

Cash or Card – Will COVID-19 Kill Cash?

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STORY AT-A-GLANCE

- › The drive toward a cashless society has been in progress for some time, but the COVID-19 pandemic has been used as a pretext to accelerate the process
- › In the documentary “Cash or Card – Will COVID-19 Kill Cash?” producer Kersten Schüssler asks some important questions, like what’s at stake if society truly goes cashless? The answer is both your privacy and your freedom
- › The digital footprints or financial data trails that you leave every time you pay by card or mobile app are being watched closely and form an important part of surveillance capitalism
- › Information like how much alcohol you drink or how much you spend on vacation can all be tracked and “sold to the highest bidder”
- › As a result of this data, you and your neighbor might end up paying different prices for things like flights and hotels, or you might be refused insurance or be passed over for a job offer
- › Electronic payments are extremely lucrative for banks and payment service providers, while the data broker industry is also making huge revenues

Cash has long been king, but an increasing number of people have ditched cash in favor of credit cards and other contactless, digital payment options. The drive toward a cashless society has been in progress for some time, but the COVID-19 pandemic has been used as a pretext to accelerate the process.

With infectious disease at the top of everyone's mind, bills and coins suddenly seemed especially filthy, even though they haven't been linked to disease transmission, while electronic payment was clean, convenient and fast.

But, in the DW documentary "Cash or Card — Will COVID-19 Kill Cash?"¹ producer Kersten Schüssler asks some important questions, like what's at stake if society truly goes cashless? The answer is both your privacy and your freedom.

You Pay for Cashless Payments With Your Privacy

The [World Economic Forum](#) (WEF) has been vocal about its agenda of moving away from cash and to a digital currency, including in the U.S., for years.² But in the last year, the pandemic has led to a drastic acceleration. In Germany, where people have been famously reluctant to embrace payment by card or app, the number of people paying by card increased by 26% since the start of the pandemic.³

Cash is still being widely used there and is even the only currency accepted in many markets and bakeries. This isn't the case in Denmark, Norway and Sweden, however, where cash has practically become a thing of the past. You won't find ATMs very often and if you go to a convenience store, you're likely to be told you have to pay by card.

In Sweden, your cash may be no good at a bakery, and shop employees view this as a good thing. One young bakery clerk interviewed in the film said it's much safer to not have any cash at the store because it cuts down on robberies.

Till Grune-Yanoff, a professor of philosophy at the Royal Institute of Technology in Stockholm, also states that payment apps let him monitor exactly what his two children are buying. And this is a key tenet of the cashless system. While cash is anonymous, paying by card or app leaves a digital trail.

Already in Sweden, most banks no longer give out cash because it's too much of a hassle, and payment using cellphone apps is booming. You can transfer money from one cellphone to another as easily and quickly as you can send a text message.

"Here, money has become merely digital information," Schüssler said. But there's a downside for the convenience. "This also means that Swedish electronic payment systems can track most people's financial transactions. Big Brother is watching you."

Is This the End of Cash?

The film questions whether Sweden is the shape of things to come, "a future in which cash is a thing of the past — and every payment for everything we buy can be traced and tracked."⁴ Marion Laboure, a Harvard lecturer and research analyst at Deutsche Bank, has stated that COVID-19 could be the catalyst to bring digital payments into the mainstream.⁵ She told Schüssler:⁶

"It's not the end of cash yet. But what we have noticed since the beginning of this year, and especially since the start of the corona crisis, the amount of cash in circulation has definitely increased because it's considered as safe in terms of holding its value.

However, if we consider cash as a means of payment, it has definitely decreased. Fewer and fewer people are paying by cash. In December, 30% of people made contactless payments in Germany. And today, it's almost 50%."

Laboure described even more striking advances in other countries, such as South Korea and China, which quarantined and destroyed bank notes. In the U.S., "the Fed decided to quarantine banknotes coming from Asia to make sure they were safe," she said. When asked whether this was a reasonable response to the pandemic, Laboure said, "The risk is very low. But they felt it was necessary."⁷

Disease, Tax Evasion Used as Impetus to Destroy Cash

Throughout the pandemic, it's been implied that contactless, cashless payments are the preferred "safer" choice, allowing you to keep your distance and eliminating the need to pass "dirty" cash back and forth. But are you really at greater risk of catching COVID if you pay with cash?

Johannes Beermann, an executive board member of Bundesbank in Berlin, doesn't think so, and he also doesn't believe cash will be replaced by apps or cards anytime soon. "I would say that's been sufficiently disproven," he said. "If you look at the bank notes, like the five-euro or 10-euro bills here — which are in particularly heavy circulation — they have a special coating. We know from research that bills and coins don't play any role in the spread of infections."⁸

Corruption and money laundering concerns were also cited when banks stopped issuing 500-euro bills in 2019, while the Better Than Cash Alliance, an initiative with 77 members, including the [Bill & Melinda Gates Foundation](#), Visa and Mastercard,⁹ that is "committed to digitizing payments," has also called for cash to be abolished due to "slush funds, dirty money, money laundering and big sums not declared to tax authorities or the state."¹⁰

"Of course, we have to combat money laundering, tax evasion and the financing of terrorism, and I think cash has to be monitored, as should other payment methods," Beermann said. "We have to ensure that. But I don't think that this [digitized payments] will vanquish the underground economy."

