Executive Summary

Cash is the lifeblood of commerce in the United States. It is used by virtually everyone, driving a significant portion of overall in-person spending and serving as the foundation for how many, particularly the underbanked, pay for life’s necessities. While the importance of cash has been easy to see for many years, consistently capturing a significant portion of in-person payments, the COVID-19 health and economic crisis of 2020 has raised new questions about the strength and desirability of all payments.

Cardtronics commissioned Javelin Strategy & Research, an independent research company, to measure consumer sentiment toward cash and payments, including any hesitancy to use various payment instruments due to the health crisis, to inform Cardtronics’ internal business strategy. This industry analysis, completed in April 2020, along with a companion Health of Cash study, completed in late 2019, provides valuable insight into consumer payment preferences and how those preferences have shifted during the pandemic.

Key themes emerging from the research include:

- Consumer payment preferences, how people prefer to pay in various situations, has not changed in a significant way meaning, preferred payment methods are virtually identical today to the fall of 2019;
- Consumer payment preference, how people prefer to pay in various situations, has not changed in a significant way – preferred payment methods are virtually identical today to the fall of 2019;
- While method of payment is not a big concern for consumers, they are making fewer payments in general across all payment form factors, due to both a lack of places to shop and the income to make purchases;
- Underbanked consumers are increasing their use of cash within their overall payments mix;
- Consumers value choice in how they pay and want to maintain their ability to pay in whatever payment method suits them best in the moment, be it cash or other another payment method; and,
- Consumers are sampling mobile and contactless payments, but are not significantly shifting payment activity to these form factors.

For most consumers, cash remains the most used payment method of any available. While COVID-19 has created tremendous change in nearly every aspect of our daily lives, the crisis has not removed cash from its place of critical importance in the wallets of U.S. consumers.
Payment preference, and the preference to pay in cash, has not changed

Consumers have not changed how they prefer to pay in any significant way due to the COVID-19 crisis. The preferred instruments to make retail purchases and to pay others are virtually the same today, in the middle of a health and economic emergency, as they were in the economic boom days of 2019.

While comparing consumer payment preferences for certain payment instances, the most apparent observation is that there is little change in how consumers want to pay.

Little Change in overall Payment Preferences from 2019 to 2020
Payment preferences 2019 vs. 2020

<table>
<thead>
<tr>
<th>All Consumers</th>
<th>Underbanked</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>#1</td>
<td></td>
</tr>
<tr>
<td>Credit Card</td>
<td>46%</td>
</tr>
<tr>
<td>#2</td>
<td></td>
</tr>
<tr>
<td>Debit Card</td>
<td>20%</td>
</tr>
<tr>
<td>#3</td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>16%</td>
</tr>
</tbody>
</table>

Source: Javelin Strategy & Research, 2019-2020
Cash has always been a favorite way to pay for many consumers when making smaller denomination transactions. Indeed cash continues to be the preferred way to pay for these purchases with over half of consumers choosing cash for purchases under $10, about the same as pre-crisis levels, and nearly a quarter choosing cash for purchases of $10-20.

Cash Still Most Preferred for Transactions Under $10
Preferred Method of Payment, by Dollar Amount 2019 vs. 2020, All Consumers

Source: Javelin Strategy & Research, 2019-2020
Consumers have also gravitated toward cash when making payments to others, e.g. splitting the bill or paying for personal services such as a babysitter or lawn care. While the rise of digital person-to-person (P2P) payment apps has undoubtedly caught on over the past few years, most people still prefer cash for these transaction types. As in 2019, it remains true in the spring of 2020 despite the COVID-19 crisis: consumers prefer to receive cash to any other payment type.

Consumers Prefer Receiving Cash when Receiving Funds from Another Consumer (P2P)

Within the overall payment mix, cash maintains a place of importance for consumers. Even during the low point of the pandemic in April 2020, when asked how much they agreed with the statement “Cash is as important today as it ever was” over 80 percent of respondents agreed or were neutral while only 6 percent strongly disagreed. Cash has lasting resilience and plays a pivotal role in payments for the majority of American society.

Consumers Agree “Cash is as Important Today as Ever”

**Question:** To what extent do you agree with the following statement regarding cash: “Cash is as important today as it ever was.”

