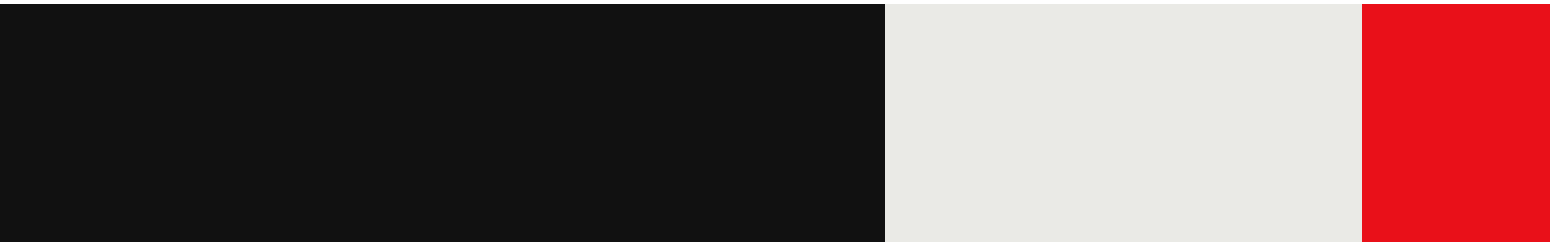



Laws Could Stand in Way of Cashless Retailers

Article

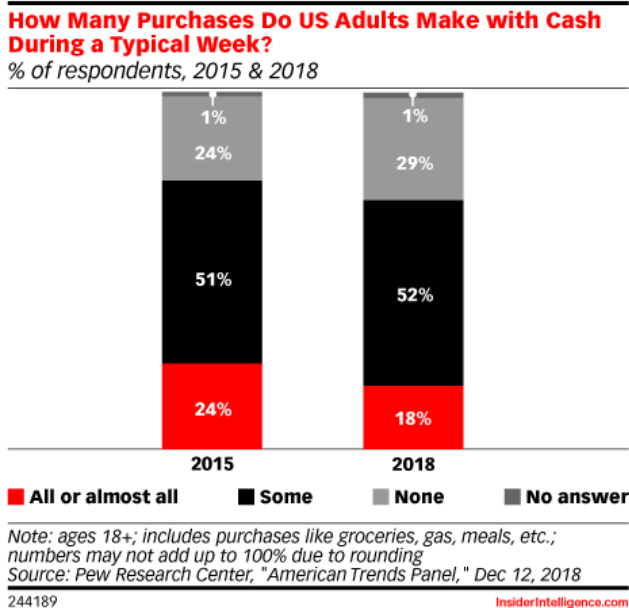


Earlier this month, **Philadelphia passed a bill** rendering cashless stores like Amazon Go and Sweetgreen illegal and banning future establishments from completely abandoning cash. By July 2019, most retailers in the city will be required to offer consumers a cash payment option.

New Jersey **just passed similar legislation** banning cashless merchants, and cities like **Washington DC** and **New York** are following suit.

“The number of completely cashless businesses are few and far between, and research has shown that cash is still a preferred payment method for many shoppers in the US,” said eMarketer forecasting analyst Cindy Liu.

An October 2018 survey from **Pew Research Center** showed that 70% of US adults used cash last year for at least some of their purchases during a typical week. Separately, 60% of US internet users polled by Cardtronics said that **cash was the most available payment method for everyone**, and another 90% viewed cash as essential to those without checking or savings accounts.



