

# Cash, Kisses and Karaoke: Why the War on Covid must not become a War on Cash

[June 19, 2020 | Covid-19 is being mobilised by the financial industry to push their War on Cash even further, leaving us ever more ensnared within their private digital money empire, writes Brett Scott in this guest article.](#)

Brett Scott | For a number of years I have investigated– and warned about – the War on Cash. This is the slow process by which the banking sector, payments industry, financial technology companies and governments have – in subtle and not-so-subtle ways – tried to wean people off the physical cash system, and to onboard them into the bank-run digital payments system.

Calling it a 'war' is controversial, because in the mainstream this process is often described as a peaceful and organic bottom-up move towards a 'cashless society' driven by ordinary people. I, on the other hand, characterise it as an aggressive and artificial top-down move towards a 'bankful society', driven by the financial industry and many governments. The bankful society is one in which the banks (or platforms built on top of them, such as Paypal) intermediate between even the smallest of payments, seeping between buyers and sellers like a payments chaperone. This consolidates and expands the power of the banking system, gives them enormous amounts of data, and enables them to enter into mega-deals with mega-tech platforms, who also rely on a turn away from cash to facilitate the mega-automation they seek.

## The War on Cash prior to Covid-19

The War on Cash has sometimes taken the form of outright attacks (such as when the Indian government aggressively degraded the Indian cash system during their so-called 'demonetisation'). More often, however, it has taken the form of consistent propaganda (Visa openly talks about their campaign to make cash seem 'peculiar' to people), amidst a subtle drive to engineer the market environment in such a way as to make cash increasingly inconvenient to use (such as shutting down ATMs). As these processes unfold, they catalyse network effects in which we find ourselves 'spontaneously' beginning to 'choose' digital payment (in much the same way that supermarkets inspire kids to 'choose' chocolates by placing them at eye level by the checkout counters). Once this catalysing happens, those who wish to resist this turn to the bank system find themselves increasingly forced into compliance by others who have succumbed to it.

But many people still refuse to toe the official banking-meets-tech line, and wish to keep using cash, despite the fact that the economic system around them is increasingly being loaded against this choice. I and others such as Which?, Ralph Nader, Positive Money, and The RSA have come out in praise of cash. We see it as an inclusive, privacy-preserving, public means of payment. I see the aggressive spread of digital payments not only as an attempt to fully privatise the payments system, but also as an attempt to 'gentrify payments' – to tell people that they are criminal or dodgy if they do not wish to be absorbed into the giant generic chain institutions of global finance. The payments industry – underpinned by the global banking sector – has managed to convince states that it is noble, or even humanitarian, to make ever-greater numbers of people dependent on the banking system (a system that by no means has their interests at heart), under the cry of 'financial inclusion'.

Cash is in fact the only form of state money we can hold. In much the same way that casino chips are privately-issued promises (issued by a casino) for cash we might hand in to them as we enter a casino, the 'money' we see in our bank accounts is actually 'digital chips' issued to us by those commercial banks. These chips are promises - or IOUs - promising us access to state money. We can pass these digital chips around within the private ecosystems controlled by the banking sector, but every time we go to the ATM we are redeeming those chips to exit the banking system (like walking out of the casino). It follows then, that as ATMs get shut down, our

ability to exit the banking system goes down too. We are getting trapped inside their private ecosystems. This is in their commercial interests, which is why for many years the private payments industry has used whatever they can to demonise the public cash system, which competes with them. Rather than being showcased as an inclusive form of public payment, cash is continuously accused of facilitating crime and tax evasion, and has long been cast as unhygienic and 'dirty'.

I made a video about this article too...

### The War on Cash After Covid-19

Now, with the onset of the Covid-19 pandemic, this latter argument suddenly seems a lot more visceral to many people. Supermarkets, painfully aware of a duty to prevent the spread of the virus, openly order people to turn away from the public cash system and to use the private banking system for payments ('please use contactless payment'). It is vital that we always criticise and remain vigilant against the growing corporate domination that surrounds us, but this critique has suddenly taken a back seat to the immediate task of slowing the disease spread.

