



Consumer Federation of America

consumeraction

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WITH ONE-QUARTER OF U.S. ADULTS UNDERBANKED OR UNBANKED, CONSUMERS SHOULD HAVE THE RIGHT TO PAY RETAILERS WITH CASH

Broad Spectrum of Groups Voice Support for Payment Choice Act

Washington, D.C. — Today, 51 consumer, privacy, and civil rights groups sent a letter to U.S. Senators Kevin Cramer (R-ND) and Bob Menendez (D-NJ) and Representative Donald M. Payne, Jr. (D-NJ) expressing support for legislation they have introduced, the Payment Choice Act (H.R. 2650 and S. 4145) which would prohibit brick-and-mortar retailers from refusing to accept cash or charging consumers more for paying with cash.

The number and diversity of the organizations that support this legislation shows how fundamental the ability to pay with cash is for people in the United States,” said Susan Grant, Director of Consumer Protection and Privacy at Consumer Federation of America. “It should be everyone’s right.”

In the letter, the groups pointed out that cashless businesses unfairly disadvantage consumers in many ways. According to a report released by the Federal Reserve in May 2020, nearly a quarter of U.S. adults were either underbanked or unbanked last year. These individuals, who are more likely to have low income, have less education, or be in a racial or ethnic minority group, have little access to noncash forms of payment. Furthermore, consumers who are forced to pay for goods and services in cashless transactions may incur added fees or other expenses.

“Businesses that refuse to accept cash face well-deserved accusations of discrimination because they are limiting equal access to the same goods or services,” said Linda Sherry, director of national priorities for Consumer Action. “These bills would give shoppers the right to pay with cash but do nothing to stop buyers from using credit, debit and prepaid cards if the businesses they patronize accept them.”

Privacy is another concern. Noncash transactions generate vast amounts of data about consumers and the purchases they make, which are available to digital marketers and advertisers engaged in developing and refining increasingly sophisticated techniques to identify and target potential customers. “Paying with cash provides consumers with a lot more privacy than do

electronic forms of payment and reduces the amount of personal information at risk of data breaches,” said Grant.

A recent privately-commissioned study cited in the letter showed that cash is still the most common form of payment for purchases and bill-paying and that its use is not limited to underbanked or unbanked consumers. Frequent cash users also employ other forms of payment such as credit cards, debit cards, mobile wallets, and online checkout services. Eighty-two percent of consumers in the study felt that it was important for merchants to allow cash payments. “It’s not about rejecting other forms of payment, it’s about having the choice to use cash when it suits your needs,” said Sherry.

This issue has become even more prominent in the wake of the COVID-19 pandemic, as some retailers are citing the potential to transmit the virus through consumers’ and salespeople’s handling of cash as a reason to require payment with debit or credit cards, smartphone apps, or other digital or electronic methods. There is no evidence that cash presents any more danger than credit cards or other forms of payment, however. Keeping one’s distance, using hand sanitizer and wearing a mask are basic precautions that should be taken in all retail transactions to prevent the spread of the coronavirus.

As the groups noted, the economic dislocations caused by the pandemic have fallen most directly and most harshly on low-income populations, people in inner-city neighborhoods and in rural areas, the unemployed and underemployed, the elderly, and racial and ethnic minorities. “It is crucial for people to be able to obtain necessities at their local stores and restaurants without being turned away because they want to pay with cash,” the letter states.

The letter was signed by Advocacy for Principled Action in Government, Alaska PIRG, American Association for Justice, Americans for Financial Reform, Arkansans Against Abusive Payday Lending, Arkansas Community Organizations, California Alliance for Consumer Education (CASE), Center for California Homeowner Association Law, Center for Economic Integrity, Chicago Consumer Coalition, Columbia Consumer Education Council, Constitutional Alliance, Consumer Action, Consumer Assistance Council, Inc., Consumer Federation of America, Consumer Federation of California, Consumers for Auto Reliability and Safety, Defending Rights & Dissent, Delaware Community Reinvestment Action Council, Inc., Demand Progress, Electronic Frontier Foundation, Electronic Privacy Information Center (EPIC), Empire State Consumer Project, Fight for the Future, Florida Silver Haired Legislature, Inc., Georgia Watch, Largo Florida Civic Association, Mountain State Justice, Inc., NAACP, National Association of Consumer Advocates, National Association of Neighborhoods, National Center for Law and Economic Justice, National Consumer Law Center (on behalf of its low income clients), National Network to End Domestic Violence (NNEDV), New Jersey Citizen Action, Oakland Privacy, Oregon Citizens’ Utility Board, Parent Coalition for Student Privacy, Patient

Privacy Rights, Privacy Rights Clearinghouse, Public Citizen, Public Justice Center, SC Appleseed Legal Justice Center, South Carolina Association for Community Economic Development (SCACED), SPLC Action Fund, Strike Debt Bay Area, Texas Consumer Association, The Kentucky Equal Justice Center, The One Less Foundation, and Virginia Citizen Consumer Council.

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The Consumer Federation of America is an association of more than 250 nonprofit consumer organizations that was established in 1968 to advance the consumer interest through research, advocacy, and education.

Consumer Action has been a champion of underrepresented consumers nationwide since 1971. A non-profit 501(c)(3) organization, Consumer Action focuses on consumer education that empowers low- and moderate-income and limited-English-speaking consumers to financially prosper. It also advocates for consumers in the media and before lawmakers to advance consumer rights and promote industry-wide change.