



COVID-19 : the viral spread of cashless society ?

The transition to a cashless society seems to be gaining momentum because of the pandemic. But will the latter rid us of paper money for good ?

At the outset of the pandemic, central banks across the world took appropriate precautionary steps. The People's Bank of China started to disinfect banknotes in the most virus-affected regions. The Federal Reserve introduced a process of quarantining money. The Reserve Bank of India advised people to use electronic payments.

But ever since the coronavirus struck, the run on cash machines has started. No wonder : when a crisis arrives, people like to keep paper money at hand – take the US in times of Great Depression, Iceland in 2008, or Cyprus in 2013.

In contemporary, reserve requirement economies, this is a big problem. Still, the cashless world brings benefits to all stakeholders : from individuals and companies, through to banks, payment organisations, and governments. Are we actually getting closer to it ?

Win-win

Individuals gain convenience as they don't need to carry cash around. Security is another important issue. (...) Sellers gain convenience and security too. (...) Governments are very interested in the cashless society as well. (...)

Not all rosy

But one cannot marginalize the risks that a cashless society brings. It is convenient to pay with a card or phone, but this comes at the expense of privacy. Paper money guarantees anonymity to some extent, while digital money guarantees no anonymity at all. (...)

<https://www.ft.com/partnercontent/comarch/covid-19-the-viral-spread-of-cashless-society.html>

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