

# For retailers who say "no cash," Philadelphia says no dice: bill bans cards only

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Philadelphia has passed a law that requires most local businesses to accept cash, pushing back on a rising trend of restaurants and stores that take cards only. (Photo: Getty Images)

To retailers who say 'no cash,' Philadelphia's city council is saying no dice.

Philadelphia's city council voted Thursday to require most local businesses to accept cash as payment, pushing back on a growing trend in which restaurants and retailers accept credit and debit cards only.

"There's a reasonable segment of people who wouldn't be able to patronize those stores because they don't have any kind of credit or debit card," said Councilman Bill Greenlee, who introduced the bill. "It's setting up an us and them kind of situation . . . And those people tend to be a little lower income, and also minority and immigrant. I don't think that's the kind of message we want to be sending."

Mayor Jim Kenney is reviewing the bill, says Lauren Cox, a spokeswoman for the administration, and no decision has been made yet.

Cash may be king, but if that's true, then credit cards are the ace.

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"We share the concerns of council members about the significant number of Philadelphia residents who are unbanked and underbanked," she said in an email. "That said, we remain concerned about how this measure impacts innovation in our retail sector. We constantly seek to strike the balance of growing our

economy while ensuring our growth is inclusive ... We've spoken to council members about a number of various options, and we anticipate further discussions before the mayor needs to act on the legislation."

A rising number of retailers are cutting out cash to speed up transactions, reduce the chance of theft, and accommodate the increased use of credit and debit cards, as well as digital wallets like Apple Pay and Google Pay, to buy services and products.

Cash purchases were down to thirty percent of all retail transactions as of last year compared to 40 percent in 2012, according to IHL and the Federal Reserve.

Roughly 25 percent of Americans made all or a significant number of retail purchases with cash in 2016, 11 percent fewer than those who favored cash five years earlier, according to a Gallup poll. And millennials in particular are making the shift, with 21 percent of those 23 to 34 years old saying that most of their transactions were in cash, down from 39 percent five years before.

But while the number of Americans who prefer using cash is declining, critics counter that there are many lower income consumers who are further disadvantaged by cashless retailers because they don't have bank accounts or lack credit cards or photo identification.

In 2017, 6.5 percent of U.S. households had no members with a checking or savings account, and twenty percent had not used a credit card or mainstream credit platform such as a mortgage during the previous 12 months.

Because of that credit gap, a flurry of states and cities are trying to put safeguards in place.

New Jersey's legislature passed a law on Jan. 31 that bars retailers from prohibiting cash. It's waiting on the governor's signature. Meanwhile, Washington D.C. and New York have introduced similar bills. And Massachusetts has banned cashless merchants since 1978.

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But the trade group, the National Retail Federation, believes that businesses should decide what payment methods are accepted.

"We believe retailers should decide for themselves, based on their customers and on the attendant transaction costs, whether they should stop taking cash," Stephanie Martz, the NRF's senior vice president and general counsel said in an emailed statement.

Adding that "few merchants" have stopped taking cash, Martz said "those that have have made the calculation that the costs of taking credit or debit only are outweighed by the increase in volume that will be driven by convenience. Cash continues to be a cheap and ubiquitous method of payment ... We believe that merchants and customers together will determine the appropriate market for payment methods."