Who is behind the campaign to rid the world of cash?[1]

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The future of payments has arrived in early 2018, when the first Amazon Go store opened its gates for the general public in Seattle. If you shop there, you will not have to queue at the cash register. There is none, thanks to – as Amazon calls it – the most modern shopping technology. You just download an app and sign on before entering the store. Then you freely take everything you want from the shelves and put it into your shopping bag – or put it back on the shelf, if you change your mind. When you are satisfied with what you've got, just leave the store, unencumbered by cashiers or shop detectives. Amazon's surveillance apparatus has followed you around the store and registered your every move. Shortly after you have left the store, you will get a bill on your smartphone and the money will be taken from your account.

Shopping cannot be any easier than this. The activity of paying is eliminated in this consumerist utopia that is just becoming reality. Without your involvement, you will be rid of your money. You don't even have to take out a card, give a signature or swipe your smartphone. The seller and the person who manages your money are merging. This is there we are headed, not just in Amazon Go stores. In the future of payments, all convenience will be on our side, all the power will be with the other side. Amazon intends to make this convenience-cum-surveillance way of shopping the norm. According to recent news piece by the news agency Bloomberg, the company want to open 3000 such stores by 2021.[2]

In China, a similar utopia is becoming reality. The Chinese government is working on a system to assess the virtue of all Chinese citizens. If you treat customers nicely or if you "volunteer" for some public service activities, you will be rewarded with social points. If you are caught jaywalking by one of the omnipresent surveillance cameras, which are increasingly equipped with facial recognition software, you might have a few points taken from you social credit account. If you dare criticizing the government or neglect to pay a fine you will lose many points. If your account goes too low, you will be barred from booking decent hotels or flights or fast trains.

The standard way of paying in Chinese cities is by using the multi-purpose apps WeChat or Alipay. You can think of them as a combination of Facebook, Google, Amazon and Paypal. They cooperate closely with the government. WeChat even has a special app which uses the services facial recognition feature to function as official identity documentation for any purpose other than international travel.

WeChat and Alipay register and store everything customers do with their money and otherwise, and use that information to make a numerical assessment about that person's virtuousness and trustworthiness. If you spend lots of time playing computer games or if you

[1] This article is a translation of the Introduction and part of Chapter 1 of the book, *Schönes neues Geld* (*Brave New Money*), which was published in German by Campus in August 2018. A Korean translation is in preparation. Norbert Haering is a financial journalist, blogger (norberthaering.de/en) and author of several popular books on economics, including *Economists and the Powerful*.
[2] Spencer Soper: "Amazon Will Consider Opening Up to 3,000 Cashierless Stores by 2021." Bloomberg. 19.9.2018.

have a patchy record of paying your bills on time, your standing worsens and you will experience all sorts of economic or social disadvantages. Given the close cooperation with the government, it can be expected that these private assessments of creditworthiness and the government's social credit system will merge. All information about what citizens buy and which services they use, where and when, can enter into the social credit system.

It may be an attractive idea at first thought, that a person's virtuous or devious social behavior should be recognized and sanctioned more than economic success or failure. However, if a government has the power to decide and to sanction not only what is legal and what is not, but also what is good behavior and what is bad behavior, then the threshold to a totalitarian society has been overstepped.

The Amazon-Go-society is very different only at first glance. No supreme authority will regulate your everyday behavior, as long as it is within the law. On closer inspection, though, the two systems have uncomfortably large areas of overlap. Both are based on reliable automatic identification of acting persons in any context and on total surveillance of all actions. Cameras and other surveillance equipment are following the Chinese with every move they make. The same is true for Amazon-Go-stores. The fact that Amazon is marketing their surveillance technology to police departments does not do anything to attenuate the similarities.

