BANKISM

REUTERS / Gary Cameron

Farewell to cash

Globe is going cashless. Governments want it and a digital society buys it.

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A global cashless society is fast becoming a reality.

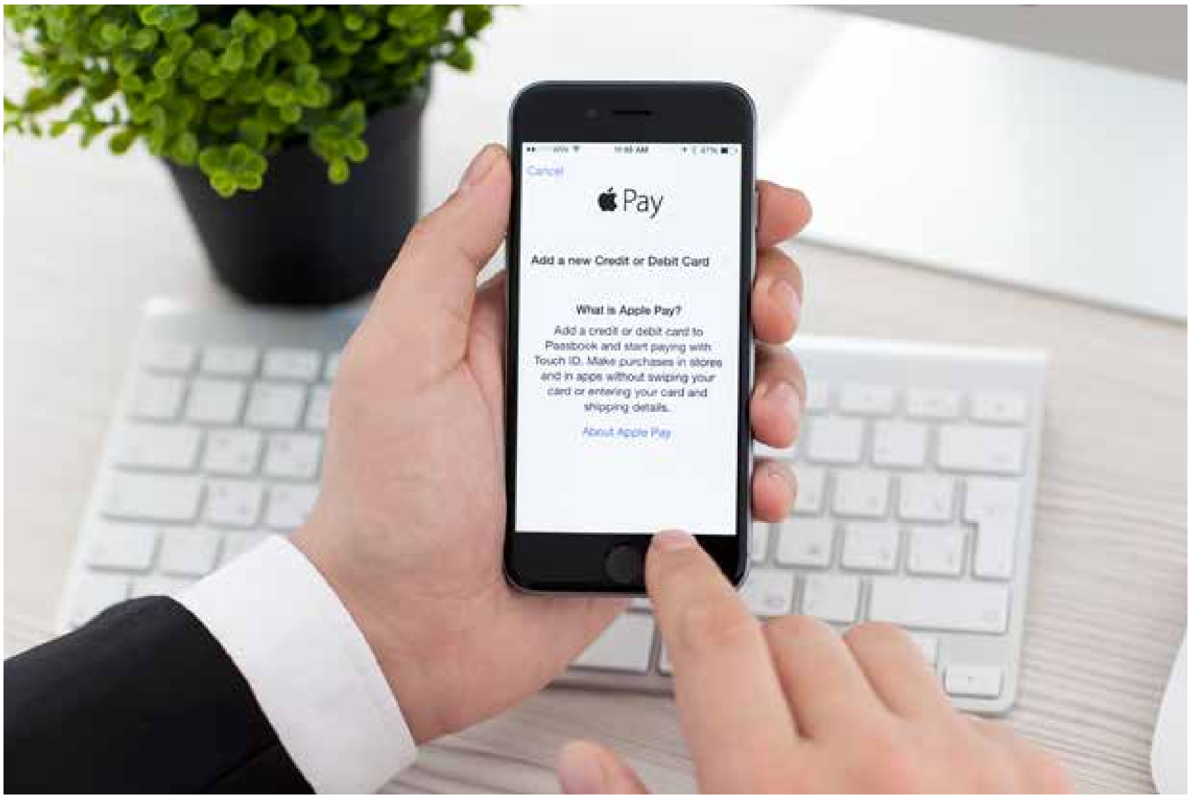
The evidence couldn't be clearer. Just this month, for example, under the guise of protecting us from terrorism and drug cartels, the European Central Bank announced it would no longer produce the 500 Euro note. Spinning the same tale, former Treasury Secretary Larry Summers is promoting eliminating the $100 bill from US currency.

Not only is there minimal resistance against the imminent demise of cash, for the massive millennial generation across the globe, it's already the way of the world. Aware of the implications but naïve to the consequences, millennials won't "Occupy Cash."

Out of the minds of millennials, incomprehensible to the younger Generation Z and seemingly of no concern to the general public, the consequences of a cashless society that empowers corporate giants and accelerates government control over your money and privacy continue unabated.

Without hard cash, every digital purchase logged is subject to taxes, fees and penalties. The convenience millennials cherish is accelerating the transition to a cashless society with no defense against these taxes and fees, or negative interest rates.

Moreover, Big Brother will be watching even more how you spend your money, conduct your daily life and engage the world around you. In a cashless society, your privacy is lost and your spending a matter of record.



Millennials prefer using payment methods such as Apple Pay, Google Wallet and PayPal for their ease of use.

Apple

WE'RE ALMOST THERE

By 2013, 80 percent of all consumer payments in America were non-cash payments, according to MasterCard's Cashless Journey report. European countries are leading the cashless revolution, with Belgium, France and much of Scandinavia reporting more than 85 percent non-cash payments.

Today, Sweden has gone nearly cashless. Rwanda, Turkey and Australia are not far behind. This is a seismic shift in how the world transacts business.

There are other consequences.

Consider the story, originally reported by Politico New York, of a Columbia University student arrested on charges of dealing drugs in April 2015. The student used the digital-wallet app Venmo to accept payments. Venmo asks users to describe each payment, so the drug-dealing student asked his buyers to write humorous descriptions. What followed, of course, were drug-related descriptions, easily found because Venmo payment information is public. Officers had no trouble finding and charging the dealer.

Early Millennials turned independent, opening small businesses on eBay and Etsy.

Venmo's digital wallet app lets users easily transfer money to friends, while Square makes mobile payments possible.

Millennials and Generation Z have adapted to so many digital changes that they've become immune to the fact that information is currency. A cashless society doesn't just mean the government can take your money without resistance or due process; it also means the government will have an entirely new cache of information about everyone who goes cashless.

