Cashless society: What do we gain and lose when cash is no longer king?

What do you think of a cashless world? A cashless world may sound like something out of science fiction, but it is on its way. Many modern financial processes and transactions are now taking place without the use of currency. To be more specific, a cashless society is one in which financial transactions are conducted without the usage of cash (including paper and coin currencies). Instead, all transactions are conducted electronically, with debit or credit cards or payment services.

Like two sides of a coin, a cashless society has its own advantages and weaknesses. The first advantage of cashless society is convenience. People do not need to carry cash when they want to make a transaction. Another advantage is that crime rates are lower. Carrying cash makes people a high-value target for thieves. It will be impossible to track their money or show that it is theirs once it has been removed from their wallet and placed in a criminal's wallet.

Similarly, in a cashless society, financial crime should disappear. Cash is commonly used in unlawful activities, such as illegal gambling or drug trafficking, because there is no record of the transaction and the money is easier to launder. If the source of the money is unknown, money laundering becomes much more difficult. When every payment people get is recorded, it is more difficult to hide income and evade taxes.

Furthermore, going cashless is thought to be more than just handy. Printing bills and minting coins both cost money. Businesses must store money, obtain more when they run out, deposit cash when they have an excess of it, and in some situations, pay firms to transfer cash safely. To defend their branches from physical bank robberies, banks hire massive security teams. In a cashless future, wasting time and energy moving money around and protecting big sums of cash may become obsolete. People may need to exchange their dollars for local currencies while traveling. If people are traveling in a country that supports cashless transactions, though, they will not have to worry about how much local currency they will need. Instead, their mobile device takes care of everything.

Going cashless, on the other hand, may be more difficult than useful. First of all, electronic payments do not have the same level of privacy as cash payments. Hackers are the electronic equivalents of bank robbers and muggers. People are more vulnerable to hackers in a cashless culture. If people are targeted and their accounts are emptied, they may be left with no other options for spending money. Secondly, glitches, outages, and unintentional errors can all cause issues, leaving buyers unable to purchase items needed. Similarly, when systems fail, merchants are unable to take payments.

Finally, negative interest rates may have a more direct impact on consumers once all money is electronic. Negative interest rates, according to the International Monetary Fund, lower bank profitability, and banks may be motivated to raise costs on customers to make up the difference. Customers can easily withdraw their cash from the bank if they do not like the fees, therefore banks are constrained in their capacity to pass on those expenses. Customers may have to accept any additional fees if they are unable to withdraw cash from the bank in the future. Cash currency is becoming less and less prevalent as a result of several technological and sociological shifts toward digital and virtual financial transactions. However, there are other potential negatives to a truly cashless society, and only time will tell whether cash has a unique place in society.

LIVEWORKSHEETS

Answers the questions below according to the text given.

1. **What is a cashless society?**

A. A society that uses only gold and silver for transactions.

B. A society that uses only checks for transactions.

C. A society that uses only digital payments for transactions.

D. A society that uses only barter for transactions.

2. **What is one advantage of a cashless society?**

A. Increased risk of theft.

B. More difficult to track financial transactions.

C. Reduced crime rates.

D. Increased need for physical banks.

3. **What is one disadvantage of a cashless society?**

A. Increased convenience.

B. Lower costs for businesses.

C. Reduced risk of cyberattacks.

D. Increased reliance on technology.

4. **How does a cashless society impact financial crime?**

A. It increases financial crime by making it easier to launder money.

B. It decreases financial crime by making it harder to track transactions.

C. It has no impact on financial crime.

D. It decreases financial crime by making it harder to hide income and evade taxes.

5. **What is a potential negative consequence of negative interest rates in a cashless society?**

A. Increased bank profitability.

B. Decreased fees for customers.

C. Increased fees for customers.

D. No impact on customers.

6. **How does a cashless society impact the role of traditional banks?**

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A. It increases the need for physical bank branches.

B. It decreases the need for physical bank branches.

C. It has no impact on the role of traditional banks.

D. It increases the need for traditional banks to invest in technology.

7. What are the potential privacy implications of a cashless society?

A. Increased privacy for individuals.

B. Decreased privacy for individuals.

C. No impact on privacy.

D. Increased privacy for businesses.

8. How might a cashless society impact economic inequality?

- It could reduce economic inequality by providing greater access to financial services.
- It could increase economic inequality by excluding those without access to technology.
- It would have no impact on economic inequality.
- It could reduce economic inequality by making it easier to track wealth.

9. What is the role of government in facilitating a smooth transition to a cashless society?

- Government should have no role in the transition.
- Government should heavily regulate the transition.
- Government should provide subsidies to encourage the adoption of digital payments.
- Government should invest in digital infrastructure and financial literacy programs.

10. **What are the potential long-term implications of a fully cashless society on societal values and behaviors?**

- It could lead to a more materialistic society.
- It could lead to a more communal society.
- It would have no impact on societal values and behaviors.
- It could lead to a more individualistic society.

Choose True or False for these statements.

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NO	Statements	T	F
1.	A cashless society can lead to reduced crime rates.		
2.	Digital payments are completely secure and immune to cyberattacks.		
3.	A cashless society can benefit the unbanked population.		
4.	Negative interest rates can lead to higher fees for customers in a cashless society.		
5.	A fully cashless society would eliminate the need for physical banks altogether.		
6.	A cashless society can lead to increased privacy for individuals.		
7.	Government intervention is not necessary for a successful transition to a cashless society.		

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