



Are we becoming a cashless society?

With the advent of convenient, contactless payments by card, iPhone's Apply Pay and Google Pay for android phones – how long will it take for us to become a cashless society?

This may seem like an unlikely phenomenon to many - as although the majority of large purchases tend to be bought by card, most of us would still probably carry a small amount of change to pay for items such as a loaf of bread or a treat for the kids from the ice-cream van. But, times are changing - with 51% of millennials admitting that they no longer carry cash. A recent report by the Halifax even stated that teenagers are more likely to ask their parents for a bank transfer than cash for their pocket money!

Around only 7% of all transactions are now conducted in cash within the EU and US. Sweden however is leading the 'cashless' way with barely 1%. It is even common for Swedish shops to display a "We do not accept cash" sign.

With technology such as internet banking and phone apps - financial transactions are now safer, faster and more efficient. It is also easier to keep track of transactions and can help with budgeting. Online shopping is also hugely popular and is continuing to grow year on year.

This has led to the decline of ATM usage, with 44 per cent of people stating that they rarely use them anymore. To corroborate this fact, in 2016 people withdrew £6bn less from cash machines than they did in 2015.

With this in mind, if you run a small business it is now more important than ever to accept payments by credit and debit cards. There are also numerous benefits to accepting payments this way. From a risk point of view, it means that less cash is kept on site which in turn leads to fewer time-consuming trips to the bank to pay cash in. It also makes payment a lot more convenient for customers who then have numerous payment options available. It can then lead to more impulse buys as customers no longer have to check if they have enough cash on them to make a purchase. With card payments, and especially the option of contactless card payments, queuing time can also be reduced leading to increased customer satisfaction.

A card payment system can also provide valuable marketing data as it can reveal customer spending habits and general consumer trends. The system can also help simplify stock control and provide book-keeping data which can then make running the business easier and more efficient. With this additional data to hand it can also help improve cash flow management and financial planning.

If you need any guidance on this topic we suggest you seek professional advice from your accountant or business advisor.

Published in the Chorley Guardian – 27th November 2018