



TRAVELEX WHITE PAPER

Do we really want a cashless society?

**A survey of attitudes towards cash and its usage
in the UK, Australia, Brazil, and South Africa**

Travelex





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EXECUTIVE SUMMARY

Are we facing the end of cash and the dawn of a cashless society? Newspaper headlines and futurists seem to think so, with 2018 described as the year of “peak cash” in the UK. By 2026, according to UK Finance, cash will be used for just [21% of transactions](#).

Is this something people want? To find out, Travelex commissioned research into attitudes towards cash in four countries: two where cashless technologies are fairly mature, the UK and Australia, and two where they are less common, Brazil and South Africa.

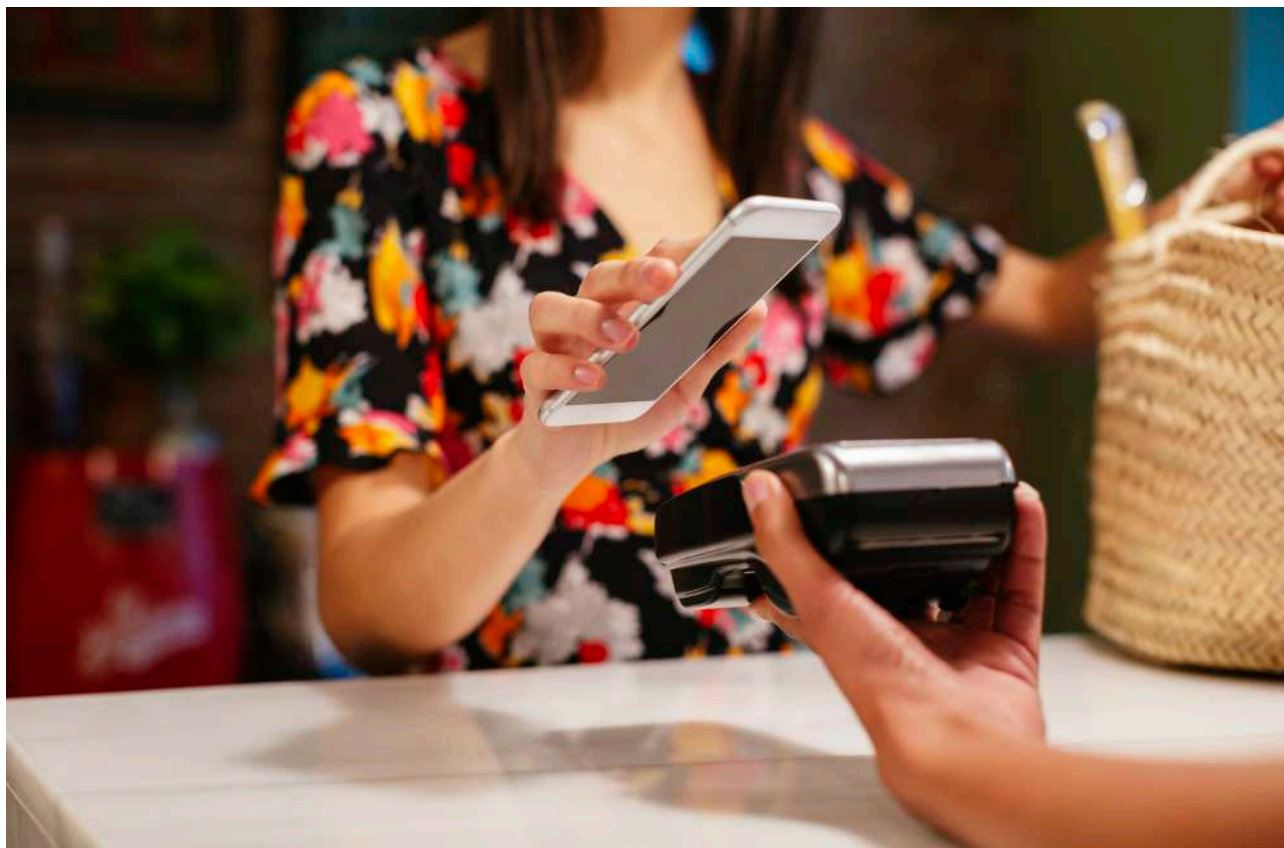
The research revealed some interesting and perhaps counterintuitive results. In the two countries where cashless technology is more common, there was no great desire to get rid of cash, and people were quite happy with it being part of their day-to-day lives. In contrast, the residents of those countries where cashless technologies are far less common are keen to use them more and reduce cash use.

All countries see cash as part of their day-to-day lives. They carry cash at all times, replenish their wallets and purses at ATMs, and even where cashless payment technology is widely available, there is no great desire to go that last extra mile and never use cash again. There exists, on average across all countries, an “immovable 24%” of the population who, when presented with a range of factors that might influence them to use less cash, were perfectly happy with their cash usage as it stands today.

The research suggests that there is an equilibrium, a happy medium, where people use cash far less than they used to, but don’t want to get rid of it altogether. Physical cash has a unique set of properties that people value. Consumers therefore opt for a balance based on their own personal view of using cash, card or ‘other’ to pay in any given environment.

Travel money is a special, but illustrative case. Those in countries with more payment options still use some cash when travelling—indeed typically much more so than for domestic payments—while those in countries that tend to use cash more at home seize this opportunity to use new technologies.

What people want is choice—they want the convenience of cashless payment technologies, but they also want the control and reliability that cash affords. New technology has undoubtedly shifted the payments landscape, but cash will remain a part of the landscape for the foreseeable future.



EXECUTIVE SUMMARY

Key findings

- Travelex's survey into attitudes towards cash and its usage has revealed people do not currently expect cash to disappear—not even in the countries where cashless payment technologies are the most mature
- People continue to use cash and carry it at all times. What they want most of all is choice and control, to use a mix of cash and cashless payment where appropriate
- A sizeable minority of people say that they are happy with their use of cash, and no new technology or other factor could persuade them to use it less. Though it is difficult for consumers to really predict what those new technologies might look like, this “immovable 24%” seems to suggest that cash will continue to be used in the future

Banks and retailers may be keen to go cashless, but they need to be mindful of what their customers want. Is alienating this group of customers worth the savings from reducing cash handling?

