for information on receiving the full Case For Cash report. You can download the full summary here: <http://bit.ly/2H2oXVh>

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