



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE
GOVERNOR

MIKE MCCARTNEY
DIRECTOR

CHUNG I. CHANG
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: dbedt.hawaii.gov

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
MIKE MCCARTNEY
Director

Department of Business, Economic Development, and Tourism
before the

SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM
And the
SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Thursday, March 25, 2021
10:10 AM
Videoconference

In consideration of
SCR223/SR183

**REQUESTING THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT,
AND TOURISM TO CONDUCT A STUDY TO EXAMINE THE USE AND EFFECTS OF
TRANSACTION MEDIUM EQUITY, WHICH INCLUDES ELECTRONIC
TRANSACTIONS AND CASH TRANSACTIONS, ON CONSUMERS AND
BUSINESSES IN THE STATE OF HAWAII.**

Chairs Wakai and Baker, Vice Chairs Misalucha and Chang and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) offers comments on SCR223/SR183.

DBEDT appreciates the intent of the bill to look for more innovative approaches to bring value to both businesses and consumer. DBEDT does not currently have expertise or dedicated resources in this area. The Federal Reserve publishes a study that reports the requested information on a national level and believe the state follows a similar trend. <https://www.federalreserve.gov/paymentsystems/2019-December-The-Federal-Reserve-Payments-Study.htm>

Thank you for the opportunity to testify.



LATE



CARDTRONICS

**Cardtronics' Testimony Submitted Jointly to the Senate Committee on Energy, Economic Development, and Tourism and the Senate Committee on Commerce and Consumer Protection
Hearing of SCR 223 and SR 183**

**March 25, 2021, 10:10 a.m. HST
State Capitol, Conference Room 229 & Videoconference**

Cardtronics would like to share its support for resolutions SCR 223 and SR 183 that request the Department of Business, Economic Development, and Tourism conduct a study examining the use and impact of electronic and cash transactions on consumers and businesses in Hawaii. As the largest independent ATM owner and operator in the world, and as a champion of financial inclusion, Cardtronics' purpose is to provide convenient, reliable, and safe access to cash for individuals and the communities whom we serve. Through our partnerships with financial institutions and retailers, Cardtronics operates 285,000 ATMs globally, including more than 200,000 in the U.S.; and of the approximately 40,000 ATMs we own in the U.S., the transactions are surcharge free to the consumer.

Cardtronics is an ardent advocate for payment choice and believes that merchants should treat all forms of payment equally, be they digital, card, or cash, for brick-and-mortar purchases.

Local, State, and Federal Legislation

Every U.S. paper denomination of currency includes the words "This note is legal tender for all debts, public and private." Because no federal law exists mandating that a business accept cash, Democratic and Republican lawmakers in the United States Congress, and 30 municipalities and states combined, have sought to protect consumer payment choice.

Since 2018, Arizona,¹ Alabama,² California,³ Connecticut,⁴ Delaware,⁵ Idaho,⁶ Maine,⁷ Maryland,⁸ Michigan,⁹ Milwaukee,¹⁰ Minnesota,¹¹ Mississippi,¹² New Hampshire,¹³ New York,¹⁴ North Dakota,¹⁵

¹ <https://www.azleg.gov/legtext/55leg/1R/bills/HB2433P.pdf>

² http://alisondb.legislature.state.al.us/Alison/SESSBillStatusResult.aspx?BILL=HB28&WIN_TYPE=BillResult

³ http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB926

⁴ <https://www.cga.ct.gov/2021/TOB/H/PDF/2021HB-05312-R00-HB.PDF>

⁵ <https://legis.delaware.gov/BillDetail?legislationId=48046>

⁶ <https://legislature.idaho.gov/wp-content/uploads/sessioninfo/2021/legislation/H0256.pdf>

⁷ <http://www.mainelegislature.org/legis/bills/getPDF.asp?paper=HP0892&snum=130&item=1>

⁸ <http://mgaleg.maryland.gov/2021RS/bills/hb/hb0340f.pdf>

⁹ <https://legislature.mi.gov/documents/2021-2022/billintroduced/Senate/pdf/2021-SIB-0059.pdf>

¹⁰ <https://milwaukee.legistar.com/LegislationDetail.aspx?ID=4427407&GUID=3149E370-6FCA-4128-9E2D-F01205557C4A&Options=ID%7cText%7c&Search=200021>

¹¹ <https://www.revisor.mn.gov/bills/bill.php?b=Senate&f=SF3860&ssn=0&y=2020>

¹² <http://billstatus.ls.state.ms.us/documents/2021/pdf/SB/2200-2299/SB2266IN.pdf>