METHODOLOGY

Travelex commissioned Sapio Research to investigate the use of cash and cashless technology across four countries: the UK, Australia, Brazil and South Africa. These four countries are at different points in the “journey towards cashlessness”, as defined by Mastercard's [Measuring progress toward a cashless society report](#), and together give a representative overview:

- South Africa is an inception nation, where 90% of consumer transactions are made using cash
- Brazil is a transitioning nation, where a growing middle class is embracing new payment technologies
- Australia is a tipping point nation, ready to make a substantial move away from cash
- The UK is an advanced nation that has made this move and seems poised to continue

Sapio Research interviewed 1,000 consumers across these markets giving a statistically reliable overview of attitude, accurate to +/- 3.1% at 95% confidence limits.



INTRODUCTION:

Is the death of cash imminent?

The revolution is complete, and cash is no longer king, at least according to the headlines. The rise in technologies such as EMV, contactless, mobile wallets and even cryptocurrency has made cash seem cumbersome and old-fashioned in a world of electronic money, mobile banking, and instant international money transfer. People like the convenience of being able to just tap-and-go, without worrying if they have enough money on hand, without waiting for change, and without running the risk of their cash being stolen.

It's not just convenience that's a selling point for these technologies. Cash can make the lives of criminals easier by being difficult to track, and by making money laundering and tax evasion simpler. Cashless technologies don't solve the issue, but they help.

These advantages mean that the increased adoption of cashless technologies has been seen by some as a universal good—after all, some of the most progressive nations such as Sweden and Norway are leading the charge. But even if cash has been deposed from its throne, there are perhaps reasons to be glad that it still wields some power.

The unintended consequences of ditching cash

Cash has one major advantage over its rivals—anyone can use it. It doesn't require a bank account, nor a mobile device. By making payments reliant on using technology, there is a risk of locking people out of the financial system.

- A [Europe-wide Visa outage in June 2018](#) left many unable to pay for goods using their cards. With bank branches closed and people used to carrying far less cash than before, there was often no way for people to buy anything. Both consumers and the businesses they wanted to patronise lost out.

This incident helps us understand what it is like for those who are locked out of cashless technologies permanently, whether that's because they don't have a bank account, or because they cannot use the required technology due to cost or accessibility issues. Getting rid of cash, while making certain criminal activities more difficult, comes with unintended consequences that may not be easily solved. For some people, a sign that reads "cash not accepted" may as well tell them they are not welcome.

Such potential problems will only fully manifest, however, if people actually want a cashless society.

Are we nearing the end of cash?

If cash is to be replaced by new technologies, then people need to be embracing these new technologies and moving away from cash at a rate that makes this a possibility. Put simply: a cashless society is only possible if society demands it.

By surveying the increasingly cashless UK and Australia and more cash-reliant Brazil and South Africa, Travelex hopes to discover if those who are nearly cashless want to make that extra step and only use new technology. And do those countries that are further behind when it comes to cashless technology trust it more, or less?

FINANCIAL TIMES

“Rise of contactless payment means cash is no longer king” 18/06/18

The Telegraph

“Cash is no longer king as pensioners buy into contactless revolution” 18/08/18

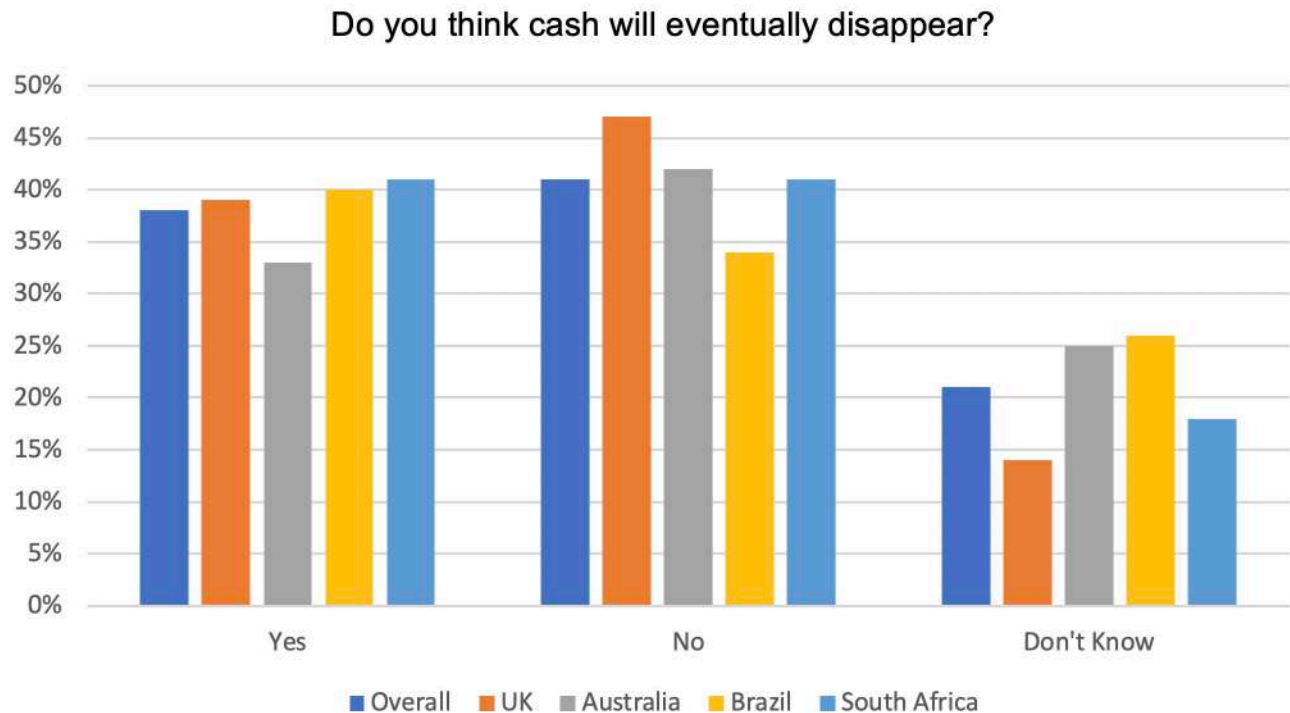
TC TechCrunch

“Cash is no longer king” 26/02/17

ANALYSIS:

Do people want to ditch cash?

