



Industry Position Paper Calling for Ban on Cashless Retail Establishments

Position

Some retailers have gone cashless, which denies members of the public the freedom to choose how they wish to pay for goods and services. Cash, as public money, is guaranteed as legal tender and yet cannot be used at these cashless retail outlets. In addition to being public money, cash is a back-up when systems fail or malfunction. With the recent introduction of a \$10,000 limit on cash transactions in Australia, it is essential to secure the role of cash as a payment option for transactions below this amount. The ATM Industry Association proposes a mandate for cash as a payment option for in-person transactions below \$10,000.

1. Background Facts

The use of cash as legal tender in Australia has always represented an important and accessible part of the payments landscape. It is a universally trusted payment method which enjoys instant settlement, and which is free to use for citizens, compared to fee-based electronic payment methods.

The COVID-19 pandemic has resulted in sweeping changes around the world. Some merchants in Australia are now promoting the use of cashless payment methods. In a number of cases, retailers have even gone so far as to ban the use of cash in their businesses.

Anti-cash sentiment has also been stoked by false and unscientific information in the media wrongly singling out cash as a vector for transmission of the virus, when everyone knows that any physical surface can carry a viral residue.

The WHO has issued a statement explaining that "The World Health Organisation did NOT say banknotes would transmit COVID-19, nor have we issued any warnings or statements about this".

The introduction of a limit on cash transactions over \$10,000 has also placed further strain on the role of cash as a payment option. This move has been interpreted by some as anti-cash signaling.

2. Underlying Advantages of Cash

Research undertaken by the Reserve Bank of Australia has demonstrated that there are a number of key advantages of cash.¹ It is well-known that there are several unique qualities of cash which cannot all be replicated by electronic forms of money, such as:

1. Cash always works, irrespective of technology or power availability
2. Cash is an effective household budgeting tool
3. Cash transactions are easy and quick, with an immediate settlement
4. Cash is legal tender and carries a public guarantee
5. Cash in hand is fee-free to use as a payment
6. Cash is the most inclusive payment method
7. Cash gives confidence to the vulnerable at the point of sale

3. Risks surrounding going cashless

Going cashless discriminates against the vulnerable and against cash-users, reduces freedom of choice in payments and makes our payment system less reliable. It increases the risks of losses and disruption from cyber-attacks on national payment systems by hostile states or organised crime groups.

4. Conclusion

In order to ensure a fair and secure payment system, with freedom of choice for all demographic groups built into the payment system, the Australian Government should mandate cash as a payment option for in-person transactions under \$10,000.00.

The federal government should introduce legislation to require retailers and businesses to accept cash payments for transactions under \$10,000, subject to existing regulations around maximum denominations for payment.

Ensuring cash is secured as a payment option is in the long-term interests of the safety, stability and fairness of the Australian payment system.

¹ Reserve Bank of Australia (2020). *Reserve Bank Bulletin*. Sydney: Reserve Bank, p. 12.