For big corporates, therefore, this has been a perfect opportunity to consolidate and extend their power. Many of them are already too-big-to-fail and governments always rush to protect and promote them first in the midst of a crisis. We have already seen players like Amazon massively expand their power during Covid (as people stuck at home under lock-down turn even more to the digital giants who already dominate the cyberspace realm), but in the financial sector this same enforced 'turn to the digital' is a huge commercial win for the private payments industry (aka. banking industry). They will use Covid forcefully to suppress and undermine cash even more than they already have.

The rise of Amazon and the rise of the digital payments industry is no co-incidence. These players have natural synergies as they all seek to create vast systems of interlocking automation. They wish for, and benefit from, a world in which economies are remotely coordinated via their huge datacentre systems, rather than being negotiated through face-to-face interaction between people on the street. And, while Covid might have forced various forms of positive economic soul-searching amongst people, it has simultaneously played directly into the hands of any player that seeks automation-at-a-distance, which includes both Big Tech and Big Finance.

Indeed, Covid is far more than a blow to the cash system. It is a blow to the face-to-face physical world, which includes cash, but also hugs, doorknobs, shared microphones at karaoke evenings, drunken pub conversations, kissing Tinder dates, dancing at weddings, dancing at beach parties, dancing at church, bench-pressing in the gym, and sharing a cigarette with a friendly stranger you meet outside a nightclub. Yes, cash is another thing in the physical world, and yes, as a physical object it does have the ability to carry viruses. But again, so does every supermarket item, public transport system, Uber car, and – for that matter – digital payments PIN pad.

As an aside, it is in fact not apparent that cash is actually a particular risk compared to other objects in the world. As the Covid pandemic took off, the German Bundesbank (the country's central bank) issued a press release stating that 'Cash poses no particular risk of infection for public', noting that "the probability of becoming ill from handling cash is smaller than from many other objects used in everyday life". They cited infectiologist (and head of the Frankfurt am Main Health Office) René Gottschalk, who argued that banknotes do not lend themselves to being an infection channel for coronavirus.

Nevertheless, a sloppy journalist at the British newspaper The Telegraph misrepresented the World Health Organisation by writing an opportunistic story claiming that "Dirty banknotes may be spreading the coronavirus, WHO suggests". This sent the world's media on an anti-cash bonanza, as they parroted the Telegraph story. This, in turn, prompted the WHO spokesperson to issue a statement saying 'We did NOT say that cash was transmitting coronavirus'. The damage, however, was already done - it was now official fake news spreading

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through Daily Mail articles shared on social media and Whatsapp groups.

In the UK, the banking industry took advantage of this, quickly arranging for a rise in the contactless payments limit via the banking lobby group UK Finance. Customers spooked by the dubious anti-cash news articles suddenly found solace in the arms of the banking sector.

Despite this, statistics show that there was a strong spike in cash withdrawals at the announcement of lock-down. This tells us something very interesting: in the midst of a crisis people value the fact that 'cash does not crash'. You use cash to exit the unstable and failure-prone banking system, which is why people rush to hoard cash at news of an impending hurricane or war. Central banks refer to this as 'precautionary demand for cash'.

This alerts us to a broader point, which is that the risks around Covid extend far beyond the actual virus. It has set in motion a major economic downturn, and not only are banks increasingly unstable in the midst of an economic downturn, but they themselves seek to pull back from giving service to those they deem risky. This means they retract lending from small businesses and ignore poorer people who are not as profitable to them as richer people. These people include those who are disparagingly referred to as 'the unbanked' or 'the underbanked', whose numbers increase during a crisis. This is to say that anti-cash rhetoric from media, supermarkets and governments has increased at the very same moment that the prime providers of digital payments - the banks - turn away from those who most rely upon cash. Make no mistake: the War on Cash is laden with class dynamics, and is often unthinkingly perpetuated by yuppies who have a natural trust for large institutions (which tend to be set up in their interests).

*This article appeared first on the Website [Altered States of Monetary Consciousness](#) by Brett Scott. I am grateful for his permission to publish it here.*

### **Further reading:**

Brett's 2016 piece in *The Long+Short* [The Hidden Side of the Coin](#)

[Brett's 2017 article in Praise of Cash](#)

[Brett's 2019 essay on the Gentrification of Payments](#)