Amazon Go is just a particularly advanced example of the pay-as-you-go-world that is forming in front of our eyes. We don't own and control anything anymore. Instead we pay for using the services, which things we used to own, can provide, and we do so in ever smaller instalments. This is economically feasible only if usage can be automatically registered by surveillance equipment and automatically charged. In the Amazon-Go-store, the removal of an item from its shelf is a separate purchasing-action, which has to be surveyed and individually charged. This is the road to complete surveillance that we are led onto in other matters, too. They are not selling the bits and bytes of a computer program to us anymore, which we can use at will. They are selling the right to use the bits and bytes of a program that remains in their ownership and under their control - and with it, all our data. If they decide to do so, they can block us from using the program. We do not buy bikes anymore; we rent a bike by the minute. We do not pay the government any more to build roads for us, we pay for using them by the mile or kilometer. From this, the government and those who run the payment infrastructure gain almost complete knowledge of the whereabouts and itineraries of all citizens. You cannot even pay cash on buses and trains any more in many places, to partly escape this complete surveillance. Increasingly, we trigger automatic payments with every step and click we make. This pay-as-you-go-system is relying on and is at the same time fostering the same complete surveillance that is currently implemented in China. It renders individuals completely dependent on those who exercise control over the financial bookkeeping and access-rights-management in the background. If they decide that you do not have the financial claims to all or any of those services, or if they deem you unworthy of using them for some other reason, you will be completely paralyzed, unable to do anything. Just like Joe Chip in Philip Dicks Science Fiction “Ubik”, written half a century ago. Chip is unable to leave his apartment, because he cannot pay the door to open, due to lack of funds. Dick, who became posthumously famous for writing the book on which the Blade Runner movies were based, was a real imaginative genius. The term sharing economy was more than four decades off, when he wrote this, and paying digitally instead of with cash was far from being the norm at the time.

Automated facial recognition and other technologies used for implementing the pay-as-you-go-system are helping to merge the digital world with the real world. What we do in the real world, is mapped into a digital representation with increasing completeness. These digital representations of our lives are used for personal profiles on everybody, profiles, which anybody can obtain, who has the money or the power. This can be a potential landlord, a potential employer, a bank, an insurance company or a powerful mother-in-law. All these users of our data will make assessments of our worthiness just like the social credit system in China.

In the same way as in China, such assessment systems serve to promote desired ways of behavior. This is exercised in a more decentralized way in the western system, to make better consumers, more docile employees or more careful insurance-customers of us. Even in the arena of political behavior there are areas of overlap with China. Big data applications to statistically assess your trustworthiness and value as a customer are prone to treat political activism and social behaviors that stray from the norm as liabilities. If such a system is implemented without strict checks on which data can be used – checks which are increasingly hard to implement, society will be pushed toward subservience to authority and strict adherence to prevalent social norms.

It is not simply an unintended side-effect of the pay-as-you-go-system that it produces and requires so much data. This is the main attraction of the system for those who push for its implementation. Just take computer programs. They do not cost anything to produce. Producers could easily give governorship to everyone who pays. They don't want to do that anymore. They want complete control and all data. Corporations wanting to commercialize our data work together in harmony with governments eager to survey and control populations, for purposes that may range from tax-enforcement to crime prevention and political oppression. Reliable identification is a crucial ingredient in the agendas of both of these main actors. Thus, it is terribly convenient that pay-as-you-go is a major driver of biometric identification via facial recognition, iris-scans or fingerprints in everyday-life.

Cash is in the way

As long as every other transaction is settled with cash, a complete digital representation of everything that the population does, is out of reach. The stubborn preference for cash is a major stumbling block on the way to the pay-as-you-go-world of total surveillance. This is why they tell us, that cash is outdated, dirty, fishy and inconvenient. However, the preference for cash is based on some real and strong advantages of this payment technology, which has served us well for thousands of years. Some of the more important of these advantages are not becoming less, but more important, with increasing digitalization of all walks of life.

The following are the advantage of paying yourself with analog money, rather than asking someone to please pay for you with digital money:

1. Cash-transactions are anonymous. Only those who observe the transaction on the spot will know about them. The seller need not know the name of the buyer. Nobody can see from my account, what I have bought when and from whom. This is true for intelligence services, the police, a social credit authority, bank employees, credit card companies, rating agencies, spouses and parents. None of these will know from our account statements where we spent our days, and what we were doing.

