

Cash Policy White Paper

March 2023





About the ICA

The International Currency Association (ICA) is the voice of the currency industry. Our membership is made up of businesses that span the sector, design, production, manufacturing and distribution of banknotes and coins. Our members are based around the world and are active across the globe.

Please consult www.currencyassociation.org for a full list of our members. Individual member companies may have further additions and own perspectives on some of these points, based notably on their location and their specific activities. We encourage stakeholders and policymakers to also engage directly in dialogue with them.





Our Recommendations

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Introduction

Cash is the dominant form of payment and the oldest means of payment available today. Cash is an essential factor for personal freedom and privacy as well as social inclusion. Most importantly, it is the only means of payment that is itself a public good: it can be used by every member of society, regardless of disability or income, without the need to provide proof of identity or to have the ability to access the banking or other electronic payment system. Cash is the only form of money that is public – it is not offered as a commercial revenue generating service, nor used to collect personal data that can be monetised.

Cash has a unique place as a public good that both enables everyone to be involved in the economy and society, regardless of income or status. Cash is the only form of payment that guarantees the freedom, sovereignty and privacy of the individual. It is also the only form of payment completely independent of communications and power systems – as any war-torn region will testify – and the only form of payment to be completely cyber-secure.

For over 5,000 years, cash has been the cornerstone of trade, the economy and society. Today, the ability of people to access and to use cash is under threat. Global electronic payment companies, which make huge profits by selling customer data or by charging per transaction, are lobbying to restrict the supply and the use of cash and to persuade people to change their payment habits. Against this background, policy makers should recognise that the benefits of cash to society may be lost without practical steps to protect the supply and acceptance of cash in society and promote its further development.

This White Paper is the International Currency Association's contribution to the discussions on what steps to take. In the recommendations that we present here, we outline our current thinking on some of the key questions that are being asked today. We do so by building upon recent occasions where we have had the opportunity to provide input to policy discussions around the world. We hereby present our reflections in order to inform the debate and engage even further in dialogue with stakeholders and policymakers.

Our Recommendations

→ Ensure that retailers accept cash

All too often, citizens see their options to pay in cash being limited because retailers do not want to accept cash and the legislation is not in place to mandate its use. This removes the 'right of choice' for all consumers about how they wish to pay. We believe this is one of the biggest threats to cash availability and acceptance and that it marginalises those in society who don't have bank accounts or don't want to pay digitally. We urge governments to regulate for cash acceptance, establishing clarity for consumers and retailers by clearly **mandating obligatory acceptance of cash** and stating that **cash is legal tender**.

We consider that it needs to be clearly mandated that all retailers, merchants, bars, restaurants and markets should be obliged to accept cash payments. The example of cities in the United States such as Philadelphia, San Francisco, New York City and the State of New Jersey can serve as examples for local legislation. For legislation at the national level, important legislative work is underway in the United States. We also welcome the announcement by the European Commission that it will clarify the status of euro banknotes and coins as legal tender via an EU-Regulation.

The free choice of the payment method should be a fundamental right for citizens and governments and central banks have a central role to play in ensuring that citizens can choose freely. Enabling the continued use of cash is essential to protect individual privacy. Allowing card-only payment is potentially discriminatory to sections of the population that are not able to access e-payment cards.

Mandatory cash acceptance could be accompanied by a campaign encouraging retailers to visibly promote that they accept cash, for example through 'cash accepted' or 'cash is welcome' signs and promote the advantages of using cash in-store. This would also be a means for shops to attract customers and provide cashback offers.

New opportunities to combine cash payments with digital withdrawals or digital services are already available for use or under development. Examples are services where consumers' smartphones guide them to the nearest cash withdrawal facility, which can be an ATM but also a retailer that offers a cashback/cash-in-shop service. Innovations that create the possibility to pay in cash for services or goods purchased online, over e-commerce, would increase the possibilities for consumers to choose their means of payment. Such initiatives should be promoted and encouraged further.

“ Governments should mandate acceptance of cash ... Cash is legal tender. ”

Our Recommendations

→ Ensure that everyone can access cash easily

Regardless of geography, citizens need to have access to cash within a reasonable amount of time and at a reasonable distance to where they are located. There are a variety of approaches that can be drawn on to safeguard this such as a broad ATM network, including mobile ATMs, making it possible to withdraw cash while visiting a shop through cashback and cash-in-shops. The obligation for large credit institutions to provide cash services throughout the country, with the aim of ensuring a minimum level of access to cash services for consumers and companies alike, as has been introduced in Sweden, is also a good means to this end.

We call for the protection of existing access points and creation of new means of access. There are many innovative projects in the field such as direct cash delivery or monitoring tools that provide information about the nearest point of access to cash. Access to cash is a key area for further innovations, using new technologies that facilitate cash withdrawals, which we encourage.

In this context, we also illustrate the cost of cash withdrawals. Withdrawing cash is a service that should continue to be available at no charge/free for those that hold a bank account. Where not yet the case, governments should consider introducing a cap on such charges.

→ Provide cash deposit touch-points that are easy to use for the public and businesses

We advocate for the provision of sustainable cash deposit touch-points in society that are easily accessible and sustainable for the public and businesses to use. An effective cash cycle requires clear and abundant possibilities for depositing cash and making cash acceptance commercially attractive to merchants. We note that ATMs also have a role to play for cash deposits.

Governments can help ensure the territory maintains an appropriate network of cash deposit-taking facilities, for example by mandating that new ATM machines and replacement ATMs are deposit-taking. A further legislative tool can be the requirement to ensure there is a recycling ATM within a specified distance – for example 1 km – of any bank branch before it closes.

