A recently released study conducted by Roubini Thoughtlab and commissioned by Visa took a look at the economic boost cities might get by going “cashless” – defined as the entire population of a city moving to digital payment usage equal to the top 10 percent of users in that city today. The study estimates that relying more on electronic payments, such as cards and mobile payments, could yield a net benefit of up to $470 billion per year across the 100 cities studied – about three percent of the average GDP for these cities.

“Cashless Cities: Realizing the Benefits of Digital Payments” did not look at eliminating cash entirely, but attempted to quantify the potential benefits and costs of significantly increasing the use of digital payments. The study estimated the short and long-term benefits for three groups across the 100 cities studied:

- **Consumers**: estimated to achieve nearly $28 billion per year in estimated direct net benefits, including up to 3.2 billion hours in time savings conducting banking, retail and transit transactions, in addition to a reduction in cash-related crime.
- **Businesses**: estimated to achieve $312 billion per year in estimated direct net benefits including up to 3.1 billion hours in time savings processing incoming and outgoing payments and increased sales revenues stemming from extended online and in-store customer bases. The study also found that accepting cash and checks costs businesses 7.1 cents of every dollar received compared to 5 cents of every dollar collected from digital sources.
- **Governments**: estimated to achieve nearly $130 billion per year in estimated direct net benefits including increased tax revenues, increased economic growth, cost savings from administrative efficiencies and lower criminal justice costs due to reduced cash-related crime.

“The use of digital technologies—from smart phones and wearables to artificial intelligence and driverless cars—is rapidly transforming how city dwellers shop, travel, and live,” said Lou Celi, Head of Roubini ThoughtLab in a press release. “Without a firm foundation in electronic payments, cities will not be able to fully capture their digital future, according to our analysis.”

The report also offers recommendations for policymakers to help their cities make this transition, including financial literacy programs to lower the percentage of “unbanked,” implementing incentives to stimulate innovation focused on scaling new payment technologies and implementing secure open-loop payment systems across all transportation networks and more.

The report is accompanied by an interactive visualization tool that allows users to see the economic impact of a city increasing their use of digital payments. You can access that tool [HERE](#3).

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