2. With cash, neither the buyer, nor the seller needs to give up something in advance and trust that the other side will stick to their promises. If you sell your car to an unknown person, you do not want to hand her the car and trust that the money she promises to wire, will arrive. If you are the buyer, you do not want to wire money before you have control of the car. Providers of new, faster digital payment methods like to make you think that these can achieve the same. So far, this is not true. The money transfer can be cancelled after the fact.
3. Cash helps you keep to keep tabs on your spending. This is particularly important for those who struggle to make ends meet. If you pay everything electronically, even small and tiny payments, you will not have the visual and haptic control of your wallet emptying out and you will be so swamped with receipts that effective control is not realistic any more.
4. Cash is a very robust payment technology. It does not require any technological infrastructure. It can be used even during major disruptions of the energy supply or the mobile network. The civil protection strategies of countries like Germany explicitly recommend that people keep a decent supply of cash around for such technical emergencies. If we only have the option of paying digitally, a breakdown of the internet or the mobile network will paralyze large sections of the economy. If only your own technological infrastructure, like your smartphone or your credit-card malfunction, you can be in deep trouble, if you are travelling and need to pay for a place to stay or to travel home.
5. The same is true, even more radically, if, due to an error or for some other reason, all your accounts are suddenly blocked. Only with cash, you can keep paying for food, shelter and travel. Cash empowers.
6. Cash is also a very inclusive payment technology. Children and people with physical or mental handicap often have a much easier and safer time using cash than digital payment methods. You will give your children small sums of cash to go and buy something, but you will probably hesitate to give them your credit card.
7. Cash is the only possibility we have to store our money in a way that it cannot be lost in the next banking crisis. Digital money is nothing but a claim on a bank. If the bank goes broke, the money is gone, unless a well-capitalized deposit insurance system covers the loss. None of the existing deposit insurance systems, however, is well enough capitalized to cover the deposits of one of a large bank, let alone all the deposits of a failing banking system.
8. Cash also protects us from a milder form of expropriation in favor of a failing banking system: negative interest rates.
9. Cash is the cheapest payment technology for users. Banks and payment service providers charge for executing our payments. MasterCard and Visa have profit margins, which are quite a bit higher than those of your regular company. Someone has to pay for these.
10. Of course, the advantages of cash are not only valued by law-abiding citizens, but also by criminals and other rule-breakers. Tax evaders and drug traffickers also like the anonymity that cash affords.

One man's meat is another man's poison. For banks, payment service providers, IT-firms, governments and some merchants the list above as a list of disadvantages of cash.

Those who want to sell as much as they can to us, or want to give us as much credit as they prudently can, dislike that cash helps us control our spending. Police and intelligence agencies think of the anonymity of cash as a major disadvantage. They can convincingly argue that catching the bad guys and preventing bad transactions would be easier if cash was not available and thus financial surveillance was more complete. However, in order to prevent criminals from taking advantage of citizens' rights for privacy and other freedoms from government interference, one would have to do away with those freedoms altogether and democracy with it. To argue that some crime can be prevented by clamping down on the use of cash is just a first step in an argument. All too often, the second step is not mentioned. Not even an attempt is made to prove that the gains in terms of crime prevention outweigh the loss of civil liberties.

In a democracy, this judgment should be made after public discussion by lawmakers in a transparent procedure. Instead, as we will see, the far reaching removal of privacy in financial affairs has been decided far away from parliaments in a diffuse transnational nowhereland, through the mechanism of standard setting groups expert in evading democratic control.

Cash is also a costly nuisance to credit card companies and IT-firms who want to have our valuable financial information. Every transaction that we perform without a data trace can distort the profile that they collect on us and thus make it less informative and valuable. We are likely to settle the more sensitive transactions in cash - transactions, which might allow conclusions about our employability or health, or creditworthiness or our inclination to incur risks. A potential employer who wants to screen out sickly or nonconformist candidates, an insurer who wants to screen out risk lovers and the sick, will not want to pay as much for a profile, if it does not reliably tell them, if I drink, buy lots of drugs or medical services, practice a dangerous sport or read a radical magazine.

Banks would much rather see our money locked-in in the banking system than to allow us to remove it at will in the form of cash – including in the most inconvenient moments for them. If there was no such cash-exit anymore, when the next major banking crisis hits, banks would not have to rely on already overstretched governments bailing them out yet another time – they could simply be made whole again by a devaluation of our deposits. This works, because our deposits are legally a debt of the bank to us. If the banks' assets lose much of their value in a crisis, its capital is depleted. By writing down the banks' debt, the banks' capital, which is value of assets minus value of liabilities, is restored. This can happen in one go, by writing down deposits by 20, 30 or 50 percent, or it can be done gradually by negative interest rates on deposits of say 3, 4 or 5 percent. If this was possible, banks would not have to rely any more on governments rescuing them, and governments would be rid of a big headache.

