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Cashed out

In Oklahoma City and beyond, the concept of a cashless society is slowly, but steadily gaining acceptance. How long until our currency disappears completely?

by Preston Jones

The phrase "cashless society" tends to make people do one of two things: flinch or create fantastical nightmares of an Orwellian society where bar codes and thin cards of plastic rule.

"People hear 'cashless society' and they freak," said Peter Shankman, chief executive officer for the New York City-based public relations/trend-spotting firm The Geek Factory. "That is a scary, scary term." A cursory online Google search on the phrase "cashless society" turns up a large number of paranoid-minded Web sites that intone dire warnings of doomsday and governmental incursion on citizens' private lives.

"Will you accept the mark of the beast?" one asks. Other sites speak of biblical Revelations and the imminent end times as foreshadowed by bar codes and smart cards. Trueconspiracies.com has endless pages with reasons why a cashless society will send all of us straight to hell. With all the fear-mongering, you'd think this was a novel concept born just 15 minutes ago.

The plastic age

According to a December 2003 survey by the American Bankers Association (ABA) and Dove Consulting in Boston, consumers are already more likely to use either credit or debit cards rather than cash or checks. The study also found that debit-card transactions in stores accounted for 31 percent of revenue in 2003, compared with 21 percent in 2000. By 2007, debit purchases could exceed \$1 trillion, according to the Nilson Report banking industry newsletter. Is cash going to cash out? Not right away.

Is the concept of a cashless society relatively new? Not really. Need proof? Hop on the Kilpatrick or Turner turnpikes and put your PikePass to use, skipping the slowdown at the toll plazas. Log on to the Internet to pay any one of your bills, be it electric or cable. Participate in

direct deposit at your place of employment. You can enroll and pay for college classes online for both Oklahoma City Community College and The University of Oklahoma. You can rent movies for delivery to your home or apartment via Netflix. You can order whole meals online for delivery to your home.

The list stretches on, and most all of these services and transactions can take place without physical currency ever exchanging hands. Despite all the pros, the rise of a cashless society does have its cons — nevertheless, the future is portrayed by some experts as being as shiny as the reflection off your MasterCard. In theory, a cashless society stretches back to the creation of the traveler's check, a financial tool that Bob Wesley, MobileLime Chief Executive Officer, had a hand in creating. "There was a whole bunch of convenience (with the traveler's check)," Wesley said. "People couldn't transact in Europe (previously), they couldn't do foreign exchange in Europe. It was very difficult."

The credit-based traveler's check begat the "plastic money" introduced in the Fifties, when Diners Club Owner Frank McNamara in 1951 and American Express, later in 1958, each launched their respective credit cards.

According to About.com, Diners Club first issued their card in 1951 to 200 customers who could use it at 27 restaurants in New York. Fast forward to today, Wesley said, and you have a very different financial picture. "Today, you can go to virtually any ATM in the world and access your bank account and take out money and never be short of money, 24 hours a day, 365 days a year," Wesley said.

It's not too much of a leap to see consumers swiping debit and credit cards by the hundreds every day at any number of local eateries, including Subway, Taco Bell, the Oklahoma City-based Sonic Drive-In chain and dozens more. Bank of America issued the first bank-related credit card, BankAmericard (now known as Visa) in 1958 and by the early Sixties, more companies were offering credit cards as timesaving devices rather than forms of credit, according to About.com. However, those unnerved by the thought of a future largely full of debit and credit cards will be somewhat calmed to learn that the seeds of a cashless society were sown quite awhile back. According to experts, credit was first used in Assyria, Babylon and Egypt some 3,000 years ago.

As for the future, the concept of a cashless society will expand from the existing credit and debit cards to include current technologies, such as cell phones or the modification of systems like Oklahoma's PikePass setup.

"It's really just to offer a great service, more convenience for our customers, (so) they don't have to stop at the toll plazas," said Bridget West, state Transportation Authority spokeswoman. "From my understanding, Oklahoma was the first to have open road tolling." West said PikePass would continue to look at ways to update and improve the service.

One Massachusetts company, MobileLime, has already set up a service in the greater Boston area, whereby users can link their credit/debit cards to their existing cell phones and pay for goods and services from their mobile phone. Wesley said that meshing existing technology with innovative uses is a good way to smooth the transition.

"What we've done is we've accessed a consumer device that everybody essentially carries with them, which is the cell phone," Wesley said. "The cell phone has also been designed to be quickly accessed by people, so, it's more convenient than finding the older mechanisms, which are plastic cards in their wallets.

"People don't want to be asked to carry around something new. Today, really the solution is carry another card, or key fob. The great part is, actually, a lot of studies have been done and the cell phone is one of the most convenient devices, and if you can be successful connecting payment and loyalty to that, it's going to take off." With advances such as these, it's hard to understand why some people would think that a cashless society has its drawbacks, but the naysayers do exist.

