

Rep. Donald Payne, Jr.
106 Cannon HOB
Washington, DC 20515

Rep. Sylvia Garcia
1620 Longworth HOB
Washington, D.C. 20515

Rep. Chris Smith
2373 Rayburn HOB
Washington, D.C. 20515

August 5, 2021

Re: Support for the Payment Choice Act of 2021 (H.R. 4395)

Dear Representatives Payne, Smith and Garcia,

As advocates for the rights and interests of U.S. consumers, we are writing to express our support for the Payment Choice Act (H.R. 4395)—legislation you have introduced as original co-sponsors to preserve the option for people to pay for purchases with cash at retail locations.

According to the FDIC's Report on the Economic Well-Being of U.S. Households in 2020 (May 2021),¹ 18% of adults in the U.S. are unbanked or underbanked, meaning approximately 37 million adults may lack access to digital forms of payment, including credit or debit cards. This problem is worse for minority households; approximately 13% of Black households and 9% of Hispanic households had no bank accounts at all in 2020, according to the FDIC report. Adults with less education and adults with lower income were more likely to be underbanked than the population as a whole. Nearly one-fourth of those with less than a high school degree and 21% of those with incomes less than \$25,000 were underbanked.

All consumers should have the freedom to choose to pay with cash at grocery stores, restaurants, and businesses. Unbanked and underbanked consumers have little access to noncash forms of payment, with the possible exception of prepaid cards. Furthermore, when consumers are forced to pay for goods and services in cashless transactions, they (as well as the businesses where they shop) are also often forced to incur added expenses in the form of network and transaction fees.

Another concern is that noncash transactions generate vast amounts of data, recording the time, date, location, amount, and subject of each consumer's purchase. Those data are available to digital marketers and advertisers who are engaged in developing and refining increasingly sophisticated techniques to identify and target potential customers. Paying with cash provides consumers with significantly more privacy than do electronic forms of payment. That is why even consumers who have credit and debit cards sometimes prefer to pay with cash.

¹ Report on the Economic Well-Being of U.S. Households in 2020 (May 2021), available at <https://www.federalreserve.gov/publications/2021-economic-well-being-of-us-households-in-2020-executive-summary.htm>.

A 2021 study sponsored by Cardtronics, independently produced by Javelin Strategy & Research,² found that during the pandemic, cash rebounded faster than other payment methods and remained the top way to make a purchase throughout 2020. Among underbanked consumers, cash usage was significantly higher and steadier than among average consumers, remaining at 78% usage throughout 2020, significantly higher than the credit card (59%) and debit card (53%) usage seen in October 2020. The study concluded that cash's standing has remained strong—the majority of consumers surveyed agreed that: cash protects my privacy and financial security (66%); allowing people to pay in cash is important for society (63%); cash is safe to use (58%); cash is as important today as it ever was (54%); cash is often the easiest way to pay (44%).

To protect consumers from discrimination and ensure that they have choices in payment methods, some cities and states have enacted laws or ordinances³ that bar brick-and-mortar retail stores from refusing to accept cash. States such as New Jersey, Massachusetts and Rhode Island have laws in place that prohibit businesses from banning cash. San Francisco, Philadelphia and New York City also have passed similar laws.

Some have used the pandemic as an excuse for not accepting cash, claiming it is unsafe. Expert sources, however, have stated that currency does not present any increased risk of COVID-19 transmission compared to plastic payment cards. According to a 2013 study published in the *Journal of Applied and Environmental Microbiology*,⁴ American currency, a porous surface, had an extremely low rate of virus transfer efficiency: between 0.05% and 0.2%. Nonporous surfaces, such as hard plastic countertops and credit card readers, had a transmission efficiency rate of up to 79.5 percent. Neither the World Health Organization (WHO) nor the Centers for Disease Control and Prevention (CDC) have concluded⁵ that cash presents any more danger than credit cards or other forms of payment.

What is true about the pandemic is that the economic dislocations it has caused have fallen most directly and most harshly on the marginalized segments of our society: low-income populations, people in inner-city neighborhoods and in rural areas, the unemployed and underemployed, the elderly, and racial and ethnic minorities. It is crucial for people to be able to obtain necessities at their local stores and restaurants without being turned away because they want to pay with cash.

² Cardtronics, 2021 U.S. Health of Cash Study (February 2020), available at <https://www.cardtronics.com/landing/HealthOfCash.aspx>.

³ McKenzie Sadeghi, "Fact check: No US law requires businesses to take cash, but local laws may mandate it," *USA Today* (Sept. 16, 2020), available at <https://www.usatoday.com/story/news/factcheck/2020/09/16/fact-check-cashless-businesses-banned-only-some-local-state-laws/3330804001/>.

⁴ Transfer Efficiency of Bacteria and Viruses from Porous and Nonporous Fomites to Fingers under Different Relative Humidity Conditions (Sept. 15, 2013), available at <https://journals.asm.org/doi/full/10.1128/AEM.01030-13>.

⁵ Meera Jagannathan, "World Health Organization: We did NOT say that cash was transmitting coronavirus," *MarketWatch* (March 9, 2020), available at <https://www.marketwatch.com/story/who-we-did-not-say-that-cash-was-transmitting-coronavirus-2020-03-06>.

Enactment of the Payment Choice Act will ensure that all consumers in the United States can make purchases in retail stores and restaurants using the payment methods of their choice. We appreciate your leadership on this important issue, and urge your colleagues in Congress to support this legislation.

Very truly yours,

Affirm Merit
Alaska PIRG
Americans for Financial Reform
Center for Economic Integrity
Chicago Consumer Coalition
Chinese American Museum of Chicago
CLAP Community Lead Advocacy Program
Columbia Consumer Education Council
Connecticut Legal Services, Inc.
Consumer Action
Consumer Federation of America
Consumer Federation of California
Consumers for Auto Reliability and Safety
Delaware Community Reinvestment Action Council, Inc.
Electronic Frontier Foundation
Electronic Privacy Information Center (EPIC)
Empire Justice Center
Haven Neighborhood Services
Hawaii Consumers
Housing and Family Services of Greater New York
Kentucky Equal Justice Center
Legal Aid Justice Center
Mountain State Justice
Multi-Cultural Development Center
National Association of Consumer Advocates
National Consumer Law Center (on behalf of its low income clients)
National Fair Housing Alliance
National Network to End Domestic Violence
Oakland Privacy
Public Justice
Public Justice Center
R.A.A. - Ready, Aim, Advocate
Strike Debt Bay Area
The Collaborative NC
The Fairmont-Morgantown Housing Authority
THE ONE LESS FOUNDATION
The Parent Coalition for Student Privacy
Thrive Collective, LLC
University of Wisconsin Consumer Law Clinic