

Where has all the cash gone?

Electronic payments are on the increase, but **DICK LUMSDEN** doesn't want to lose the feel of cash in pocket

Picture the scene.... London on the hottest day of the year this week, me rushing for a train home, deciding at the last minute to buy a cold drink for the journey.

Dash into a shop on Liverpool Street Station concourse, grab a bottle of water, fish out £2 and queue up.....behind six or seven other people doing the same thing...and all paying with cards. Cue very stressful wait thinking I'm going to miss the train.

I didn't miss the train, but I did start thinking hard about the "cashless society" and is it on its way, is it even possible?

If there was ever anything that shows up the differences between the generations, it is the carrying of cash (or not, depending which end of the age range you belong to).

I always like to have cash on me. Not a lot, but enough to buy a couple of rounds of drinks, or pay for a taxi, or a sandwich for lunch. I feel naked and vulnerable if I don't.

Yet many of the young people in my office, and my own 26-year-old son, very rarely carry anything more than a few pounds.

The advent of the cashless society has been talked about for a few years now, and, according to the British Retail Consortium, cash transactions are definitely decreasing. But although it has dropped 10% in 10 years, cash still accounts for 53% of all transactions in Britain today, so at that rate of decline, we still have 50 years of grubby fivers left.

Using a debit card to buy a packet of crisps just doesn't seem right to me, and when you are in a queue of people all making card payments for small items, it is incredibly frustrating.

But if every generation behind me is using less and less cash, and relying on more and more electronic payments, who has all the money?

I checked with the Bank of England and there are – apparently – something like three billion banknotes in circulation today, and 29 billion coins. And of these banknotes, 206 million are £50 notes.

When was the last time you saw or had a £50 note in your pocket? I don't think I've handled one for at least 10 years – so who has them all?

have to cash to buy a café au lait and get a mouthful of abuse.

So the only conclusion I can reach is that £50 notes are used almost exclusively for dodgy deals.

Doing something that you don't want a record of? Withdraw a load of £50 notes from the bank, hand them over in a dimly lit car park to pay someone who doesn't want it known, then they pay them into their bank and the Queen never even gets a chance to blink in the light.

That's why £50 notes last so long and never get grubby like fivers.

Mind you, if I was selling a secondhand car I'd much rather see a wad of £50s than take a cheque (Cheque? Who still uses cheques?) from a perfectly honest looking young woman for her to drive off, the cheque bounce, and the car turn up somewhere in Russia.

In France, there are moves in progress to make it illegal to use cash to buy anything over 1,000 Euro. That would really scupper the backstreet trade here in Britain if it was introduced – although even I, as a stalwart cash user, would balk at handing over that much paper.

Talking of cheques, if cash transactions are winding down, then the death of cheques must surely be imminent.

I suppose when they were first introduced they were a brilliant way of making a transaction without having to hand over a bag of guineas. But now, they are just

■ I still like to have some cash on me and hope we never become a cashless society.

Photo: GETTY IMAGES

“When you are in a queue of people all making card payments for small items, it is incredibly frustrating

the number of cheques I have had to bank... and I know for absolute certainty I have only ever torn one cheque out of my pristine book.

Yet many grandparents today still enclose cheques in cards to disparate family members for birthdays or Christmas. For a young teenager, much as I'm sure they would appreciate the value of the gift, it is a bit of a head scratcher having to deal with a cheque - and it could be weeks before they get round to paying it into a bank.

As I sit here now writing this article, I can see a framed cheque on the wall of my office, which was the first ever payment made to my first business by a client in 1996 – it is for £5,585 and the whole thing is hand written. Business has come a long way since then.

But will we ever get as far as being cashless? I certainly hope not.

Apart from anything else, I can't wait to see how they airbrush Prince Charles when his face starts appearing on notes.

.....
■ Dick Lumsden is managing director of Owl Marketing Solutions, a specialist in marketing and advertising to older consumers. If you have any