One way to find out if people want to ditch cash in favour of cashless technologies is simply to ask them. Do they see cash disappearing—and is it something they would want to happen?



- Opinion on this issue is fairly evenly split—there is no clear answer
- A sizable number of people don't know
- The UK, the most cashless of the countries surveyed, has more respondents thinking that cash will stick around than any other market

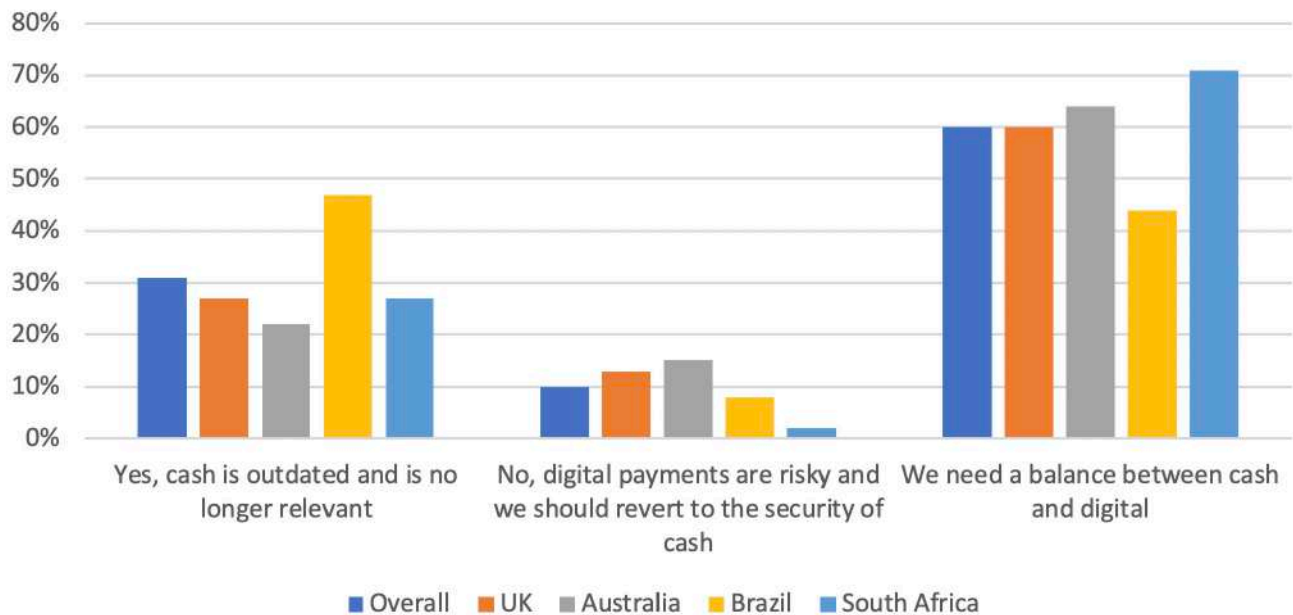
There is no real agreement from respondents on the question of whether cash will eventually disappear. Almost as many think it will stick around as think that it will fall out of use. A significant minority simply don't know, reinforcing that this is a question that does not yet have an obvious answer.

Interestingly, the country with the most experience of cashless technology is also the most convinced that cash will still be around for the foreseeable future. While the UK has embraced cashless technologies, in particular contactless, it is the least convinced that this will be the only way to pay in the future.

ANALYSIS:

Do people want to ditch cash?

Do you think it would be desirable to live without cash, and only pay using cards or other digital means?



- Overall, around a third of people think cash is outdated and no longer a relevant payment technology
- While some people see digital payments as too risky to use, this is a minority view. Most people want a balance between cash and digital payments
- The outlier is Brazil, where nearly 50% of people want to get rid of cash altogether

Reframing the question elicits more agreement from respondents. Before, we asked what they think will happen, here we have asked what they want to happen.

One thing that's clear is that almost no one wants to go back to cash exclusively. Though some people may trust cash more than cashless technologies, the idea that people should abandon new technology is almost universally unpopular.

A few more see cash as outdated and want to go digital-only. But there is a clear majority in favour of a balance—they want to use cash, and they want to use digital technologies. Most people don't see cash vs. digital payment technologies as a choice. They want to use both.

Differences across countries

The answers we received were similar across all of the countries surveyed, but there were some interesting differences.

We may expect the UK and Australia, the “advanced” and “tipping point” countries to be happier with the idea of going cashless. They are, after all, more used to the idea of paying using methods other than cash.

However, it is those countries that use cash more that are actually keener to ditch it than those that use it less—the more people use cash, the more they dislike it. In Brazil, nearly half (47%) of respondents agreed that cash was outdated and no longer relevant, far more than any other country. South Africans were the least likely to agree that digital payments were too risky, with just 2% in favour.

Differences between generations

As expected, with any new versus old technology debate, there is disagreement depending on age. But these are not quite as expected.