We mentioned advantages of cash for criminals and tax avoiders, so let's also look at the disadvantages of cash for these groups. To transport cash in large amounts is difficult and expensive. If the sums go into the two- or three-digit millions, cash is not used any more. Rather, the mafia, the ultra-rich and large corporations employ banks and specialized law firms to transfer digital money into tax havens in a way that ownership is concealed. Criminals use forged freight papers and similar tricks to insert dirty money in large volumes into the legal money circuit. Those who pretend that pushing back the use of cash would eliminate money laundering, crime or even terrorism never mention that the bulk of money laundering and terror financing is done with digital money. They use the argument that cash is unwieldy, to argue in favor of getting rid of large-denomination notes, but they fail to admit that even with large-denomination notes cash is too unwieldy for really large transactions.

For companies like Visa, Microsoft and Vodafone which provide the technical infrastructure for digital money transfers, cash is a nuisance, because they are not involved and don't gain money and data from cash transactions. Every transaction that is digitized means additional business volumes for them. Also their market power increases. If the alternative option of using cash is eliminated, they will increase their margins.

Thus, Visa, MasterCard and their allies are running large global marketing campaigns to tell us how foolish and old-fashioned it is to pay autonomously with cash and how modern and convenient it is to have someone else manage your payments digitally. They bribe restaurants into refusing to accept cash. They provide vendors of homeless-newspapers and churches with card readers, because this provides terrific PR for cashlessness. Governments worldwide issue laws and regulations to prohibit or restrict autonomous payments with cash. They make them harder or more expensive and generally cloak them in the suspicion of illegality.

It is not only the Chinese government, who wants to know everything about their citizens. Western governments, too, strive for the totally transparent citizen. The leading power, the USA, even wants to bring every person on earth into the digital system of automated surveillance. And so it happens that governments of all colors, from Sweden to Saudi Arabia, are working together in harmony with one another and with the leading private corporations of the IT, telecommunications and finance sectors in a global public-private partnership against cash.

A coordinated global campaign

The surprise move of the Indian government in November 2016 to take 86 percent of cash out of circulation with only four hours warning was one of the more visible actions in this global campaign to digitize all payments. In most industrial countries, more indirect and less visible ways of pushing back the use of cash are employed. The ATM-network is thinned-out, banks start to charge for cash withdrawals, rules are passed, which prohibit merchants from passing on the cost of card-payments to customers, taxi-drivers are required to enter into contracts with card-companies and prohibited from refusing to accept credit cards. Banks and merchants who deal with cash payments are harassed with pointless and tedious rules. Laws are passed, which require travelers who want to cross a border with a few thousand dollars or euros in cash, to tell any border official who deigns to ask, where the money is from and what exactly they want to do with it, lest it be confiscated.

According to a forecast from 2016 of the then-CEO of Deutsche Bank, John Cryan, cash will be gone by 2026. In Europe, a general upper-limit for cash-payments is under discussion. Several countries have already prohibited their citizens from paying larger bills autonomously, without the help of banks or card companies. At the same time, rules and regulations proliferate, which make sure that none of our digital payments and accounts remain hidden from police, intelligence services, the taxman and social security authorities. The last remains of bank secrecy have been eliminated.

It is no coincidence that similar moves and regulations against the use of cash can be observed all over the world. Malawi, Nigeria, the Philippines, Mexico and several dozens more countries have even declared the official aim to become cash-free countries as soon as possible. At the same time, these countries are working on forcing their whole populations into large government-run biometric databanks. Digital payments and biometric databanks are two parts of a coordinated global campaign, which is driven forward under the camouflageterms financial inclusion and digital identity. Financial inclusion is Orwellian newspeak for taking away the option of using cash. Digital identity is a devious nod to a development goal of the United Nations, which asks for every newborn on earth to be given an official identity. Even though, there is no mention of "digital" and "biometric" in the development goal, and even though, biometric registration does not work well for newborns, this campaign is pushing for the forced digital-biometric registration of every person, under the pretext of the development goal, even for the large majorities of the affected populations, who are already well equipped with identity documentation.

