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What price a cashless life?

Jem Bendell, *New Scientist* Volume 226, Issue 3024, 6 June 2015, Pages 24–25

Cash is no longer king. The latest figures show that in 2014, the total number of cashless transactions overtook ones using cash for the first time in the UK. The change can be attributed to new technology – apps for phones and contactless systems that allow you to pay by waving a card or a phone over a terminal. Many other countries see similar trends.

It's convenient, but are there downsides to a cashless society? Banks have proved to be poor guardians of the public interest and tech firms disrespectful of our privacy, so it is right to ask this question. Our research for the free online Money and Society course at the University of Cumbria, UK, identified four key concerns.

First is consumer protection. E-payment systems are becoming akin to utilities such as water, in that they are indispensable to everyday life. What will happen when someone is “cut off” from a payment system? New regulatory safeguards will be needed to ensure providers act responsibly.

Then there are anti-competitive issues. Visa and MasterCard account for more than 80 per cent of the global credit card market, and well over 90 per cent in many countries. This represents a hitherto unimaginable degree of control over the means of payment. Policies should be adopted to diversify this market or to break up these oligopolies.

E-payment is also data rich, so privacy is another key concern. Individual freedoms should only ever be given up knowingly. There has been no such consent to mass surveillance, and privacy is a human right recognised by the United Nations. At a time when a broad swathe of our general communications data is routinely exchanged by spy agencies, a big question mark hangs over the privacy of our financial data as the e-payment revolution rolls on.

And then we come to the most worrying concern in a cashless society – the weaponisation of payment systems. Those in political power can tell, and have told, payments firms or banking networks to switch off access for entities they want to damage.

For example, in 2011, after WikiLeaks embarrassed the US by releasing diplomatic cables on the conduct of US wars, MasterCard, Western Union and PayPal halted donations to WikiLeaks's accounts, even in Europe, after requests from a handful of US politicians. And in 2012, the EU ordered Belgium-based network SWIFT – which enables secure transactions between banks – to suspend all services with Iranian banks amid a stand-off over nuclear technology. It also faced pressure to block Russian banks.

Cash may be clumsy, but replacing it entirely means we need more choices and protection from potential abuse. Otherwise we risk becoming prisoners of our payment systems. That must not happen.