



COVID-19 Accelerates The Great War On Cash

Fintech is the heir apparent to become the financial system of Sustainable Development, aka Technocracy. Thus, cash has no place in this new system of total control and is targeted for extinction, thus forcing everyone into a digital world. □ TN Editor

The corona crisis has already taken a very high toll and caused deep damage in our societies and our economies, the extent of which is yet to become apparent. We have seen its impact on productivity, on unemployment, on social cohesion and on political division. However, there is another very worrying trend that has been accelerated under the veil of fear and confusion that the pandemic has spread. The war on cash, that was already underway for almost a decade, has been drastically intensified over the last few months.

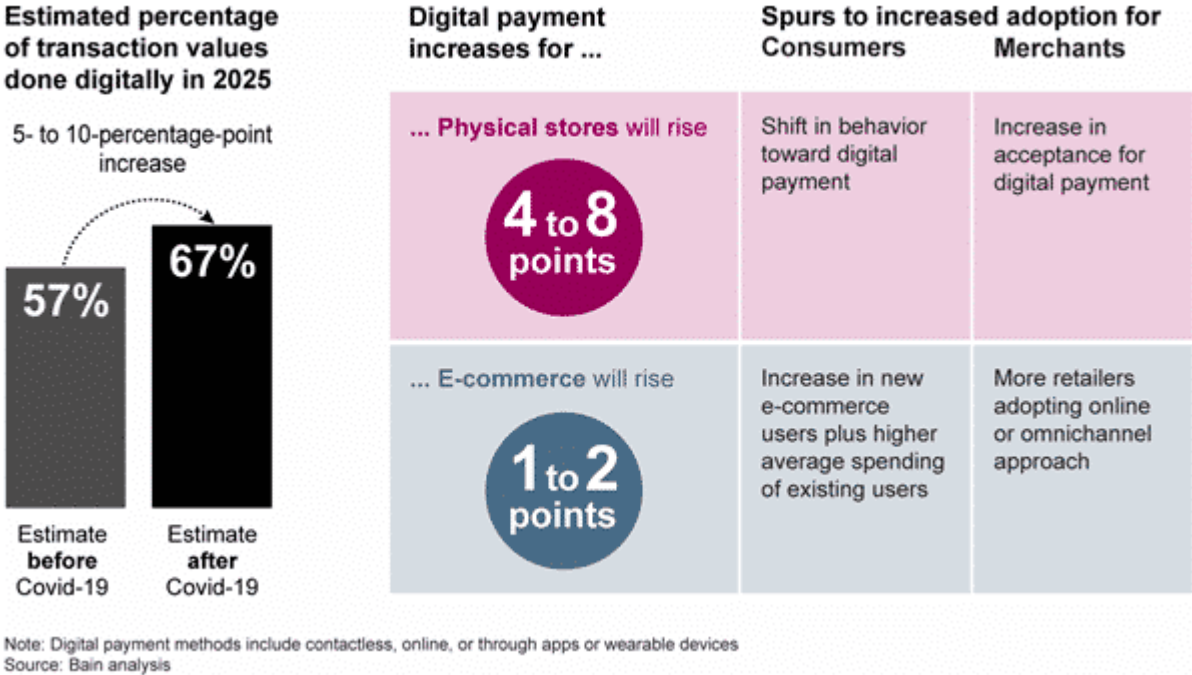
The “problem”

Over the last years, and as the war on cash escalated, we’ve gotten used to hear certain arguments or “reasons” on why we should all abandon paper money and move en masse to an exclusively digital economy. These talking points have been repeated over and over, in most western economies and by countless institutional figures. “Cash is used by terrorists, money launderers and criminals” is arguably the most oft-repeated one, as it’s been widely employed in most debates about the digital transition. Just a couple of years ago, it was also used by Mario Draghi, to support the decision to scrap the 500 euro note. We didn’t get any specific information or data about how many terrorists were actually using this high-denomination note, but we do know a lot of law-abiding citizens were using it to save, as did small business owners for their operational liquidity needs.

Now, however, the corona crisis has introduced a whole new direction of anti-cash rhetoric and fresh arguments in favor of a digital economy. Even in the early stages of the pandemic, when essentially nothing was concretely known about the virus itself or its transmission, the seeds of new fears were already planted by sensational media reports and fear-mongering political and institutional figures. The insidious idea that “you can catch Covid through cash” might have been prematurely spread, but it did stick in most people’s minds. This is, of course, understandable, given the extremely high levels of uncertainty and anxiety in the general public. Wanting to eliminate potential threats was a natural instinct and so was the urge to take back at least some control over our lives, after they’d been suddenly thrown into utter chaos in the wake of the global economic freeze.

Another factor that concretely helped the shift away from physical cash was an entirely practical one. Given the lockdown measures and the new “social distancing” directives that were enforced all over the world, it became difficult to use cash, even if you really wanted to, or had no other means of transaction, as is the case for billions of people. With physical stores being forced to shut down and with more and more online shops offering contactless delivery (either as a choice or as a

service requirement), the need for cash very quickly gave way to digital payments.



For most of us, who have access to online banking, cards or other digital payment services, this introduced no real inconvenience and we probably didn't even give it a second thought. However, for many of our fellow citizens it was a serious impediment, which in some cases blocked their access to basic goods and essential supplies. Contrary to the glowing promises of the digital economy, of financial inclusion and convenience, the fact remains that there are still millions of people who simply do not have access to this brave new world. According to figures by the World Bank, globally there are 2.5 billion people with no bank account, with a high concentration in the developing world. In the West too, however, there is a very large part of the population that is unbanked and/or has no access to digital solutions, while the elderly are also to a very large extent "locked out" of the digital economy. For all these millions of people, cash is the only way to save, to transact and to cover their basic needs.

The "solution"

With cash being presented not just as a danger to society and to national security, but also as a direct health hazard due to the coronavirus, the push towards digital alternatives has been massively reinforced over the

last few months. Both international organizations and individual governments have actively participated and encouraged this push, some through public guidance statements and others through the blunt enforcement of direct rules and measures that leave no real room for their citizens to make their own choices.

The CDC in its official guidance to retail workers recommended that they “encourage customers to use touchless payment options”, while a report by the World Bank highlighted the need to adopt cashless payments for the sake of “social protection”. The UAE Central Bank encouraged the use of online banking and digital payments “as a measure to protect the health and safety of UAE residents”, and the Bank of England has acknowledged that banknotes can hold “bacteria and viruses” and recommended that people wash their hands after handling money. In March, a report from Reuters revealed that the U.S. Federal Reserve was quarantining dollars that it repatriated from Asia and so did South Korea’s central bank, while banks in China were forced by the government to disinfect bills and keep them in a safe for up to 14 days, before putting them in circulation.

A highlight, however, came in May, when the World Economic Forum published an article in its “Global Agenda” strongly supporting the mass adoption of digital payments, for the sake of public health. In it, the authors argue that “contactless digital payments at the point of sale, such as facial recognition, Quick Response (QR) codes or near-field communications (NFC), can make it less likely for the virus to spread to others through cash exchanges.” They also applauded the efforts of China in digitalizing payments and appeared to hold the country and its measures as a model to be emulated: “China’s path to enabling digital payments should provide some lessons to other countries eager to follow suit.” Since a number of Western governments may indeed be “eager to follow suit”, let us take a closer look at this bright example and examine what it really entails.

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