Nominally, this campaign is run by the G20-group of governments of the most powerful countries, under the name *Global Partnership for Financial Inclusion*. The goal is to push back cash, digitize all payments and to biometrically register all earthlings. The real drivers are global leaders in banking, the credit-card-business and information technology from the US, together with the US-government. They have formed public-private lobby-groups with names like *Better Than Cash Alliance*, *Consultative Group to Assist the Poor* and *Alliance for Financial Inclusion*. These groups have written the strategy papers of the G20-Partnership against cash and they have been invited to drive the campaign forward as "implementing partners". It is always the same companies that hide their commercial interest behind these benevolent-sounding catchwords and group-names. They are MasterCard, Visa, Citibank, Microsoft and PayPal sometimes directly, sometimes through their foundations.

The most important weapons in the stealth-war of the G20-partnership against cash are the international standard-setting bodies and the international financial institutions IMF and World Bank. The standard-setters are informal clubs of the world's more powerful governments and/or central banks. They set the standards for what is considered best practice in finance. Very few people have even heard of these very powerful groups. They go by cryptic acronyms like FATF, CMPI and BCBS, which stand for *Financial Action Task Force*, *Capital Markets and Payments Infrastructure Group* and *Basel Committee for Banking Supervision*. They have no formal mandate or power and can only give recommendations. At the same time, they are exceedingly powerful and largely unaccountable. Their recommendations are almost always transformed into binding law around the world, without any serious discussion in parliaments, because they have already been declared the "global standard" by the G20-governemnts. In the countries not represented in the G20 and their standard setting bodies the international financial institutions use their power to make sure that these standards are abided by anyway.

The World Bank and the IMF, the standard-setting bodies and major agencies for economic development, like USAID, have all vowed to use their regulatory and financial power to further the goals of the *Better Than Cash Alliance*. This is the explanation behind the otherwise surprising fact, that so many governments of very poor countries, who should have other things on their minds, have recently made it a priority, to become cashless and to register their whole populations in biometric databanks.

It is from the transnational nowhere-land of the standard-setters' realm, that the EU-commission has been prompted to think about a general upper limit for cash payments and to pass a regulation that allows customs officials to confiscate cash at the border, even if no rule has been broken. It is here that the harassing rules have their origin, which forces banks and merchants to eliminate every minute risk of money laundering with the involvement of cash is involved, while at the same time, nobody seems to care about large-scale tax-evasion and money laundering as long as it is performed digitally. It is in this shadow-empire that the rules are negotiated without the disturbing interference of parliaments, which ensure that almost nothing can be bought anonymously over the internet any more. The general public and parliaments hardly even notice that this is going on. This is why there are always heated discussions about new data preservation rules in telecommunications, while the much more intrusive, very long-term storing and even active surveillance of our financial accounts and transactions go almost unnoticed.

The trend toward a digital world currency

The winner takes all is a basic rule of the digital economy. Whoever is ahead has a large advantage, just from being ahead, and has a good chance to end up as a quasi-monopolist. This has two main reasons, called network effects and economies of scale. Network effects make digital services more attractive, if more people use them. This is true for social media or trading platforms as well as for computer programs like Word or Windows. Economies of scale arise, because once a digital service or a program has been developed, it often costs next to nothing to provide it to more customers. Thus, the leader, who has the most customers, can offer the most attractive digital services at the lowest cost. This is the reason why Google, Amazon, Apple, Microsoft and Facebook have risen to the top of the league of the most valuable American companies within only a few years. Together with their Chinese look-alikes Alibaba, Baidu and Tencent hold the global top-spots. They all have a near-monopoly in their industry and can command very high profit margins.

The winner takes all applies also to money in a digitalized and globalized environment. Digital money can be produced at near-zero cost, and its utility increases with the number of users. What is in the way for one currency to gain a near-monopoly is only the desire of national governments to have their own currency and their power to enforce its usage at home. This power of national governments, however, might wane in an era of globalized digital commerce.

Control over a national currency has for a long time been an important factor underpinning the power of national governments. If this authority should move to the Silicon Valley, a big part of traditional power of governments could move with it. The captains of the digital industry have made it clear, that they would not be shy to pick up such power, if it came their way. They have quite immodestly laid out their visions of world governance by "international networks", i.e. by them.

