

Will we see a cashless society emerge from the pandemic?

June 23 2020, by Khalida Sarwari



Credit: Northeastern University

When the World Health Organization earlier this year recommended that people move to cashless transactions to eliminate the spread of the coronavirus that causes COVID-19, a number of governments and

retailers across the world heeded the advice.

In China, where cash was already becoming a thing of the past, banknotes have been destroyed or disinfected with [ultraviolet light](#) to stop the SARS-CoV-2 coronavirus from spreading. And in the U.S., some [business owners](#) have banned the use of cash in their stores to keep employees and customers safe, while those at home have turned to online shopping.

Bill Winters, chief executive of Standard Chartered Bank, believes that not long from now, we'll all be going cashless. And it couldn't happen quickly enough, he told Joseph E. Aoun, president of Northeastern, in an interview last week on Facebook.

"There's one very practical reason," said Winters, who was previously an executive at JPMorgan Chase. "The coronavirus lives on banknotes; why would we continue to handle these things if it's inconvenient and adding risk?"

Still, in economies that are still very much cash-based, such those in Hong Kong and Germany, Winters acknowledged "an element of acquired behavioral trends" must be addressed first. Some of the opposition to adopting alternative forms of payment seems to stem from a belief that the government doesn't need to know how the money was acquired or how it will be spent, said Winters.

"But I do think we'll get there because it's convenient, it's safe, and ultimately I think governments will want to know where the money came from and where it's going," he said.

During the half-hour virtual conversation with Aoun, the global banking leader—whose son is a student of business and psychology at Northeastern—also discussed the challenges that the pandemic has posed

for his industry, supply chain impacts, and his own career path that led him to running a global bank from London with operations in more than 70 countries across Asia, the Middle East, and Africa.

The disinflationary effects of the COVID-19 [economic crisis](#) will continue to make it challenging for banks to remain profitable amid a low-interest rate environment, said Winters. And the coronavirus crisis has only escalated tensions between the U.S. and China, the world's two largest economies. At the same time, said Winters, the economies of Asia, South Asia, the Middle East, and Africa are more interconnected than ever.

Winters predicted that the impact of the pandemic would change the way people work in banking. Thousands of his employees in Asia have shifted to working from home. Workplaces of the future, he said, will need to accommodate remote workers who want to maintain the option of going to the office for collaboration.

Banking can be a force for good, Winters told Aoun, and the COVID-19 crisis has revealed opportunities for banks to show the useful contributions they can make to society. One of the things Standard Chartered did, he said, was to make \$1 billion available at low-cost financing to clients—existing and new—who are fighting the pandemic. This has enabled a Chinese fabric manufacturer to begin producing masks to be distributed across the world, and some testing companies to operate in Lagos, he said.

"We did it because it's the right thing to do," Winters said.

Provided by Northeastern University

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