While the discussion around apps linked to access to cash typically focus on the nearest location of the free-ATM, the nearest cash deposit location could also be included.

“Everyone should be able to access and deposit cash easily.”

Our Recommendations

→ Give consumers transparency on costs of all forms of payment

Cash is the only means of payment that is free to use, while many forms of payment subject users to fees for the right to use the payment, either through an annual fee or through a fee due each time the means of payment is used.

Governments can go even beyond the existing legislation in making it mandatory to provide transparency of cost, established through a common and agreed methodology, for not only the individual payment, but also the use of the entire service by the consumer – e.g., the cost of owning a specific credit card, often paid for annually. This would also include immaterial cost such as user data, associated with many forms of payment and the hidden cost of fraud for credit cards.

→ Embrace diversity in the development of payments landscapes

As a global association, we witness the diversity of payment landscapes between continents, individual countries and even regions. Some regions are more cash-usage heavy whereas others have a higher use of electronic payments. Within a region, fractions of the populations may behave differently in their payment habits. We caution against a simplistic approach that presumes that a society, overall, migrates from cash-heavy to electronic payments. Individual payment habits and conditions across the globe differ and there is no model trajectory that all societies will eventually follow, rather, we see different models for the local payment landscape across the globe.

“Consumers have the right to know how much they pay for their payments.”



Our Recommendations

→ Promote a sustainable cash cycle

The cash industry plays a key role in integrating each and every citizen of the world into a global economic system, by providing safe, reliable and largely accessible means of payment. We – as an industry active in most regions of the world – commit to actively support and apply Corporate Social Responsibility (CSR) best practices by promoting sustainability principles and initiatives through our business strategies and we seek long-term economic success by integrating all aspects of sustainability – economic, environmental and social – into its business strategies.

The industry acts in a safe and responsible manner, protecting people, the environment and ecosystems in all the regions where it operates. It grants people social empowerment, including financial inclusion, transparency and privacy. Furthermore, the industry provides governments with a national or regional currency system that serves as a public good and maintains a culture of high ethical standards, excellent business practices and integrity. It provides safe working conditions, respects the rights of workers, creates highly specialised and skilled jobs, gives opportunities for continuous learning, and promotes diversity and inclusivity in the workplace.

The cash industry is making huge strides towards a 'net-zero' cash cycle, with more durable and efficient banknotes and coins, high levels of end-use recycling and innovations to reduce the transport of cash, such as retail level cash sorting and recycling systems. This is an important contrast to notably the enormous energy costs of crypto-currency mining and electronic-payment systems.

We urge Central Banks and policymakers throughout the world to support us in this endeavour and encourage an ever more sustainable cash cycle. Central Banks and governments should introduce regulatory or legislative changes to enable the introduction of innovative and more sustainable cash access, recycling and deposit models.

Central Banks and governments throughout the world should strive for an ever more sustainable cash cycle.

Our Recommendations

→ Remove restrictions on high-denomination banknotes and caps on the use of cash

Higher denominations are more cost-effective, they enable people to use cash as a store-of-value more easily, and give them the choice to make large purchases in cash. There is to date no evidence that any public policy in this area has been effective in terms of reducing crime nor that undesirable activity would be reduced by restricting cash – especially as crypto-currency use is unconstrained.

Regrettably, some jurisdictions have put in place cash payment limits, limiting the possibility of citizens or companies to make larger payments with cash. These restrictions are not built on empirical evidence that they would reduce crime and as a result are discriminatory between cash and other forms of payment. The ICA encourages policymakers to disband these payment limits and instead better equip law enforcement authorities with tools to track financial crime in crypto-“currency” contexts as well as better documenting sensitive financial transactions.

→ Educate the next generation, redesign cash and communicate about its value

In many parts of the world, the next generation is the generation that will be exceptionally affected by a succession of natural, economic, health and societal crisis during their formative years. As the world that this generation will grow into is taking shape, their understanding of financial tools will be of essence to them. The recent examples of the popularity of ‘cash stuffing’ on social media TikTok with ‘GenZ’ (born between 1997 to 2012) show that this generation also turns to cash to understand budgeting and the value of objects and services that they can purchase. It is clear that cash will be a vital tool to help them navigate the complex financial landscape of tomorrow and therefore investments in education about cash and other forms of payment for them should be a priority.

As Central Banks and issuers of coins throughout the world are aware, the field of the development of banknotes and coins is in constant evolution. We ask policymakers to support the issuing authorities in striving for high-quality and innovative banknotes and coins. Cash remains a unique tool for engaging with the public and for communicating important national symbols. A currency is a source of great pride for a population and the issuing of a new banknote or coin a source of engagement throughout the population.

Cash has the potential to communicate the diversity and plurality of the populations that use it. Cash is a pillar of stability and helps to create identity and economic stability. Cash is far more than a means of payment – it bonds the society together and supports the identity of nations. We urge all to further understand and advocate on the societal importance of access to cash – and what would happen if access to it were compromised.



Further reading

www.cashmatters.org

www.bargeldversorgung.org

[Virtually Irreplaceable: Cash as Public Infrastructure](#)

[Keeping Cash: Assessing the Arguments about Cash and Crime](#)



INTERNATIONAL CURRENCY ASSOCIATION

The value of cash is greater than its currency value. Our Recommendations are aimed at ensuring this value can continue to thrive, for the benefit of societies worldwide. We welcome thoughts and suggestions on these Recommendations from governments, Central Banks, other issuing authorities, policymakers and stakeholders across the globe.

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