What these would-be world governors from the Silicon Valley promise us as advantages of the new digital payment world has much in common with Aldous Huxley's *Brave New World*. Crime is history, evading taxes is impossible, terrorism cannot be financed any more. Unreasonable self-damaging behaviors can be prevented. If you have high blood pressure, you cannot buy wine and salty or fatty foods without losing your insurance coverage. Almost everybody is happy in Huxley's brave new world. They all have been conditioned to happily accept their respective roles in society and they are provided with plenty of happy-pills. Still, most everybody reads Huxley's book as a dystopian phantasy, not least because autonomous thinking is reserved to a few decision makers at the top of the social pyramid.

Huxley put a French quote of the Russian philosopher Nikolai Berdjajev in front of his book:

> "Utopias seem to be more reachable than ever. We are confronted with a new, worrisome question. How will we be able to prevent them from becoming reality? Utopias can become reality. Life is striving towards them. Maybe, a new century will come, one in which intellectuals and the educated will think about how to prevent utopias and how to return to a non-utopian society, less perfect but with more freedom."

In 1949, Huxley wrote in the foreword to a new edition:

> "Overall, it looks as if we are much closer to utopia than anybody could have imagined 15 years ago. At the time, I put this utopia 600 years in the future. Today, it seems quite possible that this horror will come upon us within a single century" (Huxley, 1949, my retranslation from German).

Huxley was amazingly prescient with this prognosis. Given current trends, 2032 seems like a realistic date for the realization of his dystopia. It seems that the 21st century is the one in which we have to prevent a dystopia from becoming reality-one that is already well recognizable in its contours. We will only be able to prevent it from becoming reality, if we manage to unmask its dystopian qualities, and the plan behind it, in time, before people have lost their ability to imagine alternatives.

Given the mighty phalanx that is working to push back cash and civil liberties, the longing for technical fixes for the problem is all too understandable. Many people are hoping that cryptocurrencies like bitcoin can be such a fix. They promise to transfer the good aspects of cash into the digital future. They promise anonymity and the protection of our money from bank failures. Others are hoping instead that the governments themselves, via the central banks, would issue their own cryptomoney as digital successors of the legal means of payment. It would be money that would not be threatened by bank failures, because the government would guarantee for it, not a bank. And, so it is hoped, the government could put in place protections for privacy of the users of this money.

Alas, those who hope to solve societal problems with technological fixes will almost always be disappointed. New technologies will work in the desired way, if societal conditions and power relations are favorable. If they are not, the powerful will take every technological tool that we would like to use and turn it against us – as they are already doing with regards to cryptocurrencies and as they are sure to do with an official digital currency.

Instead of hoping in vain for technological fixes, we need to go the way of pushing for political and societal changes. We have to pull parliamentarians out of their deep sleep. We have to tell them and the citizens at large which game is being played. They have to know that the decline in the use of cash is not a development that is unfolding naturally but something that a powerful alliance is pushing ahead by and coercion in the background. Ministers and central bankers have to be put under pressure to justify working in a partnership with companies like MasterCard and Visa against cash, despite all their public assurances that they want to do cash no harm. If this partnership is widely exposed dissolved, we will see that cash is anything but doomed. If allowed to thrive, cash will see a renaissance, because in a world in which more and more aspects of our lives are under surveillance and recorded, cash offers a refuge that will become more valuable for privacy and more valued by the people.

MasterCard, Bill Gates and their "war on cash"

If people write about a war on cash, even well-meaning readers will tend to think of them as doomsayers with paranoid tendencies. However, many will have second thoughts if they hear that there is indeed a Better Than Cash Alliance, which has the goal of replacing cash by digital payments on a global scale, and that this Alliance is doing this with the explicit support of the government of the 20 most powerful countries. The term "war on cash" was coined not by critics, but by key members of this *Better Than Cash Alliance,* as a rallying cry in their drive to increase their profits.