¹³ http://www.gencourt.state.nh.us/bill_status/billText.aspx?id=1304&txtFormat=html&sy=2020

¹⁴ <https://legislation.nysenate.gov/pdf/bills/2021/S4134>

¹⁵ <https://www.legis.nd.gov/assembly/67-2021/documents/21-0437-01000.pdf>

Oklahoma,¹⁶ Oregon,¹⁷ Pennsylvania,¹⁸ St. Louis,¹⁹ Vermont,²⁰ and Wisconsin²¹ introduced bills to prohibit merchants from discriminating against cash-paying customers.

In 1978, Massachusetts²² became the first state to enact a law that prohibits businesses from not accepting cash. Since 2019, the District of Columbia,²³ Berkeley,²⁴ New Jersey,²⁵ New York City,²⁶ Philadelphia,²⁷ Rhode Island,²⁸ San Francisco,²⁹ and West Hollywood,³⁰ enacted similar laws, banning businesses from not accepting cash.

Recognizing the threat of ‘cashless creep’ to our nation, the United States Congress also has taken action. Rep. Donald Payne (D-NJ) and Rep. Chris Smith (R-NJ) introduced the Payment Choice Act, (H.R. 2650)³¹, in 2019; and Senator Robert Menendez (D-NJ) and Senator Kevin Cramer (R-ND) introduced a companion bill, (S. 4145),³² in 2020. Both bills would impose a federal ban on cashless retail establishments. All levels of government are working assiduously to ensure that consumers have the right to choose cash.

Financial Exclusion

Unlike other forms of payment, cash is an equal opportunity payment option: meaning anyone, regardless of age, race, or income can access cash. Conversely, cashless retail acceptance policies are non-inclusive. When merchants mandate cashless payment policies for whatever reason, they are picking and choosing which ‘type’ of customers they want to serve, effectively engaging in payment discrimination.

This is wrong. And the practice is particularly harmful to marginalized groups, such as unbanked and underbanked Americans.

There are 8.4 million unbanked households in the U.S., and 66% of those unbanked households use only cash to pay their monthly bills. Of the other 24.2 million households in the U.S. that are underbanked, nearly one in four households uses cash to pay their monthly bills.³³ According to the FDIC, 19% of residents in Hawaii are either unbanked or underbanked.

¹⁶ http://webserver1.lsb.state.ok.us/cf_pdf/2021-22%20INT/hB/HB2175%20INT.PDF

¹⁷ <https://olis.oregonlegislature.gov/liz/2020R1/Measures/Overview/HB4107>

¹⁸ <https://www.legis.state.pa.us/CFDOCS/Legis/PN/Public/btCheck.cfm?txtType=PDF&pn=0270&sessYr=2021&sessInd=0&billBody=H&billTyp=B&billNbr=0301>

¹⁹ <https://www.stlouis-mo.gov/internal-apps/legislative/upload/boardbill/BB47-wd13.pdf>

²⁰ <https://legislature.vermont.gov/Documents/2020/Docs/BILLS/H-0902/H-0902%20As%20Introduced.pdf>

²¹ <http://docs.legis.wisconsin.gov/2019/related/proposals/ab364>

²² <https://malegislature.gov/laws/generallaws/partiii/titleiv/chapter255d/section10a>

²³ https://lms.dccouncil.us/downloads/LIMS/41809/Signed_Act/B23-0122-Signed_Act.pdf

²⁴ https://www.cityofberkeley.info/.../2019-12-10_Item_A_Ordinance_7681_pdf.aspx

²⁵ https://www.njleg.state.nj.us/2018/Bills/PL19/50_.PDF

²⁶ <https://legistar.council.nyc.gov/LegislationDetail.aspx?ID=3763665&GUID=7800AFC9-D8B1-41FD-9C31-172565712686>

²⁷ <https://phila.legistar.com/LegislationDetail.aspx?ID=3710586&GUID=FD85947F-8151-4DB5-9949-AF6FEF14A9C9&Options=ID%7CText%7C&Search=180943>

²⁸ <http://webserver.rilin.state.ri.us/BillText/BillText19/HouseText19/H5116A.pdf>

²⁹ <https://sfbos.org/sites/default/files/o0100-19.pdf>

³⁰ <https://qcode.us/codes/westhollywood/revisions/19-1085.pdf>

³¹ <https://www.congress.gov/bill/116th-congress/house-bill/2650/cosponsors>

³² <https://www.congress.gov/bill/116th-congress/senate-bill/4145/text>

³³ <https://www.fdic.gov/householdsurvey/2017/2017report.pdf>

“For many minorities, [who are disproportionately unbanked and underbanked], the barriers of neighborhood segregation and racial profiling already make shopping extremely difficult—bans on cash can make it all but impossible,”³⁴ wrote Aaron Ross Coleman in *How Cashless Restaurants Reinforce Systemic Racism*, published in GQ Magazine recently.