Source: Javelin Strategy & Research, 2019-2020
Consumers are making **fewer payments** of all types

All payments are down as consumers have both tightened their belts and had fewer opportunities to make payments with many stores and other merchants closed during the height of the pandemic response. Furthermore, with a large portion of the population working remotely, working fewer hours, or not working at all, there are fewer payment instances available to people now. The number of cash payments declined from 2019 to 2020, but so did the number of all payments. The overall pie of payment opportunities shrunk considerably, leading to fewer payments across the board.

**Half of Consumers Spending Less vs. Two Months Prior**

![Bar chart showing spending trends for All Consumers and Underbanked.](chart)

**Question:** Thinking of your overall spending on retail goods and services, comparing today to two months ago, would you say today you are...

- Spending significantly less (25%+): 24%, 22%
- Spending somewhat less (1-24%): 26%, 27%
- Spending about the same: 33%
- Spending somewhat more (1-24%): 13%, 19%
- Spending significantly more (25%+): 7%, 4%

Source: Javelin Strategy & Research, 2019-2020
Cash is the preferred payment method for smaller ticket items and quick stops at the convenience store, coffee shop, etc. These activities have been curtailed in no small degree due to closures and modified routines (fewer trips to the office, more remote work, etc.), resulting in cash declining somewhat more than other traditional payment methods. As the routines of daily life return to normal with states reopening economies during summer of 2020, these smaller purchases will also return to normal, lifting the share of cash within the overall payments mix.

![Cash Continues to be the Most Used Way to Pay](chart)

Credit Card

Debit Card

General Purpose

Reloadable Card

Source: Javelin Strategy & Research, 2019-2020
Consumers are not worried about using cash

In general, consumers are not that worried about how they pay. Most do not see payment methods as particularly concerning in the face of the COVID-19 crisis. Consumers are much more concerned about going to the doctor, visiting a store, or finding ways to cover expenses in the economic downturn than with how they pay.

Three-quarters of consumers are not worried about paying in cash

While the idea of “dirty cash” has had a lot of airtime in the news, consumers are not looking at cash as particularly troublesome. Only one in ten consider cash “very unsafe” while one in four believe cash is “very safe” to use.

Consumers Consider Cash a Safe Way to Pay In a Store

Portion of Consumers Who Agree Cash is a Safe Way to Pay

<table>
<thead>
<tr>
<th></th>
<th>Very Safe</th>
<th>Safe</th>
<th>Neutral</th>
<th>Unsafe</th>
<th>Very Unsafe</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Consumers</td>
<td>24%</td>
<td>20%</td>
<td>31%</td>
<td>15%</td>
<td>10%</td>
</tr>
<tr>
<td>Underbanked Consumers</td>
<td>27%</td>
<td>23%</td>
<td>29%</td>
<td>12%</td>
<td>10%</td>
</tr>
</tbody>
</table>

**Question:** In the current environment, on a scale of 1 to 5 where 1 means “Very unsafe” and 5 means “Very safe”, how safe do you feel “paying with cash” is for making in-person payments (at a store, paying another person, etc.)?

Source: Javelin Strategy & Research, 2019-2020
Nearly all consumers consider cash safe to use

Over three-quarters of consumers agree that cash is safe to use overall or are neutral toward the statement, with less than 10% strongly feeling that cash is not safe to use.

Consumers Feel Cash is Safe to Use

Agreement with Statement “Cash is Safe to Use” on 5-point Scale

Source: Javelin Strategy & Research, 2019-2020

Consumers see cash as just as safe as card payments

Three-quarters of consumers agreed that paying in cash was as safe as paying with cards or did not feel strongly about it. Only 13% strongly disagreed with the notion that cash is as safe as cards.

Consumers Feel Using Cash is as Safe as a Card

Agreement with Statement “Paying in cash is not more dangerous than paying with credit or debit card” on 5-point Scale

Source: Javelin Strategy & Research, 2019-2020

No matter how we looked at the question, the majority of consumers view cash itself as safe and as a safe way to pay. Around four in ten directly state that cash is safe while a third of consumers do not have strong feelings about it at all. Only one in ten consumers tend to view cash and cash payments as worrisome, strongly indicating worry about cash, which lines up very closely with real-world use: the pre-COVID Health of Cash survey in 2019 showed roughly 17% of consumers are not regular cash users or only infrequent cash users, having not used cash in the past 30 days.
For underbanked, cash is still the most important way to pay

According to the Federal Reserve, underbanked and unbanked consumers make up nearly a quarter of the U.S. population, with 6 percent unbanked and 16 percent underbanked. The underbanked population is diverse but includes more Americans with lower incomes. In fact, for consumers earning less than $40,000 per year in family income, 23 percent are considered underbanked, and 14 percent are unbanked. The underbanked population also tends to be racially diverse with nearly half of African Americans underbanked or unbanked and one-third of Hispanic Americans similarly underbanked or unbanked.

