

My name is Meryl Chertoff, and I direct the [Georgetown Project on State and Local Government Law and Policy](#). I am also an Adjunct Professor at Georgetown University Law Center. Thank you for the opportunity to testify in favor of HB340, The Cash Transactions Preservation Act.

“We are cash-free” signs blast at some Maryland businesses. Who is hurt? Disproportionately, it is the unbanked and people of color. But it hurts everyone, because the more transactions we are forced to do cashless, the less privacy each one of us has.

Having five dollars in your pocket gives a person dignity. But today, five dollars in your pocket no longer may buy you a cup of coffee, and its not because prices have gone up at the corner coffee shop. It is because an increasing number of businesses in Maryland and around the country won’t accept cash. The tech and financial services industries have decided they would prefer that the legal currency of the United States be unwelcome in a growing number of commercial establishments

Around the country, advocates for consumer protection are responding with measures to protect Americans from yet another effort to make some of us second class citizens, and to harvest data from everyone else.

New York City and Philadelphia banned cashless businesses over the last two years. Washington, DC just did, in a measure that will take effect at the end of the current public health emergency. New Jersey, Connecticut and Rhode Island passed cashless business bans last year. In Massachusetts, there has been a law on the books since 1978 that says that retailers cannot discriminate against a cash buyer by requiring the use of credit.

In 2017, the FDIC reported that roughly 8.4 million U.S. households were unbanked, and an additional 24 million were underbanked. The current economic crisis will increase the number of unbanked households. Those households don’t have credit and debit cards.

According to a [2015 FDIC survey](#) in Maryland, 8 percent of Black residents and 1.7 percent of white residents were unbanked; with a total rate of 4.8 percent. A full 14 percent of Maryland residents who did not own their own home were unbanked.

While being low-income is not itself a category protected by Federal civil rights laws, the fact that an increasing number of businesses are going cashless means that they effectively discriminate against blacks, Latinos and the undocumented.

It also contributes to a sense that some are less equal citizens than others. Cash is an equalizer. It gives anyone holding it dignity. A cashless model creates two tiers of retail:

those reserved exclusively for the banked and those where everyone else can shop, eat and receive basic services. Plain and simple, cashless perpetuates inequality.

The current COVID-19 pandemic should in no way deter passage of HB 340. [Public health experts confirm](#) that handling cash is an extremely low risk activity, and the same precautions in place in most businesses—mask-wearing, social distancing and regular hand-washing-- is far more effective in preventing transmission than dictating any particular form of payment. It is more important than ever to allow households to buy essential items like groceries using any form of payment they can access.

Then there is the question of privacy. It is no surprise that the drivers of cashless business are largely big tech. For each transaction you do without cash, more data is harvested about your location, purchasing habits and preferences. A cash purchase-- be it of coffee, cigarettes or medicine-- allows you to maintain your anonymity. The swipe of a card lets someone, somewhere know what you have just bought. And if you think this sort of surveillance society based on your cashless purchases are far off, consider that in China, purchases are monitored and become part of the [social credit score](#) that determine your access to a variety of benefits.

Cashless means that the real world increasingly mirrors the online one: where every click, or in this case every swipe, allows the marketers to build a more granular profile of who you are. Many measures will be needed to put an end to that. HB 340 is one.