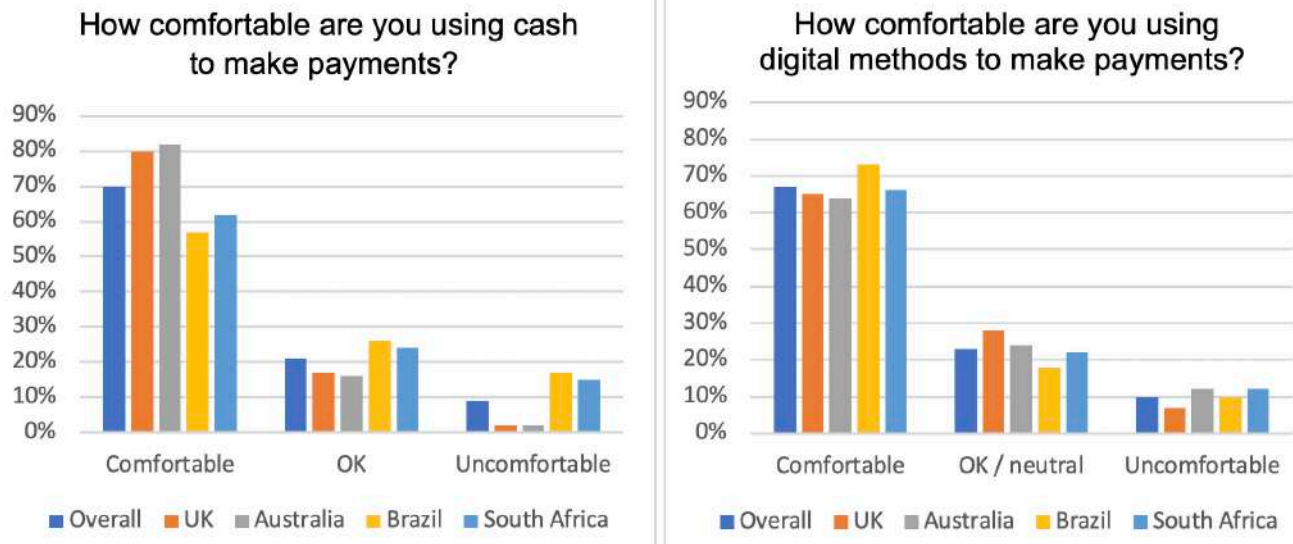
The desire to get rid of cash entirely is least popular with those aged over 45. But the idea is most popular with those aged 36-45, not the youngest respondents.

Overall, the differences between generations are not extreme and reflect the overall response. The most surprising result was from the oldest respondents, over 65—they most strongly agreed with the idea of balance, with 75% agreeing a mix of both cash and digital payments was the future.

ANALYSIS:

Do people want to ditch cash?

There are socio-economic factors that may also be at play here, not just the desire for convenience. We also asked about how comfortable people are using cash and cashless technologies.



- There is a marked difference between the UK & Australia, and Brazil & South Africa
- Brazil and South Africa are more comfortable with digital and uncomfortable with cash than elsewhere
- Overall, people are slightly more comfortable with cash than with digital payments, but the gap is small

In the UK and Australia, most people are comfortable using cash, around 80%. This drops substantially in Brazil and South Africa to around 60%. Around 60% again say that they are worried about having cash stolen from them.

The desire for cashless technology in Brazil and South Africa may be less motivated by convenience than a fear of crime. Cashless technology is usually presented as a way to help prevent white collar crime, but its main attraction here is that it means people no longer have to carry bundles of banknotes. In 2017, Uber was forced to [rethink its policy of accepting cash in Brazil](#) thanks to an uptick in robberies. In June 2018, cash-in-transit heists were so common in South Africa that it was [described by the BBC as “a national emergency” and “an epidemic”](#). Cash comes with risks in these countries that cashless technologies may go some way to mitigate.

Overall, the countries that are behind when it comes to cashless technology are keen to catch up, but those that are “ahead” in the cashless journey seem to have no great desire to take the final step and get rid of cash entirely. Most people are happy with having options and being able to use a mix of cash and cashless technology.

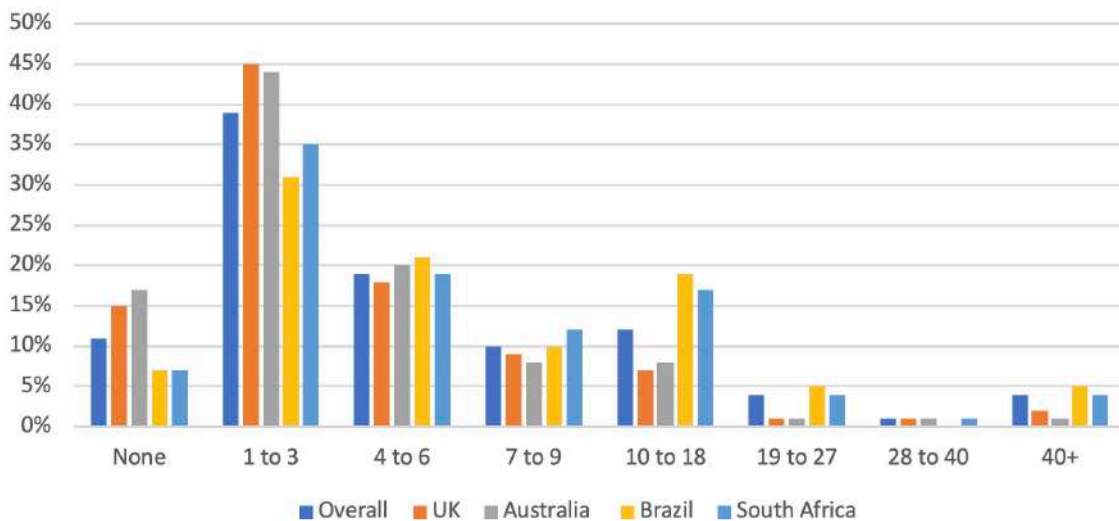
ANALYSIS:

How do people actually use cash?