The unbanked and underbanked population has always relied more heavily on cash, which has not changed with the COVID-19 crisis. As many consumers find it harder to receive or maintain credit, dependence on cash is even more pronounced and vital. As reported in Forbes on May 8, 2020, one in four U.S. households have seen credit accounts closed or limits reduced since early April 2020 while lending officers are tightening standards and reducing overall access to credit.

During the current COVID-19 crisis, underbanked consumers indicate they are making cash an even larger share of their overall payments mix. Three-quarters of underbanked consumers are using as much or more cash within their payment mix today versus before the crisis.

**Question:** Thinking about how you pay for things in-person today (at the store, paying for personal services, etc.), how has your use of cash changed, if at all, within your overall share of payments? As a percent of your overall in-person payments, are you using cash...

*Source: Javelin Strategy & Research, 2019-2020*
Consumers, including the underbanked, are making fewer purchases in the middle of the pandemic downturn, resulting in fewer payments across all payment methods. However, when comparing payment types used during April 2020 to payment types used in fall 2019, for the underbanked the decline in cash payments is significantly less than among the general population. Underbanked consumers use cash substantially more than other consumers. For the underbanked, cash is by far the most extensive payment method used while credit is used much less than the general public. The underbanked also use general-purpose prepaid cards much more often.

### Payment Methods Used Past 30 Days - 2020 vs. 2019

<table>
<thead>
<tr>
<th>Payment Method</th>
<th>All Consumers</th>
<th>Underbanked Consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2019</strong></td>
<td>68% Cash</td>
<td>78% Cash</td>
</tr>
<tr>
<td></td>
<td>83% Cash</td>
<td>87% Cash</td>
</tr>
<tr>
<td></td>
<td>65% Credit Card</td>
<td>57% Credit Card</td>
</tr>
<tr>
<td></td>
<td>57% Debit Card</td>
<td>63% Debit Card</td>
</tr>
<tr>
<td>General Purpose Reloadable Card</td>
<td>22%</td>
<td>23%</td>
</tr>
</tbody>
</table>
Given their predilection for cash, underbanked consumers view cash as the best way to make in-person payments, including during the COVID-19 crisis. When asked to choose the best way to pay for in-store payments, over one third of underbanked consumers chose cash, more than any other payment type.

Underbanked Prefer Cash for In-Store Payments

Most preferred way to make a payment today in-person at a store

Question: Choose the payment method you would most prefer to use in today’s environment for making a payment in-person at a store. Un/Underbanked survey sample size: 425 respondents of 1,076 total respondents.

Source: Javelin Strategy & Research, 2019-2020
Consumers want to **choose** how they pay

Payment choice is vital for consumers, and they want to use the payment method that works best for them, whether that is cash, card, or mobile. In the 2019 Health of Cash study, 97 percent of consumers agreed or were neutral to the idea that merchants should allow cash payments, with fully two-thirds strongly agreeing that cash should be accepted.

Consumers Want Option to Pay in Cash

Agreement That “Merchants should allow cash payment in addition to electronic payment”

*Source: Javelin Health of Cash, January 2020*

**Question:** How much do you agree or disagree with the statement “Merchants should allow cash payments in addition to electronic payment”

*Source: Javelin Strategy & Research, 2019-2020*
Cash is valued as a way to pay for the various benefits that it provides. When asked which payment method was best to help control spending, protect privacy, and teach financial responsibility, cash was the top choice for each. Furthermore, consumers chose cash as the best payment option for broad acceptability, overall reliability, and ability to work for everyone, regardless of income or social standing.

Consumers were asked which attributes they most associated a given payment method with, and cash was the top answer for the following:

- 55% Is available for everyone regardless of income, status, etc
- 54% Protects my privacy
- 49% Helps control spending
- 46% Accepted everywhere
- 42% Helps teach financial responsibility
- 41% Is reliable
- 40% Is always available

Given its many noted benefits, consumers continue to trust in cash and prefer the use of cash. When asked if allowing people to pay in cash is important for society, a strong majority of consumers agreed. Regardless of the current environment, paying in cash provides the strong foundation for commerce that consumers rely on.

