

Introduction (*note: What are the four key elements of an introduction?*)

Stance

The recent global shift towards a cashless economy has sparked debates about its feasibility and ethical implications. This digital economic scheme, discussed before the fourth industrial revolution, involves conducting financial transactions primarily through digital means and electronic cards, with a minimal use of physical money and with the aim of eventually eradicating paper cash completely (Marszelek & Szarzec, 2021, p.254). However, implementing cashless economy presents significant challenges, as more than 2.7 billions of people in the developing world lack access to official financial system (Sharman, 2011 as cited in Gaggd, 2019). Similarly, financial exclusion is not limited to developing countries only; in the United States only, over 15 millions of people don't have bank accounts, while over 51 millions rely mostly on using cheques and cash rather than digital banking system (Dalinghaus & Ursula, 2017). While governments advocate for cashless economy to have a close monitoring of the financial flow of their people, promoting a convenient and safe payment gateway.

Thesis statement and outline: This essay, to a large extent, argues that governments should discourage the transition to a cashless economy, as it presents the risks of violating personal financial privacy, financial exclusion and fosters irresponsible overspending among citizens.

Paragraph 1 (*note: Can you think of a topic sentence here?*) *The transition to cashless economy violates consumers financial privacy.*

Supporting argument:

Cashless economy gives government institutions a full control over the spending and money flow of companies. This is a complete violation to the financial data privacy and liberty of consumers and institutions. It also introduces government as a third party which reduces anonymity of the consumers.

Evidence:

1. A cashless economy gives government full control on people's and organizations financial status. This violates the rule of democracy by giving the government a full control on the individuals which undermines the social liberty of the consumer.(Ha et al.,2020,p.219).
2. Additionally, in a cashless society, people give out their personal information that they are not aware of their usage. Any information stored on cards can be stored and sold by the businesses without the consent of the client(International Economic Institute [IEI], 2023, p.97).

Counterargument:

Despite the aforementioned, the financial freedom offered in cash economy encourages financial crimes such as money laundering and tax evasion which earns the government. Half of the cash in flow is used in tax evasion, drugs and human trafficking due to lack of footprint and anonymity (Rogoff, 2016, as cited in Ha et al.,2020).

Rebuttal:

However, surprisingly, digital transaction laundering offers more easy and anonymity than cash laundering. Criminals have found ways to legitimize their money by exploiting the sheer volume and various entities involved in online payments. In context, Six to ten percent of companies accepting credit card payments hide their true identities to banks (Dalinghaus & Ursula, 2017)

Paragraph 2 (*note: Can you think of a topic sentence here?*) *The use of cards and digital payments undermines the emotional value of money and encourages irresponsible overspending.*

Supporting argument:

The use of credit cards offers people an extravagant mind by providing them with the ability to spend money way over their income. Credit cards lure them to spend more believing they will be able to cover current expenses with their future incomes.

Evidence:

1. The ability to carry large amount and convenience of cards and digital money deprives the individuals realization of the actual money he spent (Ha et al, 2020, p.220).
2. Consumers using credit cards overspend more compared to the and cash users. In Malaysia, nearly 50% of the people who declared bankruptcy was due to the credit card debts. Additionally, the spending limits imposed on credit cards are way higher than the individuals income, which is way more their earnings(Lim et al. , 2014, p.300).

Counterargument:

Conversely, the use of digital payments offers a convenient, secure and efficient payment gateway rather than carrying bags of paper money. Additionally, the use of Mobile phone Payment(Mpa) adds rebates and bonuses to people who use it more often which attracts them to use of digital money (IEI, 2023, p.96).

Rebuttal:

Digital payment systems are still vulnerable to faulty issues such as system failures and energy blackout which decrease its reliability and trust on consumers. (Ha et al., 2020, p.220). Additionally, through the high interest rates on late payments, credit card companies regain the money spent in offering extra gift and bonuses to consumers

Paragraph 3 (*note: Can you think of a topic sentence here?*) *Cashless economy risks a danger of financial exclusion and economic inequality .*

Supporting argument:

The use of credit cards offers people an extravagant mind by providing them with the ability to spend money way over their income. Credit cards lure them to spend more believing they will be able to cover current expenses with their future incomes.

Evidence:

1. people from rural areas find it hard keeping up with the advanced technology used in cashless economy. Additionally, There is also a distrust towards local banks, which require documentations and bribes to open bank accounts. (Gaggd, 2019, p.356)
2. Over 1.7 billions of people in the world aren't registered to any bank account and over 70% of them use cash as their daily spending medium (Marszelek & Szarzec, 2021, p.267)

Conclusion:

The transition to a cashless economy is likely to create an economic exclusion of people from rural areas who lack the digital literacy and technological infrastructures needed to pursue it. Similarly, people in developed world also opt to use cash in order to preserve their anonymity and financial privacy, while also maintaining their spending habits. Governments should at high extent preserve the ongoing use of cash as universal payment option, and discourage the transition to a cashless economy.