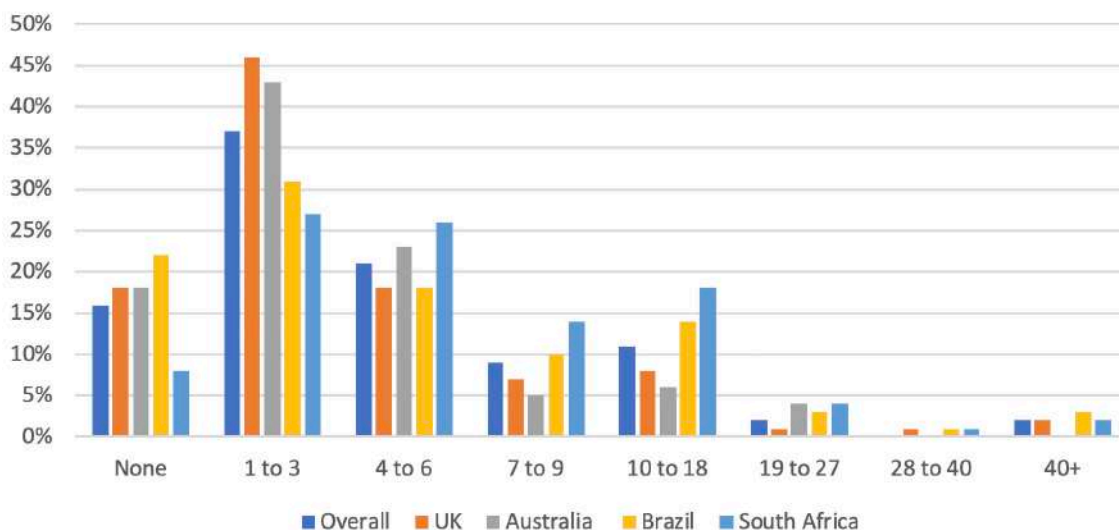
As well as asking people how they see the future, we also wanted to know how people actually act when it comes to cash and cashless payment technologies. People may say that they want to keep cash, but if they aren't using it and are instead relying only on cashless technology, we're far more likely to see the death of cash than some predict. Does the current usage of cash indicate that cashless societies are possible?

How often do people pay with cash & cashless technologies?

Thinking about the last week, how many times have you paid for anything using cash?



Thinking about the last week, how many times have you paid for anything using EMV (chip-and-PIN) technology?



- Brazil and South Africa use cash more often than the UK and Australia
- Even in the UK and Australia, people are making several transactions a week using cash. Only 15-16% do not use cash at all
- EMV is used more regularly in Brazil and South Africa than in the UK and Australia: In Australia and the UK, 35% and 33% respectively use EMV between 4 and 18 times per week. In Brazil and South Africa this hits 42% and 58%.

ANALYSIS:

How do people actually use cash?

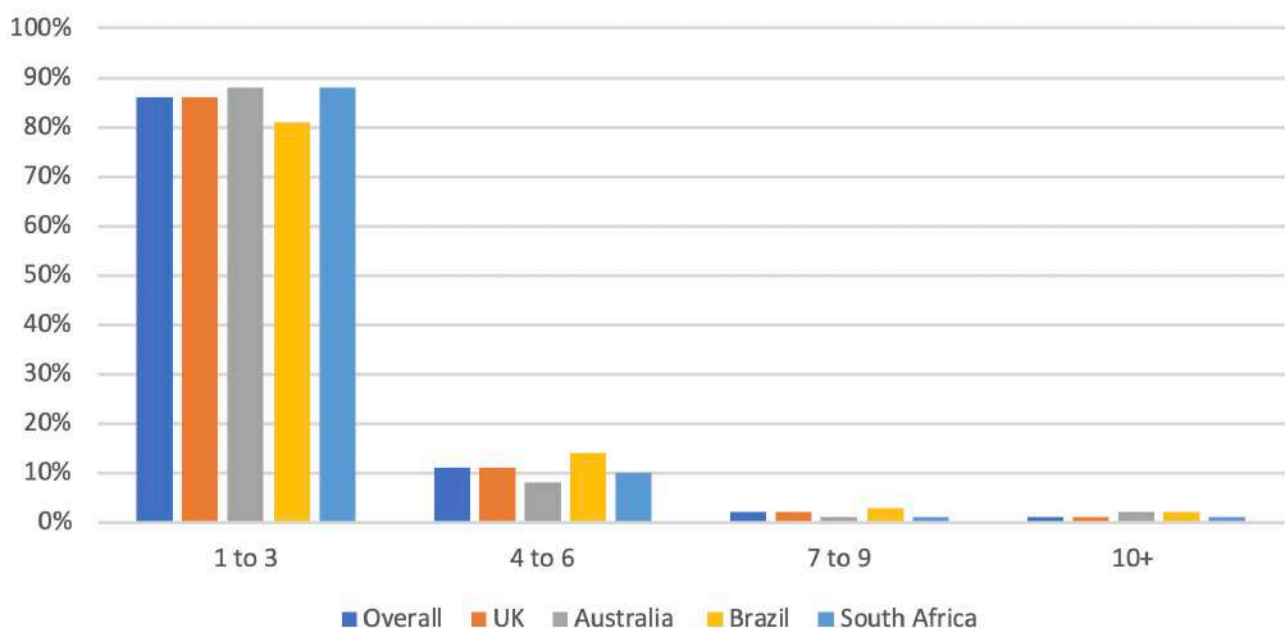
It's no surprise that when asked how they pay, Brazil and South Africa use cash more often than the UK and Australia. These countries have not been using cashless technologies for nearly as long, and the infrastructure is not yet in place to make widespread use possible.

What may be surprising is how often people in the UK and Australia use cash despite the other options available to them. Around a fifth use cash more than seven times a week, or more than once a day. This isn't using cash for emergencies or when nothing else is available, but as part of everyday commerce.

In every country, cash remains the most popular way to pay. However, a combination of cashless technologies—EMV and contactless—trumps this. No single technology is yet more popular than cash, but the headlines are partly right. Cash is no longer king, but its death has been announced prematurely.

Keep cash on hand

How many times did you visit a cashpoint or ATM or bank branch to withdraw cash in the last week



- This result is remarkably consistent across all countries—almost everyone visits an ATM 1-3 times a week
- Asked how much cash they had on them at that exact moment, there is again a great deal of consistency on an absolute level (though we do not make any adjustments for the local cost of living):
 - UK—£25
 - Australia—£33*
 - Brazil—£39*
 - South Africa—£9*

(*converted from local currencies, quoted on xe.com, 31st October 2018)

Another measure of the popularity of cash is how often people visit an ATM, and how much cash they have on hand. If people feel the need to keep a healthy supply of cash with them, and replenish it often, then it points to cash remaining, if not king, then a vital part of how people pay.