Consumers say Cash is Important for Society

Agreement with Statement “Allowing people to pay in cash is important for society”

Source: Javelin Strategy & Research, 2019-2020
Cash is also valued for its efficacy in troubling times. An overwhelming majority of consumers agreed that cash is important to have on hand in times of emergency, while many consumers indicated cash helps them to budget in difficult times and is accepted wherever they need to make purchases.

**Consumers Value Many Benefits of Cash in Challenging Times**

Source: Javelin Strategy & Research, 2019-2020
The crisis has only **marginally affected** use of mobile and contactless payments

While consumers are using mobile wallets and other mobile payment methods more than they did in 2019, the COVID-19 crisis is not driving a massive surge in mobile payments usage.

**Minimal Change in Use of Digital Wallets/App Payment Methods**

**Mobile/Digital Payment Methods Used Past 30 Days - 2020 vs. 2019**

Only about a third of consumers indicated they are using contactless or mobile payments more now than before the COVID-19 crisis. Roughly a third of consumers reported using contactless or mobile payments less, likely due to the overall decline in payments. At the same time, the largest cohort, at 35%, had not significantly changed the number of contactless or app payments being made today versus last year.

**Consumers Not Using Contactless Payments Significantly More**

Agreement with Statement “I am using contactless or app payments more today than a few months ago”

Source: Javelin Strategy & Research, 2019-2020
Summary

While COVID-19 has upended the world in innumerable ways, one thing it has not significantly changed is how consumers prefer to pay. Comparing pre-crisis and during-crisis consumer sentiment, payment preference – how consumers prefer to pay when given a choice – has remained virtually unchanged. In this mix, consumers prefer specific payment methods for certain use cases, choosing cash for smaller purchases and daily conveniences. Those situation-dependent preferences also remain virtually identical, and we should expect that based on consumer feelings toward payments in the time of COVID-19.

Consumer payment preferences are not significantly changing because consumers are generally not that concerned about how they pay as it relates to the threat of viral transmission. While most consumers are taking logical and necessary precautions to protect themselves and slow the spread, those same consumers do not view cash or other payment types as particularly dangerous. The vast majority of consumers see card and cash payments equally safe, with only a small portion of consumers concerned that cash is unsafe.

While fear is not a driving factor in payments, the ability to pay has had an impact on consumers who are spending less on every payment type. While more consumers report using cash than any other payment method over the past 30 days, all payments have seen a decrease in overall use as consumers have sheltered at home, and many have lost income.

Far from creating a wholesale shift in how we pay, the COVID-19 crisis is showing how deeply ingrained payment behaviors are. Underbanked consumers are turning to cash even more, expanding their use of cash within the overall mix of payment methods used. Furthermore, while somewhat more consumers are using mobile or contactless payments, these payment options are far from taking a significant chunk of payments volume.

Ultimately, consumers choose how they pay for a wide range of reasons, picking the payment method that works best in the situation in which they find themselves. Consumers value choice in payment, as they value choice in all things, and do not want to be told how they should pay. For most consumers, cash has been, and remains, an integral part of the payment mix, the most used payment method yesterday and today.
Methodology

Data collection for this report was completed by Javelin Research, an independent third-party research company emphasizing research in consumer finances and the financial industry. Data flows from two consumer survey projects completed by Javelin and sponsored by Cardtronics – the 2020 Health of Cash survey, published in January 2020, and a Health of Cash update completed for this report fielded to ascertain changes in consumer preferences and payment behavior during the COVID-19 pandemic and economic shock.

The 2020 Health of Cash report is based on a U.S. consumer survey conducted in September 2019. Data was collected from a 20-minute online survey of 2,500 respondents. Respondents in the survey were representative of the U.S. population over the age of 18 in terms of various demographics such as age, gender, and income. The overall margin of error is +/- 2% at the 95% confidence level for questions answered by all respondents.

The update report contains consumer data collected from a 10-minute online survey of 1,076 respondents conducted in April 2020. Respondents in the study were representative of the U.S. population over the age of 18 in terms of various demographics such as age, gender, and income. The overall margin of error is +/- 2% at the 95% confidence level for questions answered by all respondents.

Footnotes:
