

# How far are we from a cashless society in South Africa?

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Globally, cash, as a means of transaction, has been on the decline for decades.

First World countries are leading the transition.

In emerging market countries, such as China, South Africa and India, for example, more than 90% of payments are still cash based.

However, in the USA, Australia and the United Kingdom, around half of all transactions today are non-cash, and the trend towards cashless markets is only accelerating.



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Most significantly, since 2008, we have seen a market rise in countries and banks across the world forcing limits on the size and amount of cash transactions. For example:

- Spain has a €2,500 limit on cash transactions since 2012.

- In France, the cash transaction limit is €1,000. French police are mandated to search commuters and have the power to seize cash from anyone carrying more than the limit.
- In Greece any bill over €70 will soon only be legally payable by cheque or credit card.
- JP Morgan Chase — the world's biggest bank — bans on cash payments for credit cards, mortgage bonds and car loans. The bank also does not allow the storage of 'any cash or coins' in safe-deposit boxes.
- Zimbabwe, after the country's banks and ATMs ran out of cash on 5 May 2016, imposed a limit on cash withdrawals and transfers of cash outside the country to \$1,000.

Nordic and Scandinavian countries are far ahead of even this.

Scandinavians currently rely on cash for less than 6% of all payments made. Now, Denmark aims to be the first completely cashless country, even as soon as this year. The Danish government has already given support to retailers to refuse cash payments for essential services, such as petrol and groceries. Sweden and Norway also have plans in place to abandon paper currency altogether in the near future.

Locally, although we are far away from a completely cashless environment we have seen the rise of mobile QR code app-based payment services, such as SnapScan, which has over 25,000 vendors in South Africa, rolling out across formerly cash-based and informal trading environments, such as flea-markets and concerts.

We have also seen how quickly, thanks to our almost complete mobile penetration, blockchain technology, such as Bitcoin has taken off in South Africa across all strata of our economy.

These are signs that South Africa's transition to a cashless environment could happen very quickly indeed.

## ABOUT BRONWYN WILLIAMS

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