Recently, I went to a quaint vegan cafe in Melrose to decompress. Before I placed my order, the waiter informed me that it was a cashless establishment and all payments must be made with a credit card or an app like Apple Pay.

Two weeks later, the same thing happened at a different restaurant on Sunset.

Image courtesy of the author, Rachel Presser

Buying goods on credit has existed in some form throughout antiquity. However, the payment card as we know it actually has its roots in dining, just like modern cashlessness. A businessman named Frank McNamara forgot his wallet when he went out to dinner one night and the Diners Club card was born, which was the first payment card to attain widespread use.

As more people began to put meals on Diners Club cards, later Visas and MasterCards, restaurateurs soon tired of the processing fees and system breakdowns and ultimately preferred cash payments. Many small business owners across America still encourage customers to pay in cash by offering a discount for cash payments. In the case of restaurants, some penalize customers paying with credit cards by pushing the processing fee onto them.

In my hometown of New York City, cash-only restaurants and bakeries are a common sight. Across the country, in my new home of Los Angeles, this diametric opposite in restaurants preferring cashless payments represents a significant social and technological shift in both consumer and business preferences. It's a shift that may have unintended consequences, legally and socially.

Both consumers and businesses love cashless payments, and their usage is expected to keep rising.

Consumers love the convenience of not having to wonder whether they have enough coins and small bills on hand. Business owners once saw payment processing fees as an inconvenience that must be avoided. Now they see them as a necessity to move lines faster, avoid potential robbery or embezzlement by having less cash on the premises, and processing fees cost less than routine armored cash transport.

PwC found that cashless payments are significantly on the rise in the 2020s, expecting a 109% increase in cashless transactions by 2025 in the Asia-Pacific region with another 76% increase through 2030. Ironically, North America lags behind with a 43% increase, expected to grow at least 35% by 2030.

However, in addition to encompassing both the United States and Canada, each region of both countries represents different cultural and socioeconomic microcosms that embrace or reject the cashless revolution with zeal.

Consumer preference towards cashless payments was already growing. The Federal Reserve Bank found that people overall carry less cash on their person compared to the past. While the pandemic accelerated these trends towards cashless payments, cash payments under $25 were already in steady decline since 2019 as more vendors began to accept credit cards and apps for small purchases, like coffee on the way to work.

In the initial confusion about how COVID spreads, then the ensuing monkeypox epidemic that indeed spreads by fomites, concern about cash-borne illnesses led to an explosion of digital wallets and in-app payments. Business owners also wanted to mitigate contagion risks by shifting to cashless payments, even if they had not previously accepted them.

Now apps and other online payments are slowly usurping physical credit card usage among more tech-savvy consumers: McKinsey reports that 15% of digital wallet users leave home without their physical wallets.

But per the PwC study, Americans have been recalcitrant to completely move away from physical modes of payment just yet. You never know if your phone will die before you finish your meal. Or in the case of coffee shops and eateries where you pay for your items first, if your phone or their app stops functioning.

Cash might not be king anymore, but it still has a place in millions of Americans' wallets.

Some lawmakers also want to keep it that way.

New York City banned cashless policies in 2019.

New Jersey, Philadelphia, and San Francisco already banned stores and restaurants from going cashless in 2018. However, New York City made headlines when City Council voted to ban cashless policies within city limits.

In addition to being a city that often provides a model for how other states and cities should address pressing socioeconomic issues, New York City's anti-cashless bill made news because it expressly sought to punish noncompliant businesses. Refusing to accept cash equates to a $1,000 first-time violation and $1,500 for each subsequent refusal. Businesses are deemed to be in compliance if they offer conversion options for no additional fees, such as the ability to load cash onto a Starbucks loyalty card in-store.

While some lawmakers voted for this measure out of concern for the cybersecurity risks posed by reliance on digital payments, other legislators focused on the sociological reasons for punishing cashless-only policies.

Cashlessness now spells convenience for large and small businesses alike. But in disallowing cash, this act purposely pushes marginalized groups further into those margins by not enabling them to literally spend their own money.

New York City's Department of Consumer and Worker Protection found that 11.2% of households in city limits don't have bank accounts (unbanked), and 21.8% rely on alternative financial products (underbanked). Many marginalized groups rely on cash due to tenuous access to smartphones and traditional financial products. Older adults, low-income individuals, immigrants, and the unhoused frequently lack access to contactless payment systems. Many are unbanked or underbanked and cannot easily rectify the situation if their smartphone or payment card is stolen or compromised.

It might not seem like a big deal when a somewhat upscale restaurant off of Sunset Strip won't let customers use cash for $30 worth of waffles and mimosas. Chances they attract higher earners who frequently pay for everything with apps or cards. But when coffee shops and other businesses that offer small and portable food items go completely cashless, this eliminates the one hot meal or small pleasure many poorer and unhoused people can access with their resources.

Multiple cities have banned cashlessness for this reason, stating that cash is legal tender for all transactions and that everyone has a right to participate in society.

With the FDIC finding that 7.1% of households in and near Los Angeles are unbanked, it begs the question whether the new mayor of Los Angeles, Karen Bass, will join New York City and San Francisco by banning cashless policies given her action plans for addressing the needs of the city's vast number of unhoused people.