A 2015 American Press Institute study revealed that just 20 percent of millennials worry at least most of the time about digital privacy.

THE ROOTS OF NO RESISTANCE

The global financial crisis of 2008 hit just as the oldest millennials were entering their mid-20s, beginning their careers. But the oldest millennials weren't moving out of mommy and daddy's house. They had little money and little opportunity, all exacerbated by swelling college-loan debts.

So those early millennials were forced to turn independent because of a lack of financial and career opportunities. They occupied Wall Street and supported local economies. Some opened small businesses and do-it-yourself enterprises on

Ultimately, this generation is comprised of digital creatures, and they're now frequently using online wallet services — such as PayPal, Apple Pay and Google Wallet, and mobile-payment services such as Square — to purchase goods and services.

Etsy and eBay, denying big banks their money by relying on PayPal and Apple Pay to administer their finances.

Whether by circumstance or design, millennials are center stage in shifting business away from big banks.

A *Business Insider* survey in 2015 found 38 percent of millennials weren't visiting branches unless they were using the ATM. Moreover, they were opting out of big national banks and, instead, more frequently choosing community banks and credit unions.

Community banks reported to Accenture Plc. a 5 percent increase in account holders ages 18 to 34 in 2014, while national and regional banks lost 16 percent of those clients over the same period. And millennials in 2014 were five times more likely to close accounts with a primary bank and three times more likely to open new accounts with a primary bank. Like many people entering their career years, millennials were shopping around, trying to understand their options.

As has been the case with millennials, the main reason was affordability. They were tired of paying ATM fees and catching servicing fees on their savings accounts.

But PayPal, and especially Apple Pay, are immense parts of the millennial experience. Ultimately, this generation is comprised of digital creatures, and they're now frequently using online wallet services — such as PayPal, Apple Pay and Google Wallet, and mobile-payment services such as Square — to purchase goods and services. Square, co-founded by Twitter founder Jack Dorsey, was valued at $2.9 billion upon going public in 2015. Despite its initial deflation and failed partnership with Starbucks, Square can be found at most every Main Street millennial hangout, like coffee shops, breweries and bars. It's a familiar system and brand among millennials.

The same holds true for Apple Pay, Google Wallet and PayPal. The Millennial Banking Insights and Opportunity survey by the Fair Isaac Corp., or FICO, in 2015 showed nearly 40 percent of millennials expected to use an online wallet in 2016. Millennials understand online wallets and other alternative-payment methods; moreover, they enjoy the ease of paying on their mobile devices, without a credit card.

The growth in alternative banking has been led by digital-first peer-to-peer services like Prosper and Lending Club.

DIGITAL FIRST

Alternative banking, meanwhile, has risen in recent years, led by digital-first peer-to-peer services like Prosper and Lending Club, which offer the ability to have low deposits and reduce investment risk by maximizing loan variation. And peer to peer is visible in social media: In 2014, Snapchat launched Snapcash, a partnership with Square that allows Snapchat users to send each other money through the app.

Millennial interest in digital alternative Bitcoin isn't so easy to measure. However, a Goldman Sachs survey in 2015 found that 22 percent of millennials have used and approve of Bitcoin, while another 22 percent haven't used it but would pursue it. Meanwhile, 51 percent of millennials had never used Bitcoin and weren't planning to.

But here's how much millennials love digital payments: A Koski Research study for PayPal in 2015 showed half of millennials surveyed wanted credit

TRENDPOST

Millennials were highly touted to be the generation engineering widespread economic change, especially by overthrowing big corporate banks. Instead, they're hypnotized by shiny gadgets and convenient smartphone apps — the tools to allow the governments to probe more deeply into their financial world.

They, and the generation following them, will cement the transition to a cashless society in the US and across the Western world, because, ultimately, they love digital convenience.

products from technology companies like Apple, Google and PayPal, not necessarily banks.

Why? Because there aren't service fees, it's easy to send money to — and accept money from — friends over the internet, and customers don't feel as if they're being strung along by a government puppeteer.

But most of all, it's convenient. Apple Touch ID uses fingerprints to confirm a user's identity. Apple iPhone 6 users will be able to use their smartphones as digital wallets. Google Wallet's sign-in is your Google email address, and the 18-34 demographic comprises the majority of Google's Gmail account holders. Millennials don't want to work too hard because everything's right there in front of them.

MILLENNIALS PREFER CASH, BUT…

A Consumer Affairs survey in March 2016 showed that 58 percent of millennials prefer to pay with and receive cash. And according to the Diary of Consumer Payment Choice, a Federal Reserve survey in 2014, 40 percent of people ages 18-24 prefer cash.

But what happens when the 24-year-old turns 25, when checking and savings accounts become a more tempting option? While 35 percent of people ages 18-24 preferred paying with debit cards, more than 40 percent of 25- to 34-year-olds preferred them. It's simple: Whatever's most convenient is best for millennials.

Speaking of convenience, the survey found that less than 2 percent of people age 34 and younger used checks. The internet has made checks obsolete.

But once cash is banned, people typically fall in line and go digital. In Sweden, whose cash ban is five years away, 95 percent of all retail payments are done digitally. The system has been praised there. Denmark is close to a cashless society, promising a ban by 2030. And as wide-eyed millennials in larger Western nations see success stories in smaller European nations, they'll feel cashless isn't so bad. They'll allow governments to ban cash as they slowly fall victim to negative interest rates, are taxed for every job and service and lose all possible privacy. TJ

The internet has made made online banking and bill-paying possible, and paper checks obsolete.

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