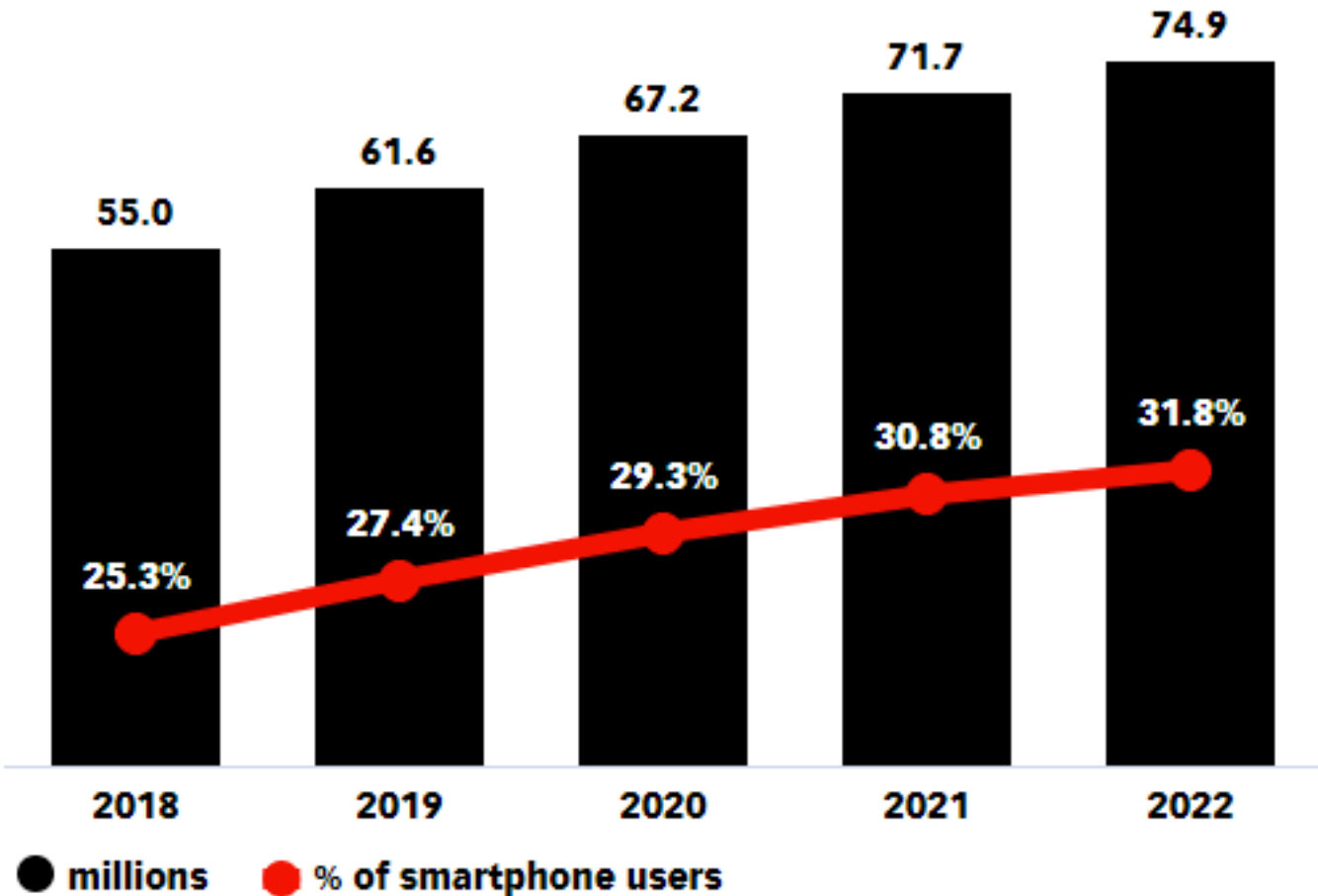
Retailers should understand that consumers want options and, above all, a frictionless shopping experience. “Whether that means accepting cash, card or mobile—it should be about the consumer experience and offering whatever payment method a shopper wants to use,” Liu said.

While Philadelphia's ban has raised questions about the future of mobile payments, it's unlikely the legislation will have a significant effect on consumer adoption of payment technologies.

This year, we estimate, 27.4% of smartphone users in the US will use a mobile phone to make a payment at a physical point-of-sale. Among those ages 25 to 34, this figure climbs to nearly 50%.

Proximity Mobile Payment Users

US, 2018-2022



Source: eMarketer, October 2018 (see below for notes and methodologies).

www.eMarketer.com

Mobile payments are most popular for lower-priced purchases such as coffee and fast food, with virtually all mobile proximity payment users tapping or scanning their phones for low-cost items at places like Starbucks and Sweetgreen. The draw to these retailers is their single-merchant app that houses consumers' payment information, which saves time at the register and encourages shoppers to rack up rewards. By contrast, consumers still see more risk and less benefit in paying for medium- and higher-priced purchases like groceries or electronics with their mobile phones.

Starbucks' mobile payment app has seen the most adoption of any proximity mobile payment service, with 25.7 million users in the US, according to our estimates. That figure is projected to grow by 2.3 million users this year, outpacing universal mobile payment apps like Apple Pay and Google Pay, which will add 2 million and 1.3 million users this year, respectively.