

Coronavirus outbreak raises questions about digital payments and cash



The banking and payments industry is struggling to wrap its arms around the impact of the coronavirus outbreak, as fears about transmission and consumer behavior have led to major questions about the long-term impact on cash and digital currency.

Regulatory bodies, industry associations and individual companies have scrambled to convey the proper messaging to stakeholders in a way that maintains public safety while providing accurate information.

"As a whole, it's too early to definitely talk about any permanent shift in payment methods," Nick Maynard, analyst at Juniper Research said via email. "However we have seen reports that China and South Korea are taking steps to disinfect their money or even burn it. It does seem highly likely that contactless payments will increase based on this."



Like any other surface that large numbers of people come in contact with, notes can carry bacteria or viruses, a spokesperson for the Bank of England, the central bank of Great Britain, told Mobile Payments Today via email. "However the risk posed by handling a polymer note is no greater than touching any other common surface, such as handrails, doorknobs or credit cards."

A spokesperson for the Federal Reserve told Mobile Payments Today that the agency had referred questions about cash handling to the Centers for Disease Control. A CDC spokesperson was not immediately available.

Remote banking

Many banks have encouraged customers to use remote banking options, including online and app-based banking services, ATM terminals and other remote methods amid concerns about customers who were unable or concerned about coming into branches or other areas with large crowds.

"We want to make sure our clients know they can bank, invest and make payments from wherever they are, particularly if they're not able to come to a branch," a Chase spokesperson told Mobile Payments Today via email.

The spokesperson said customers could access their accounts 24-hours a day through the online portal or mobile app.

The ATM industry has also expressed concerns over earlier reports about the impact on cash use. Banks have encouraged customers to use mobile banking and ATMs to avoid exposure to large crowds and some in the industry have expressed concern that consumers abandon cash for contactless payments.

David Tente, executive director of the ATM Industry Association, said earlier this week that he had not heard any concerns about cash use from members, however.

"Consumer need for cash doesn't change in these circumstances, and I am not hearing any comments about transaction volumes declining," he said via email. "Those who are not fond of cash to begin with may use this as a reason to promote increased card use."

The National ATM Council, which works with companies that manage retail and remote ATM fleets, updated members amid concerns about whether paper currency posed any type of higher risk for transmitting the coronavirus.

The organization has reached out to the Federal Reserve and the World Health Organization to provide recommendations about how to best navigate the issue.

"With respect to the physical cash itself, the ATM operators as a practical matter must rely upon safe handling procedures of the banks and armored carriers for this protection," Bruce Renard, executive director of the National ATM Council told Mobile Payments Today, "and we understand that preventive safety steps are being utilized at this higher Fed/FI level in the cash ecosystem."

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Topics: Mobile Apps, Mobile Banking, Retail, Trends / Statistics

Companies: ATM Industry Association (ATMIA), JPMorgan Chase Bank N.A.



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