Payments have become the new digital divide.³⁵ If consumers don’t have access to credit cards, prepaid cards or bank accounts that provide them with a debit card, how can they buy goods or services from merchants who refuse to accept cash? Cashless retail deepens the economic wedge between the ‘haves’ and ‘have-nots.’

Privacy

There is no better form of payment than cash for protecting one’s privacy and security. Cash can’t be hacked or tracked. Paying with cash doesn’t involve sharing personal financial information with a third party, who may store it on a cloud or server, possibly exposing it to future cyber-attacks. The cost of online data breaches was expected to reach a staggering \$2.1 trillion globally in 2019.³⁶

When consumers use electronic payments, a private company not only dictates the terms and conditions of how they use that payment tool, but also may profit from selling the consumer’s personal transaction data. By using cash for legitimate, lawful transactions, consumers have more control over their financial transactions—empowering them to determine with whom they choose to share that personal data.

Demand for Cash Is Strong

Currency in circulation has topped an historic record of \$2.09 trillion.³⁷ While COVID-19 continues to dramatically change the way we shop, work, and live, cash remains one of the preferred forms of payment, next to debit, providing certainty and resilience in times of crisis. The Federal Reserve Bank of San Francisco published a report on consumer payments during the COVID-19 pandemic and found a 17% increase of the amount of cash that people carried in their wallets—from \$69 to \$81—since the pre-pandemic amount reported a year ago. This report also found that of the individuals who made in-person payments during the pandemic, slightly more reported using cash to make that in-person payment during the COVID period, versus the year before.³⁸

Safe to Use

Before the pandemic, the increase in cashless stores was troubling: but now even more retailers, stadiums, and concert venues are using misinformation about cash and COVID-19 as an excuse not to accept cash. Medical experts, government agencies, and central banks alike indicate there is no evidence of the disease being transmitted via bank notes or coins.³⁹ The science behind the research indicates that cotton and linen, of which U.S. banknotes are made, are porous substances and weak transmitters of particles, as compared to glass, plastic and metal, such as your phone or payment card.⁴⁰

³⁴ <https://www.gq.com/story/cashless-restaurants-reinforce-systemic-racism>

³⁵ <https://docs.house.gov/meetings/BA/BA00/20200130/110420/HHRG-116-BA00-Wstate-KleinA-20200130-U1.pdf>

³⁶ <https://www.juniperresearch.com/press/press-releases/cybercrime-cost-businesses-over-2trillion>

³⁷ https://www.federalreserve.gov/faqs/currency_12773.htm

³⁸ <https://www.frbsf.org/cash/publications/fed-notes/2020/july/consumer-payments-covid-19-pandemic-2020-diary-consumer-payment-choice-supplement/>

³⁹ <https://www.bis.org/publ/bisbull03.htm>

⁴⁰ <https://www.globenewswire.com/news-release/2020/05/06/2028611/0/en/COVID-19-Currency-Poses-No-Greater-Risks-Than-Bank-Cards-or-Mobile-Phones.html>

In recently updated guidance, the U.S. Centers for Disease Control and Prevention noted COVID-19 does not spread easily from touching surfaces or objects.⁴¹ The agency emphasized that the virus spreads primarily from person to person, between people who are within approximately six feet of one another, and through droplets produced by a sick or infected person's cough or sneeze.

Choice is Freedom

Innovation in payment systems is important; but should not be at the expense of financial inclusion. Cardtronics looks forward to working with both the Senate Committee on Energy, Economic Development, and Tourism and the Senate Committee on Commerce and Consumer Protection in Support for swift passage of SCR 223 and SR 183 to better understand how residents in Hawaii are using cash and other forms of payment in America's evolving digital economy. Thank you for your attention to this important matter.

For more information, please contact Crystal Wright, External Affairs and Community Outreach Consultant, Cardtronics at 202/549-8072 or cwright@cardtronics.com

⁴¹ <https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/how-covid-spreads.html>