

# Banking On Cash

Violet is passionate about local food movements. She is excited to finally open a small local produce shop after years of planning. She has made what feels like thousands of choices about the business, but has struggled with a final decision about customer experience: whether or not to accept cash.

At the beginning of the COVID-19 pandemic, Violet noticed that many stores in her community stopped accepting cash out of concern that it would spread the virus. While that theory has since been widely disproven, many shops continue to reject cash transactions.<sup>1</sup> After speaking with some fellow business owners, Violet understands why.

Compared to electronic payments, handling cash often makes transactions inefficient by slowing down lines and reducing the number of transactions employees can process per hour. With cash, business-owners also risk being paid in counterfeit bills, short-changed by employees, or robbed. Violet is acutely aware of how hard it can be to start and run a profitable small-business, and after investing her entire life's savings into her shop, she wants to do all she can to keep it afloat. Additionally, as an employer, Violet feels a sense of responsibility towards her workers. By removing virtually any chance of robbery, Violet believes she is creating the safest possible working environment for her employees.

Violet is also worried about making time in her schedule to process and keep track of so much cash, let alone to prepare and complete bank deposits. She would rather spend that time connecting with customers, training employees, and working in the shop herself. After all, she chose to open the shop because of her love for local produce and desire to connect with people over food.

Despite all this, Violet does have some reservations about refusing cash payments. She worries that, by doing so, she may be running a discriminatory business. Opening a bank account and getting a credit or debit card often requires some form of photo ID, a utility or another bill, a significant sum of money as a starting deposit, and a decent financial history. All these requirements mean that low-income, homeless, or undocumented people are unlikely to have bank accounts and are thus unable to shop in cashless stores. About a quarter of Americans lack stable and sufficient access to banking services. In Washington D.C., as just one example, nearly a third of residents rely on cash because they lack a bank or credit card.<sup>2</sup> These consumers are more likely to belong to racial or ethnic minority groups, and often have less education than their card-holding counterparts.<sup>3</sup> Violet also feels conflicted about rejecting cash because it is a valid form of currency in the United States. If people hold it and want to use it, she doesn't feel she can be the one to tell them "no," since she views dealing with cash as an aspect of functioning within the country's market economy.

## DISCUSSION QUESTIONS

1. Given the hastening rise of a digital economy, what are the key moral factors that should guide Violet's decision making?
2. What responsibilities do small businesses have to their customers?
3. How far are businesses obligated to go to ensure their services are available to everyone? What factors might this depend on?
4. Should it be up to businesses to decide whether or not they will accept cash payments? If so, why? If not, who else should get to decide?

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<sup>1</sup> <https://www.cbsnews.com/news/cash-paper-money-coronavirus-covid-19/>

<sup>2</sup> <https://www.npr.org/2020/02/06/803003343/some-businesses-are-going-cashless-but-cities-are-pushing-back>

<sup>3</sup> <https://www.nytimes.com/2020/09/11/your-money/cash-credit-cards-coronavirus.html>