At a conference on payments in 2005, representatives of credit card company MasterCard talked about a new generation of card solutions, with which they wanted to "go to war". Competitor Visa was confident, that they would "win the war on cash". Together, they wanted to "eliminate cash from the financial system". In a friendly report on the conference in the industry-journal European Card Review with the title *War on Cash,* the author says that while banks and governments have a shared desire to eliminate cash, governments prefer to let the card companies take the initiative, because they are afraid that the public would not like the war on cash.[3] A department head of the EU-Commission is quoted saying: "We agree with the war on cash" and continuing with a plea to lower prices for card payments in order to be more successful in this war. Alexander Labak, President of MasterCard Europe said in a speech on *The Future Beyond Cash* that the war on cash had to be won and would be won, because these old-fashioned coins and bills were so expensive for society.[4] The EU-Commission assisted with questionable calculations about the high cost of cash, while the leading US-consultancy McKinsey provided the rationale for the furor: They presented a study according to which the profits of the financial industry would increase massively, if cash could be pushed back.

At their industry meetings and in front of financial analysts, banks and card companies like to be bold and explicit about their goal to get rid of cash. However, if the general public is listening, the strategy is one of laying low. The International Monetary Fund (IMF) recommends letting the decline of cash appear to be a gradual and unplanned side-effect of unrelated measures and developments. The fund advises governments to let the private sector go ahead, because direct official action would cause popular resistance. If they did act, governments should start with harmless seeming steps like phasing-out large denomination notes or (initially) generous upper limits for cash payments. While measures against cash should be presented to be unplanned and independent, they should in truth be closely coordinated with the private sector, recommends the IMF-author.[5]

McKinsey also advised governments, banks and payment providers to cooperate in a "systematic war on cash". The consulting company has conveniently provided a list of harmless-seeming steps for governments to take. Many of them have recently been enacted all over the world. They suggest are to require merchants to accept card payments and to prohibit them from passing on the cost to their card-paying customers. On the other side, cash-users should be confronted with the true cost of their payment-methods, including all indirect costs. Standards for security and maintenance in the cash circuit could be made more stringent, to make cash more expensive. McKinsey praises the Finnish who managed to push

[3] Jane Adams: "The War on Cash." European Card Review. März/April 2006. S. 12–18.
[4] Alexander Labak: "The Future Beyond Cash – Europe's Debit Alternative". Speech to Delegates of the Fourth Annual MasterCard Debit Conference. Genf. 10.3.2005.
[5] Alexei Kireyev: "The Macroeconomics of De-Cashing". IMF Working Paper 17/71. 2017.

back cash by forming a cartel of banks and payment providers, which made cash more expensive. Also in Canada, Norway and Australia, they write, central banks and commercial banks together had achieved the same good result.[6]

The Better Than Cash Alliance

It is not hard to find the allies of Visa and MasterCard in their war on cash, once you have found a group called the *Better Than Cash Alliance*. This is a group that likes to stay in the shadows, but does not really make a secret out of its existence. It was founded in 2012 by the foundation of Microsoft founder Bill Gates and his wife Melinda, and by the Omidyar Network of E-Bay-founder Pierre Omidyar, by the largest US-Bank Citibank and Visa. The US-government was involved via USAID, the development agency, which is part of the department of state. The *United Nations Capital Development Fund* (UNCDF) in New York provides the secretariat and the offices.

MasterCard was not among the founders. Maybe they needed a bit more cooling-off of their fierce commercial campaign against cash, lest the press and the public might develop doubts about the strictly altruistic goals of the new organization. With a delay of one year, though, MasterCard joined this public-private partnership of Wall Street, Silicon Valley and Washington. There is a strong indication that MasterCard was closely involved already in the preparations for this anti-cash-alliance much earlier. In the two years before 2012, the Bill & Melinda Gates Foundation and MasterCard happened to be the most generous financiers by far of the UNCDF. They covered over 20 percent of UNCDF-budget in those two years, while in earlier years they had made some small contributions at best. This generosity can be assumed to have helped to ease the UNCDF into offering the Better Than Cash Alliance shelter and a prestigious sounding address. This address allows the alliance to pretend that they are part of the UN family, seemingly giving legitimacy to their claim to act in public interest. In truth, the UNCDF is not a full member of the United Nations family itself. It is an autonomous organization under the umbrella of the UN, something like an illegitimate child, always short of funds and thus relatively easy to bribe into such endeavors.[7]