ANALYSIS:

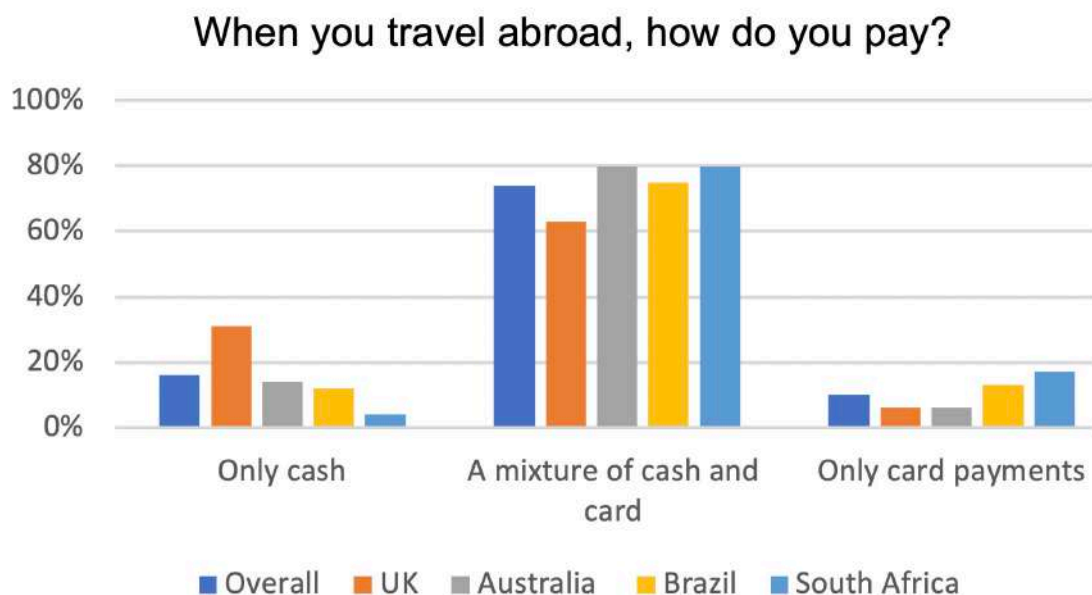
How do people actually use cash?

Even in the more cashless countries, people regularly carry cash and visit an ATM. All four countries are consistent in making around the same average number of ATM withdrawals a week, with 86% making 1-3 visits.

Cash remains, in every country, part of everyday life. People don't just keep some for emergencies—they use it several times a week, withdraw it regularly, and keep it on hand. No one technology is more popular than cash. The proclamations that cash is headed for oblivion should, at the very least, be considered premature.

People use cash regularly and don't seem to be keen to give it up. Could they be persuaded to go cashless?

Spotlight on travel



How people pay for things when they travel gives us yet more insight into attitudes towards cash, and again it's counterintuitive. As before, a mix of cash and card is the most popular choice for every country. But those countries where cashless technologies are most common prefer cash a little more, and those where cashless infrastructure is less common want to pay with cards.

It's the opposite of what we might expect, though it might be explained by an expectation of what is available elsewhere. Those in the UK may reasonably expect that other countries do not have the same infrastructure for card payments and decide that cash is safe and universal. Those travelling from Brazil and South Africa, however, may want to take advantage of the technologies that may not be widely available at home.

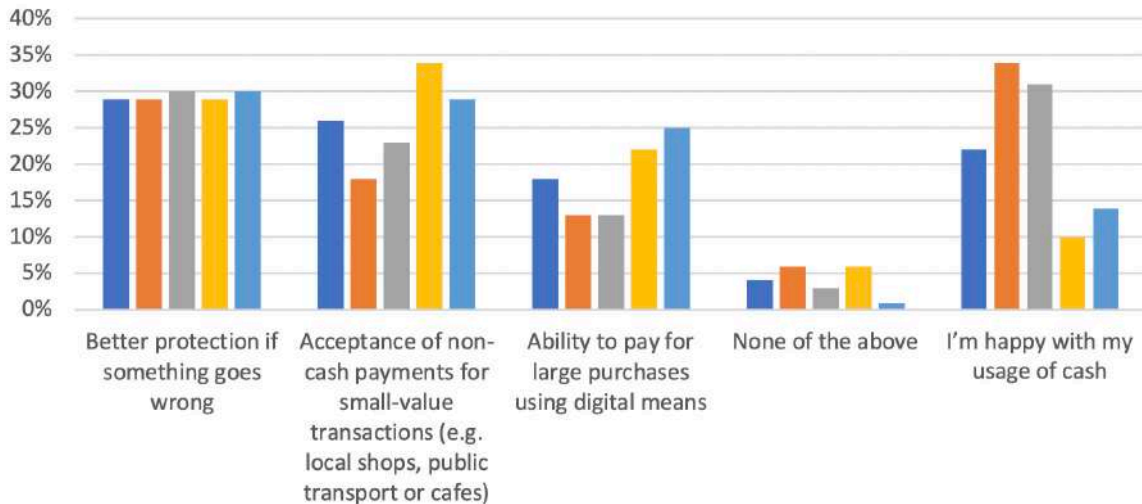
What's clear is that travel is definitely one area where a mixture of payment technologies, including cash, will be necessary for some time to come.

