Quang Huynh

Cash vs. Card Argument

Mrs. Mooney

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Is cash still king?

We all heard that phrase, “cash is king.” But is cash still on that throne or has something else taken over? Has there been a more efficient and safe way of payment? Yes, there has. The credit and debit cards have proven to have many benefits in contrast to cash. While cash shouldn’t be completely eliminated, limiting cash should show the best results.

Cash is one of the main components of crime. Cash has many qualities that can make it difficult to catch criminals, which as absolute anonymity, liquidity, universal acceptance and portability. Most crime that takes place involves cash. People who need food on the table for their family are desperate and mug people for cash. Most bank robberies or armored truck have robberies where the robbers come out with cash or metals. Furthermore, most drug busts result in wads of cash and the dark web uses crypto for full anonymity. It is evident that cash is one of the biggest motivators for criminal activity. In the United States, retailers lose around $40 billion annually and banks lose $30 million a year in robberies. In addition, cash is very much connected to tax evasion that costs the federal government over $500 billion a year. This is because cash is hard to track verify self-reporting of income and sales. Business owners can lie on their report and deceive the government in believing that that are making less than they actually do. Businesses that take cards or check understand that it’s easier for tax authorities to catch them dissembling. Most of the cash in circulation are small bills, such as the $1, $5, and $10 bills. This is because small purchases under $10 mainly is paid by cash. Needless to say, getting rid of the $50 bill and $100 bill can eliminate the motive for theft. Most American $100 bills aren’t even in the United States, but 70% of $100 bills are overseas. According to David Wolman, cash should eliminate most crime, but people will still find ways to cheat. Furthermore, Wolman says, “Get rid of them because they’re not doing what cash is supposed to do, which is facilitate commerce. In 1969, the $500, $1,000, and $5,000 notes were formally discontinued. Why? To impede crime. We should do the same with the $100…” Wolman is saying that bigger cash values like the $100 bill should be discontinued to limit crime just like how the $500, $1,000 and $5,000 bills were discontinued to stop crime. Needless to say, cash is a big motivator for tax evasion, theft, and anonymous deals. Getting rid of big bills would stop big crime schemes from happening.

Most American citizens are using credit cards or debit cards to pay. They can even use their phone to pay through Google Pay or Apple Pay. Countries like Denmark has completely stopped producing banknotes and the government has considered allowing some stores to stop the use of cash. Since Denmark has no paper currency, it is easier for their federal government to change the fiscal policy, which is where the government can change the tax rates and spending levels to influence and monitor its economy. Furthermore, due to having no paper currency, Denmark has negative interest rates because if you put money in the bank, you must pay a fee. Cash would thwart these plans because people can hide their cash and ignore the country’s negative interest rates. Moreover, big purchases such as a car or a house should not be paid in cash. Rather, it is easier and more organized to pay using a card since you can track your payments. From Kenneth S. Rogoff, his article states, “But what about $50,000 car or a $1 million apartment? We should be able to reduce the problems I’ve described here while also ensuring that ordinary people can still use small bills for convenience in everyday transactions.” Even during a power outage, retail stores and cell towers have backup generators to allow them to process card payments. Card payments are beneficial in many ways, such as it could help you build credit if you use a credit card, which would help you save money on large purchases on the long run. You can even earn your money back through cash back programs if a card company has it and cards have fraud protection. Overall, card payments are quicker, cheaper, more organized and more efficient than using a check or cash.

Although card payments are more secure and fast, cash is still useful in some instances. For instance, if anything happens to your card, cash is your backup. If the bank locks your card, your backup is cash. Furthermore, the use of cash makes an individual less impulsive on spending. Cash makes the holder decide about their purchases and since cash is tangible, it works the mind more and have people be more cautious about spending. In text 2, it says, “Research has shown that people who own more credit cards spend more over all.” Although people are careful with their spending habits when they use cash to purchase items, certain cards have a spending limit. People have to make sure that they won’t exceed their spending limit. Moreover, hackers can invade your privacy and track purchases or even steal your money. Luckily, technology is always evolving and there are now countermeasures to take when a hacker breaks into the system.

Cash has lost its throne. There’s now a new, more efficient method to pay. Debit and credit cards. Paper banknotes are not as useful, and their magic have died off. The big solution is getting rid of coins and big bills such as the $20, $50 and $100. This would impede crime rates and using a card is more secure.