Leaving a Digital Footprint With Every Payment

The digital footprints or financial data trails that you leave every time you pay by card or mobile app are being watched closely. Sarah Spiekermann, professor for information systems and society at Vienna's University of Economics and Business, researches how this data is observed and analyzed, and states that credit card information and electronic payment data are feeding an industry of data brokers:¹¹

"We know that credit card companies pass on this data. In the meantime, they can observe everyone in real time via all the digital media that they use to create large-scale profiles. It's almost become normal to have 30,000 to 40,000 pieces of data on each person. And with this high-resolution history, they know what you do, the routes you take, what you buy, what you pay for, where you go on vacation, how much you pay. They know it all."

Information like how much alcohol you drink or how much you spend on vacation can all be tracked and "sold to the highest bidder." We're at a point where once fledgling startups have morphed into immense information empires, in control of our information and our privacy is in their hands.

The COVID-19 pandemic has made it clear how valuable **digital technologies** are in acting as a safety net to allow many activities to continue, but because governments haven't dealt with fundamental issues to protect privacy and digital rights, these information empires continue to own and operate the Internet and global means of communication.

These monopolies lead to uncontrolled power that, in turn, leads people to be even more constrained and living in a society based increasingly on surveillance, and digital payments are a necessary part of this plan and further **surveillance capitalism**. Spiekermann explained:¹²

"We've analyzed, for example, how Oracle Blue Kai has described collecting 30,000 user attributes from 200 data vendors, which would allow them to create the profiles of 700 million people. That's probably the entire western world.

And if we look to see who's providing that data: Visa, Mastercard or Acxiom, Google, Facebook, Twitter interfaces. That's surveillance capitalism.

Surveillance capitalism involves hundreds and thousands of companies with data exchange agreements working together behind the scenes."

As a result of this data, you and your neighbor might end up paying different prices for things like flights and hotels, or you might be refused insurance or be passed over for a job offer. You might think these things are just bad luck or fate, she said, "when in reality, it's the result of databases making some sort of prediction about them. And people behind the scenes are earning money to create these profiles of people. It's disgraceful."¹³

There are no laws in place to curtail this brand-new type of surveillance capitalism, and the only reason it has been able to flourish over the past 20 years is because there's been an absence of laws against it, primarily because it has never previously existed.

Surveillance has become the biggest for-profit industry on the planet, and your entire existence is now being targeted for profit.

Payment Technologies Are Rapidly Developing

You've probably used one or more types of contactless, digital payments, but this is only the beginning of the payment technologies to come. In China, Chinese and U.S. companies are testing "smile to pay" facial recognition technology, which ties your ability to pay for goods and services with your smile.

But it doesn't end there. Ultimately, the plan is to use facial scans when you enter a store, which employ **artificial intelligence** to recognize the person and their **credit rating**. AI also detects emotions, social affiliations and whether you're under stress or getting sick.

All of this personal information is the cost of relying on this digitized system, and it could have significant ramifications for both psychology and security. Spiekermann, who wants cash to be retained, said in the film:¹⁴

"If I pay with a smile and I start to connect smiling to economic transactions, then this habit will also leave its imprint in my real world. I don't think we really want those kinds of associations to develop. Our society and social interactions would become subtly commercialized ... [also] power can be rapidly knocked out, as can IT systems. It's a matter of security. We need a concrete backup. We still need cash — for security reasons."

While all-digital mobile banks are already up and running, alternative options are also emerging. Berlin company Barzahlen.de offers a modern digital-analogue hybrid payment system that uses encrypted barcodes to get money or make a payment.

The barcode stipulates how much is paid in or out. No transfer of account or credit card data is needed, and each transaction gets a new barcode, allowing you to use cash in a digital context but without leaving behind data trails.

In addition, while U.S. federal law does not require businesses to accept cash as payment, cities and states can enact local laws to do so. At least 21 cities and states, including Massachusetts, Rhode Island and New Jersey, have passed or are considering laws that prohibit retailers from refusing cash payments.

It's unclear how strictly such laws are being enforced, but in New York City, for example, businesses can face steep fines for refusing cash or charging higher prices to customers paying cash.¹⁵

Former Interpol President Opposes Cash-Free Society

Bjorn Eriksson, former Interpol president, was also interviewed for the film. He's familiar with cyberattacks and money laundering, and states that cash should be available as an option for people, including those who aren't tech savvy — a population he estimates to be about 1 million people in Sweden alone.

"They are looked on as unprofitable. Just leave them," he said. "I don't like that type of society." Security is another major concern to leaving cash behind. "What happens if the Russians, Putin or somebody, switches off the system? We have no defense. How do you then defend yourself if you just have this card that doesn't function? Cash is a perfect option."¹⁶

The interference with your freedom and privacy, however, is what he believes will drive young people to push for cash to be preserved:¹⁷

"[What] ... attracts a lot of young people is what they see in China and some other nations where you use these to control your citizens. Because if you have a system with card, you'll have a technology with cameras, you have a technology with artificial intelligence, you're really going to be checked. Young people don't like that."

He also believes the pandemic is being used as pretext to switch to a cashless society even though "there is no proof whatsoever that cash is carrying that type of threat from corona."

The push to eliminate cash is going to continue, especially since electronic payments are extremely lucrative for banks and payment service providers, while the data broker industry is also making huge revenues, Schüssler said.¹⁸ Still, cash represents a form of freedom, one that should be passed on to the next generation to preserve as much autonomy and privacy as possible.

Sources and References

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- ² [World Economic Forum, January 17, 2017](#)
- ⁵ [Flow May 29, 2020](#)
- ⁹ [Better Than Cash Alliance, Member](#)
- ¹⁵ [The National Law Review June 5, 2020](#)
- ¹⁸ [YouTube November 24, 2020](#)