ANALYSIS:

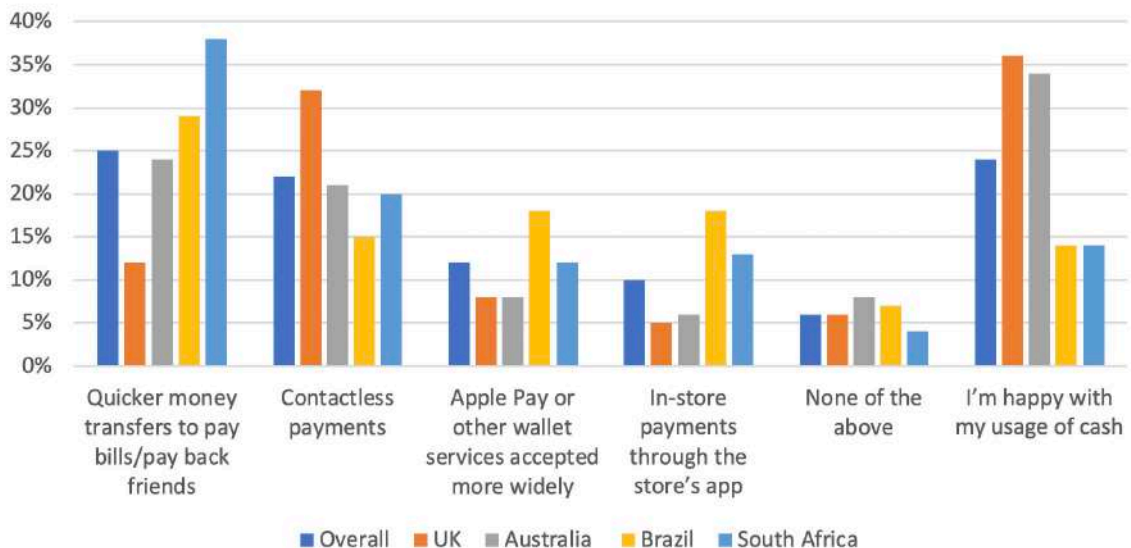
Can people be persuaded to use less cash?

While most people have stated that they are happy with a mix of payment technologies, it turns out that they could be persuaded to use less cash.

Which factors would have the greatest influence on you using cash less often?



Which of these technologies would have the greatest influence on you using cash less often?



- Better protection is universally popular, though Brazil would prefer to make small-value transactions using technology—prepaid being a preferred solution
- Money transfers would encourage Brazil and South Africa to use cash less often. Peer-to-peer transfers are common in developing countries with those who are underbanked
- The marked difference between the UK & Australia and Brazil and South Africa is whether they are happy with their use of cash

ANALYSIS:

Can people be persuaded to use less cash?

In the UK, for instance, people want to use contactless more. This technology, already widespread and well-liked, is leading to people wanting more of such convenience. South Africa and Brazil see several ways to cashlessness: quicker money transfer, the ability to make larger payments—and just simple widespread acceptance of the technologies available to them. This suggests that the use of cashless technology is simply waiting for the infrastructure to be built—once someone builds it, it will be used.

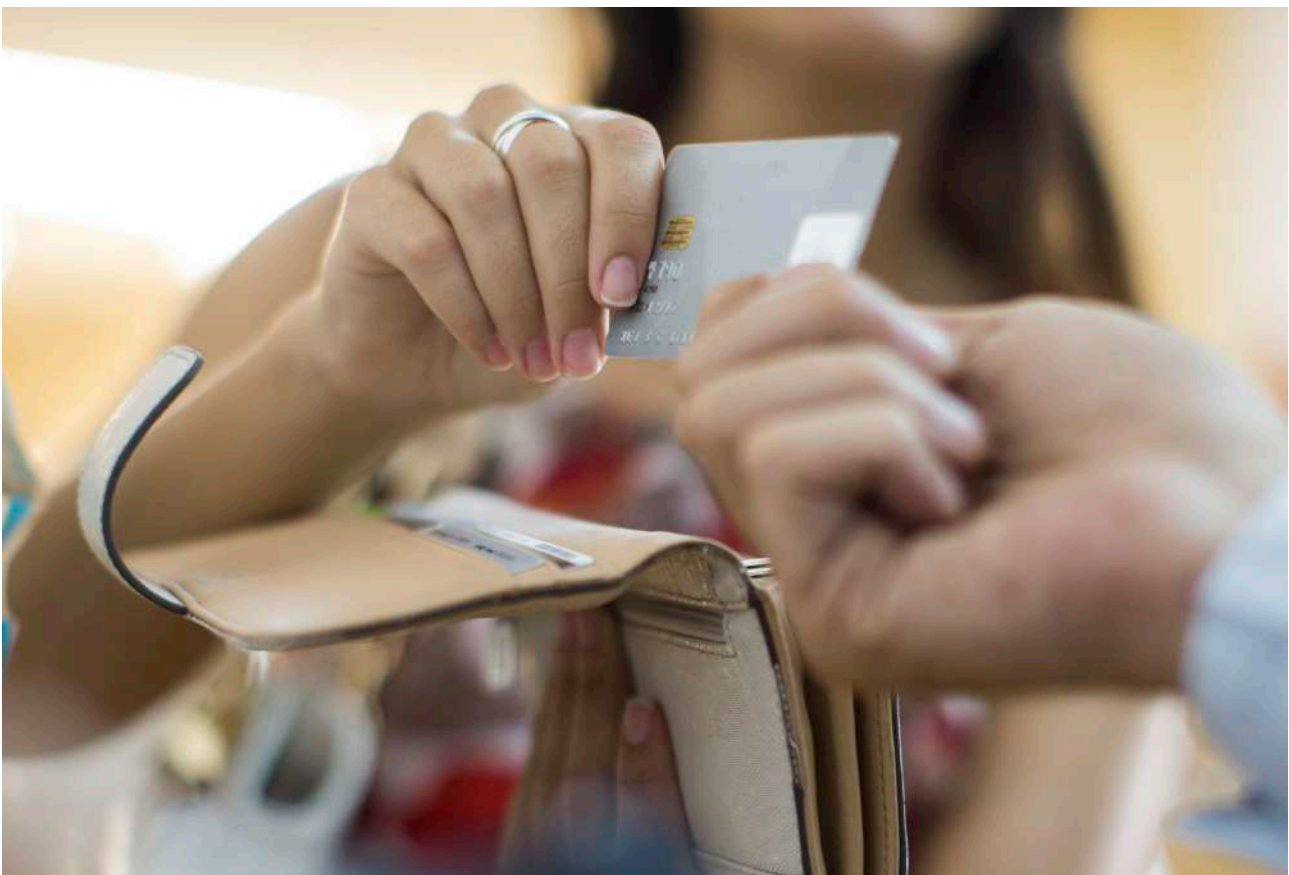
Two big factors that could encourage more use of cashless payment technologies are more security, and faster transfers in developing countries. People want to trust the technology they're using, and know that they have some recourse if something goes wrong. They also want the use of these technologies to be more convenient than simply handing over cash. When this is the case people will switch to these technologies in droves.

