

Are we moving towards a cashless society?

A couple of years ago this may have seemed like an unlikely phenomenon to many, but the pandemic has pushed the fast-forward button. Cash payments reduced by 35% last year according to trade association UK Finance and research by Paragon Bank found that 71% of us believe the UK is heading towards a cashless society.

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 which can help with budgeting. Online shopping is also hugely popular and has boomed over the last 18 months. To highlight this phenomenon, 51% of millennials admit that they no longer carry cash and 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!

Businesses have had to adapt and it is more important than ever to accept payments by credit and debit cards. There are also numerous benefits to accepting payments this way. From a security 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 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.



There are still however people who prefer to use cash or do not have the technology to access online payments. The government is currently legislating to protect access to cash, with a consultation document recently published by the Treasury addressing this issue.

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

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