The good, the bad and the cashless

Most experts agree that the pros of a cashless society outweigh the cons, but one of the largest concerns, it seems, has nothing to do with security concerns or technophobia at all. "Cash is a very physical thing; we can touch cash," Shankman said. "We can store \$1,000 under our mattress and whether we take it out a day from now or a year from now, it's \$1,000 and we see it

as \$1,000. If we're looking at a little card or a little implant or a little microchip, that doesn't look like \$1,000. That's very disconcerting to a lot of people."

Joyce Gioia, a strategic business futurist with the North Carolina-based Herman Group, agreed that the tactile nature of cash would be hard to part with for some people. "Many of us are kinesthetic, which means that holding money in our hands as opposed to holding our credit cards in our hands is more meaningful," **Gioia** said.

Despite the steady acceptance of debit cards and the infrastructure for a cashless society, Shankman said, the fear-mongers can still unnerve people. "It's perfect for doomsday," Shankman said. "It ties into the fear that Microsoft is gonna rule the world and that with one click of a browser, you could be (ruined). Look, the fact of the matter of is, the risks are out there, but it's the same risk that says after you cash your paycheck, you're going to be mugged."

Assaults aside, another surprising side effect of a debit and credit card-crazy culture could be the disappearance of tipping. Sonic Drive-Ins accepted debit/credit cards since the mid-Nineties but only recently began placing debit/credit card machines on the poles of their drive-in stalls, rendering the carhop little more than a go-between for food and consumer. Kelly Perry, a carhop at a Midwest City Sonic, said the corporation knew that going cashless was detrimental to tipping but didn't seem concerned.

"They know that it hurts tips, but I don't think — it's Sonic, so they always have to do something new," Perry said. "I mean, I know it's bad for me to say that, but ... I don't really think it matters to them because they're still getting the money, you know? To them, tips don't affect them so to them the decrease of tips doesn't really affect them as a group."

Sonic corporate spokeswoman Celina Abernathy had no comment when contacted for this article. While the lack of physical contact with currency, disappearance of tips, Big Brother-style governmental activity or cyberterrorism may be valid concerns, Shankman said, the worrying over a cashless society could be easily minimized. "Fears are waylaid very quickly when people realize that there are benefits," Shankman said.

"Benefits tend to outweigh fears tremendously. They'll be definite setbacks, but I think those setbacks will be mitigated by the success rate." **Gioia** agreed that many fears of a cashless society are unfounded. "It's like looking for things to be afraid about," **Gioia** said.

Living in the now

Shankman said the majority of Americans are already living in a cashless society, whether they realize it or not. "What's really interesting is that we're seeing is that the trend is so there, but no one is calling it cashless," Shankman said. "How many people are paying their bills via computer, how many people are doing all this stuff? And that's a cashless society. No one sees that as such, but, in fact, that is. And that's the start to it."

Gioia said the explosion of e-commerce is yet another stepping stone to a cashless society. "There's no question that it's the wave of the future," **Gioia** said. "As more young people move into the new household formation market and their high consumption years, higher consumption years, then they will buy more and more online."

As for the future, while the paranoiacs may have points about the safety of the cashless society, Shankman said that it's merely a matter of getting mainstream America to accept the notion. "Hit McDonald's, hit Burger King, hit Wendy's, hit 7-Eleven, all those places where the mass popular culture shops and where the main part of society shops and get them," Shankman said. "Get the mainstays of America who don't know it; get them willing to accept it first by doing it at the Burger Kings and the McDonald's. Get the main population to accept it, and then you're looking really at critical mass."

Shankman also pointed out that the concept of a cashless society would have to permeate the layers of "adoption" in American society. "We learn as we evolve," Shankman said. "There's the super-early adopters who have it before it's on the shelves by ... somehow; there's the early adopters who're online and at the store from day one; and then there's the general masses. The general masses learn from the early adopters and think, 'Hey, cool, maybe I'll get that at Christmas.' Then there's the back-enders, and the back-enders are the ones who're very satisfied with the way they are; they don't need anything new."

Wesley said that while the increase in use of debit/credit cards was certain, it will be some time before cash ever disappears completely. "I don't think you'll ever eliminate paper currency or coins," Wesley said. "I've heard those pundits for many, many years. It certainly get far more easy to utilize a cashless society across a broader spectrum. I think that what you'll see, is you're starting to see a reduction in checks already. I think that will continue, currency, it's really almost in the best interest of the country to reduce the printing of notes and all that."

Experts agree that the majority of development with regards to a cashless society will happen within the private sector, with the government assisting periodically. Shankman said that at the end of the day, the cashless society will ultimately better our way of life, despite some protestations to the contrary. "The risks are never going to go away," Shankman said. "They're just going to alter in shape, and I think that in the long run, you're safer having the concept of cashless society because (with) online fraud (for example) there are guarantees that protect you. It's a question of very minor adjustments. The technology is changing so fast that in 10 years, it's not really going to be an issue. "I think more than anything else, it's going to be a question of time."