

Cash may no longer be king, but it's vital that we have access to it

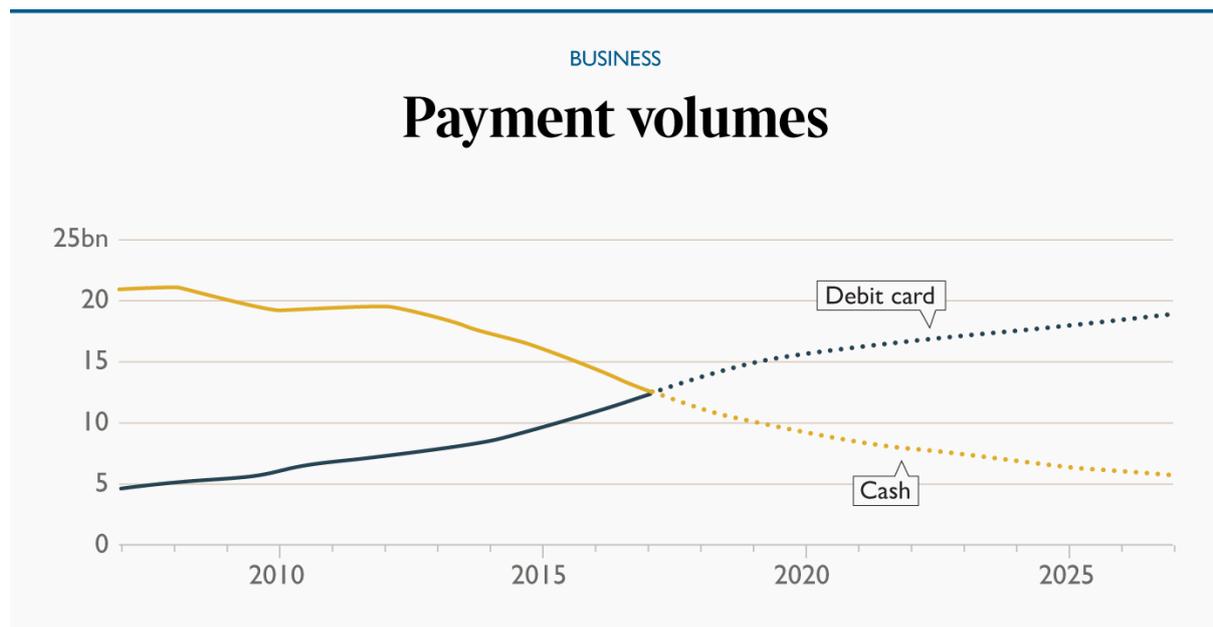
[Katherine Griffiths](#)

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Handling cash is a germaphobe's nightmare at the best of times, so it isn't surprising that in the wake of the coronavirus outbreak the use of coins and notes has plunged by half compared with a year ago.

It is actually a bit of a myth that cash is particularly risky. Health officials in Frankfurt pointed out recently that using cash was unlikely to cause people to contract the virus. However, fears about the cleanliness of cash, plus the fact that people are not going out to spend, has led to a slump in its use. Monday's order for near-lockdown in Britain will only exacerbate the situation.

That, in turn, is likely to spell trouble for a range of businesses, including G4S, Travelex and the Post Office, that make significant amounts from moving cash around, selling currency to travellers and handing it out to millions of people across the country.



It is also a big problem for society. While increasing numbers of Britons are going

digital, about two million still rely on cash every day. Those people tend to be older, more vulnerable and, as has been recognised by the government, in need of protection through special measures.

Only two weeks ago in the budget, the chancellor laid out plans to make it easier for people to access cash, with measures likely to include more [cashback from corner shops](#) by relaxing previous rules linking it with a purchase.

People who work in the cash industry fear that the huge fall-off owing to the virus will shunt the country into a position that it would not have reached otherwise for a decade or more.

Natalie Ceeney, former head of the Financial Ombudsman Service, wrote in her *Access to Cash* review last year: “Ten years ago, six out of every ten transactions were cash. Now it’s three in ten. And in fifteen years’ time, it could be as low as one in ten.” Some believe that with a recession looming and people stuck at home, that scenario is not far off.

That is a problem when the cost of providing cash and moving it around the country is fixed at about £5 billion a year, mainly paid by retail banks and run by commercial operators, according to Ms Ceeney’s report.

[It is not the case that only a few people want to still use cash.](#) There have been data outages among financial firms, which indicate that the country is not yet ready for fully digital payment systems. The most stark example was that of Visa in 2018. About five million transactions across Europe failed during Visa’s ten-hour outage. After this incident, the Bank of England required Visa to improve its recovery capabilities and to review its crisis management and communication.

In the next few weeks, there will be pressing commercial considerations in the world of cash. Independent cash machine operators provide about half of the [UK’s free-to-use ATMs](#). Their ability to do so depends on the flow of people using their machines to withdraw cash, because every time they do so they charge that person’s bank a fee. Those companies may have to decide whether to demand higher fees per transaction from banks, or to stop operating some machines.

This is an extra worry at a time when businesses are teetering and collapsing and people may be unable to pay their mortgages or rents, all of which the country’s banks must deal with.

But cash is also the banks’ problem. They are expected to stand behind the system, ensuring that people can get it when they want it. That may mean that if thousands of cash machines are abandoned, the banks will have to commit to operate them. It would be an unwelcome extra cost for them, but it would be of real value to their customers at a time when they most need help.

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