



Even EU economic forum rejects EU's cashless society

By Elisa Barwick

In 2018, following a two-year consultation, the European Commission (EC) of the European Union shelved plans to introduce restrictions on cash payments due to public opposition; it is now moving forward again with its push to go cashless. But a debate held 4 May by the EC-hosted Brussels Economic Forum has put a damper on plans, revealing that even the cream of EU bureaucracy has not embraced the strategy.

Many EU nations have limits on cash, starting from as low as €500 in Greece; but Italy, for one, is currently pushing to lift its limit from €2,000 to €5,000—a proposition opposed by the EC. The EC wants universal restrictions—EU wide—and it is pushing for them in the name of fighting the black economy. In 2021 the EC introduced restrictions on how much cash people could bring into or out of the EU, limiting it to €10,000, supposedly to block terrorism financing and money laundering. This is despite acknowledging in the 2018 report that concluded its consultation that the relationship between “tax fraud and the use of cash ... is not always clear-cut.” It had earlier admitted that “the impact of a cash restriction on money laundering in general, cannot be precisely quantified.”

Then, in December 2022, the European Council agreed to introduce a new directive into its anti-money laundering regulations, to limit cash payments across Europe to €10,000. The new power would also scrutinise cryptocurrency transactions over €1,000 and regulate traders in precious metals and stones. The directive agreed by the Council must now be negotiated with the European Parliament to achieve a final legislative text.

A report on the latest moves published by French not-for-profit association CashEssentials noted the defeat of the attempted Australian cash ban, led by the Citizens Party and friends: “In December 2021, a controversial law that would have banned cash payments over \$10,000 was voted out by the Australian Senate. Many saw it as infringing on the freedom to use cash and protect one’s financial privacy.”

The great debate

The EC-hosted debate held 4 May at the Brussels Economic Forum considered the motion: **“This forum believes that a cashless society would be beneficial for people and the economy.”**

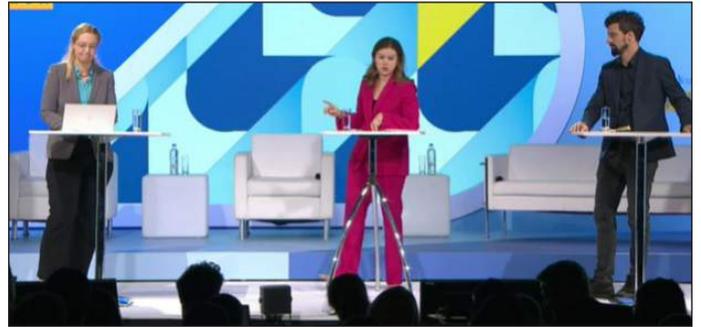
Speaking in favour of the proposition was Cecilia Skingsley, Head of Innovation Hub, Bank for International Settlements; and speaking against was Brett Scott, financial journalist and author of *Cloud Money: Cash, Cards, Crypto and the War for our Wallets* (reviewed by Robert Barwick for *AAS*, 18 January 2023).

The Oxford-style debate involved an initial vote on the motion, ahead of the debate. Each speaker then provided an eight-minute opening argument, after which each speaker gave a five-minute rebuttal. At the conclusion, the vote was taken again to reveal the impact of the debate on voters.

58:42

In the opening vote, 58 per cent were against the motion; 42 per cent in favour. Already the majority was opposed to a cashless society! Then the debate ensued.

Interestingly the BIS speaker, at the outset of her remarks,



Debaters at the Brussels Economic Forum. Photo: Screenshot

stated that she did not believe matters are as black and white as the motion implied. In fact, she noted, in her previous position as First Deputy Governor of the Swedish Central Bank, she had advocated for protection of the right to access and use cash, rights which the Swedish government has made moves to protect with legislation mandating geographical access rules and acceptance of cash for essential goods.

The nub of Skingsley’s argument as it proceeded was that rather than trying to stem the tide of the unstoppable slide into digital payments systems, it would be better to focus on the proper regulation and supervision of digital payments, and the right infrastructure. We are relentlessly moving into a cashless society, she said, but she does not see it as a problem if properly managed.

Brett Scott drew on his book for salient analogies for outlawing cash: It would be like a casino where you can’t cash out your chips for cold, hard money. Or a city where bicycles are banned in favour of cars only. Just because a tall building has escalators, he added, it doesn’t mean we should get rid of the stairs. If cash is not maintained as an alternative payment option, he said, people are locked into a monopolistic order, they are prisoners of the banking system. He also addressed privacy. It’s all well and good to use a card or mobile device for a payment when it’s convenient, but we need alternatives. I don’t want a financial intermediary between me and my friends when I’m playing a game of poker, he said. He also countered Skingsley’s portrayal of an unstoppable, organic slide into the digital realm. We must recognise, he made clear, that this shift has been anything but organic—it has been pushed upon us by the banking fraternity. Equally, we need an active counterpunch to stop it.

72:28

Stunningly, following the debate, the vote shifted to 72 per cent opposed to a cashless society, 28 per cent in favour. The debate moderator was shocked, exclaiming, “That’s a big change!”

British journalist Nick Corbishley, in his write-up of the event, remarked that it was obvious even from the initial vote that “even at the heart of the EU’s political establishment, at the EU executive’s flagship economic conference, most people believe that a cashless society would not be beneficial for the general public or the economy.” This doesn’t bode well for the EC’s latest push to eradicate cash. But, concluded Corbishley, it “perhaps goes to show that if there is an open, frank debate about the potential risks and benefits of a fully cashless society, most people—including many close to the levers of power—will end up rejecting it.”