It is also a stretch to claim that you are part of the United Nations, just because an organization with “UN” in their name provides you a secretariat. The Better Than Cash Alliance does so routinely anyway. It they publish a brochure meant to mobilize governments and other cooperation partners for the fight against cash, they call this brochure a “UN-report” and call themselves “a UN-based organization”.[8]

The goals of the alliance are neatly summarized in the lengthy subtitle of a press release by MasterCard, declaring their joining of the alliance: “$1.5 Million Grant Adds Momentum to Global Movement to Empower People and Grow Economies by Shifting from Cash to Electronic Payments”. The text continues:

> “MasterCard is excited to join the Better Than Cash Alliance to help educate and engage the public on the cost of cash to society which can be as much as 1.5 percent of a country’s GDP,”

[6] McKinsey & Company: McKinsey on Payments. March 2013.
[7] www.uncdf.org/history.
[8] Siehe z. B.: UN report: Social network payments now reach nearly US $3 trillion in China. Message posted at https://www.betterthancash.org on 19.4.2017.

said Ann Cairns, President, International Markets at MasterCard.

> "Electronic payments have been proven to boost economic growth and accelerate financial inclusion – but we recognize that to move the needle, businesses, governments and NGOs need to work in partnership." [9]

It takes some chutzpa, to talk about empowerment while you want to take away the option from people to pay autonomously, and instead force them to employ middlemen, using means of payment which are under the ultimate control of others.

Until at least 2010 MasterCard made no secret of the fact that their war on cash was only meant to increase their profits. Then, ostensibly, in 2011 the company hit upon the realization that it matters more to be a good global citizen and to fight poverty. The term "war on cash" did not fit any more into this new corporate responsibility narrative from wonderland. Thus the last time the term was used by MasterCard-representatives was presumably in 2010, the year in which Bill Gates and MasterCard started setting the scene for the Better Than Cash Alliance. At the time, the business magazine *Forbes* wrote an article about massive increases in profits that MasterCard expected. Quote: "The gains, the company says, will be coming from the growth of card and other electronic-based means of payment, which are a product of what MasterCard chief executive Ajay Banga calls a 'war on cash'."[10]

The Better Than Cash Alliance explains their goals on their website in the following way: "The Better Than Cash Alliance is a partnership of governments, companies, and international organizations that accelerates the transition from cash to digital payments in order to reduce poverty and drive inclusive growth."[11] What used to be called "war on cash" to increase the profits of the financial sector, was rebranded as a campaign for financial inclusion to help the poor. In truth and practice though, financial inclusion and "war on cash" a synonyms. The goal is to push back cash payments – with a focus on poor people in poor countries, who have until now not been using formal banking services. This would be a worthy goal in principle. It is the normal commercial goal of financial institutions and it can well coincide with the interests of the targeted customers. If the financial industry offers services to the poor which are affordable and more useful for some purposes than cash, that would can help the poor while at the same time generating a profit. This is the invisible-hand of a market economy in action. It is nothing special and nothing particularly worthy of special official promotion. Promoters of financial inclusion try to make something very special and important out of it by arguing that financial inclusion is something like a magic wand against poverty and underdevelopment.

"Financial inclusion has been broadly recognized as critical in reducing poverty and achieving inclusive economic growth", the Better Than Cash Alliance claims on their website in telltale passive tense. Also inequality is claimed to be reduced and women are claimed to be empowered if more payments are done electronically.

Since they have declared their own business interest as being completely in sync with the fight against poverty and underdevelopment, MasterCard and Visa and their partners can openly push ahead with an ostensibly well-meaning global conspiracy to eliminate cash. Even though they don't give press conferences and try to keep the whole affair in specialist circles,

[9] MasterCard: "MasterCard Joins Better Than Cash Alliance." Press Release. No date (2013).
[10] Carl Guiterrez: "MasterCard Goes To War With Cash". Forbes (online). 15.9.2010.
[11] https://www.betterthancash.org/about.

real secrecy is not required. If they are confronted with the suspicion that they just want to increase their profits, they don't even have to deny it. They will just ask you what is wrong with making a profit while you are doing such a grand thing like erasing poverty.

The only problem with that narrative is that they have been swinging this magic wand for more than 20 years now. They just gave it a new name every time it became too obvious that it was not nearly as effective in fighting poverty, as it was in generating corporate profits.

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