The Immovable 24%

The results from this the part of the survey suggest a cashless society may be much further out than is typically stated by contemporary commentators. Across all four countries, an average of 24% of respondents have said that there is nothing that could tempt them to use cash less. This is, of course, based on current technologies, and a new way of paying that has yet to gain widespread acceptance—or even that has yet to be invented—may change this.

Again, the difference between countries is marked. Those countries that use cash more are less happy with their use of it and want more cashless technology. Those that use more cashless technology are happy with their use of cash.

This gulf, and the hardcore who cannot be encouraged to use cash less, suggests that there is an equilibrium to be found between cash and cashless technology. If a country has not yet reached this equilibrium, then demand will exist for new technology and new ways of paying. On the other hand, where payment technologies are more mature and people are more used to using them daily, a happy medium is more likely to exist, with people using a mix of cash and cashless technology where they find it most convenient and appropriate.



CONCLUSION:

The cashless society is delayed, possibly cancelled

The headlines declaring that cash is no longer king are correct. Where cashless methods of paying are available, people are using them—and while cash remains popular, it's been overtaken by a combination of new ways of paying. Where the technology is not yet available, there is a great deal of demand for it.

But to declare cash dead is a highly premature statement. At present, the demand for cash to disappear completely just isn't there. And so it follows: if people are currently unwilling to abandon cash entirely, then cash will still be around for quite some time to come.

Ultimately, what people want is a balance between payment methods, and they want choice in how they pay. So, for example, the same person who is happy to pay for a coffee in the morning by tapping their contactless card may prefer to switch to cash when out in the evening, giving them more control over their spending. People's use of money is not simple, and they may not actually prefer what is more convenient—in fact, as convenience can lead to overspending, people may actually prefer to pay by cash in order to limit what they spend. There is also the security and emotional connection that cash offers, and while the likes of Circle and Venmo have offered ways to send money to friends and family with little effort, they haven't yet made cash obsolete.

People don't yet want a cashless society. They want to use cashless technologies where they require convenience but in other situations cash holds its own advantages. New ways of paying are incredibly popular and will continue to gain traction, but this popularity isn't yet enough to create a cashless society.

Key takeaways:

- Most people neither expect nor desire an end to cash. Instead, they want a mix of payment methods to be available, including cash
- ATM use is remarkably consistent, no matter how far along a country is on the "cashless journey". Even if people have good access to cashless technology, they still want access to cash
- There is a core of people who will never give up cash, no matter how convenient cashless payment technology becomes
- Cash is no longer king—but neither is it dead. The cashless society is on hold, at least for now

TRAVELEX'S VIEW:

To support customers, we must continue to support cash

One of the most controversial public policy decisions of recent years was India's demonitisation program. In 2016, the government announced that all ₹500 and ₹1000 notes would no longer be valid at midnight. Those who had these banknotes would need to exchange them for new notes or deposit them in a bank account. Part of the thinking was that, with only smaller denominations available, people would use less cash for high-value transactions and make more use of bank accounts, in order to move more people into the formal economy—where, of course, it is far easier to ensure tax revenues are collected. What happened instead has been described as a sudden breakdown in India's commercial ecosystem. Trade was disrupted to the point that cash-centric sectors like agriculture and fishing were essentially shut down. Today, cash use is back to where it was before the demonitisation experiment.

While an extreme example, it's one that governments, banks and businesses can learn from. When it comes to payment options, people want choice. Forcing them to give up using cash, even just the larger denominations, may not have the long-term effects hoped for, and potential short-term disaster. When you give people a choice, many will use new methods of payment—after all they are convenient and offer additional security. But for the moment at least, people do not plan to use them exclusively, and they want the ability to pay by cash to be available to them.

EMV technology is only a couple of decades old, while paper money goes back centuries. People trust cash and it has a universality that new payment technologies cannot hope to emulate. It doesn't rely on connectivity or power. When new technologies fail, no matter how rare it is, they will want something to fall back on, and that something is cash.

The implications for financial institutions

- Even though it may come with many advantages, people don't yet appear to want a cashless society. Some customers may decide to go without cash, but those who won't are not insignificant. It is always important to cater to the wishes of the consumer, so for the foreseeable future businesses should continue to offer consumers the choices they desire
- Preparing for a cashless society may not be wise, but preparing for a de-cashing society is important. Cash vs. card usage may reach some sort of equilibrium in the future, but it is likely that the volume of cash transactions will be significantly lower than it is today. Given the underlying consumer demand in emerging markets, once the payments infrastructure improves de-cashing could take place at an accelerated rate
- The differences across age groups suggest that popular conceptions may be inaccurate. Younger customers are still likely to use some cash and older customers are keen cashless technology users
- Domestic cash usage is not a perfect indicator of cash usage when abroad. To provide a more accurate picture, this also needs to be combined with the state of the cashless payment infrastructure in the destination country. Travel providers and businesses that serve tourists and migrants need to bear this in mind when offering services

If you would like to learn more about Travelex's business services, including wholesale cash provision, international money transfer, and currency exchange, please contact press@travelex.com

About Travelex

Headquartered in London, Travelex has a 140-year heritage in foreign currency, pioneering the travellers' cheques of the past and the digital payments of the future. With a presence in over 70 countries across six continents, Travelex has distilled its expertise and experience into a platform that reinvents physical and digital cross-border money movement* globally to ensure its clients remain one step ahead of the competition.

The Travelex Currency Solutions platform provides financial institutions with a trusted, efficient and accurate international money transfer service, plus secure and reliable banknote delivery of both major and exotic currencies. It means financial institutions and their customers can do business across borders as easily as they do locally, while guiding customers through the complexities of AML compliance processes necessary for additional services. Travelex Currency Solutions' commitment to ensuring compliance with local regulations means it has a dedicated team of 80 compliance professionals, responsible for ensuring ongoing risk management across all the jurisdictions it operates in.



