

Civil Liberties and the “Cashless Society”



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What is the ACLU?

What is the ACLU

- The oldest and largest civil liberties organization in the United States
- Founded 100 years ago (1920)
- 1,750 employees, including ~500 lawyers
- 1.6 million dues-paying members
- Quasi-independent affiliates in all 50 states
- Best known for litigation, but we also do political advocacy, lobbying, and organizing, and public education efforts
- A wide range of civil liberties issues.

Our civil liberties missions:

Disability
Rights

LGBTQ+
Equality

Racial
Justice

Smart
Justice

Free
Speech

National
Security

Religious
Liberty

Voting
Rights

Immigrants'
Rights

Privacy and
Technology

Reproductive
Freedom

Womens'
Rights

Why do we see cash as a civil liberties issue?

Four reasons

1. Bad for Privacy

The spy in your wallet: Credit cards have a privacy problem

In a privacy experiment, we bought one banana with the new Apple Card — and another with the Amazon Prime Rewards Visa from Chase. Here's who tracked, mined and shared our data.



A single swipe of your credit card hands over data to at least a half-dozen kinds of companies. (Matt Chinworth for The Washington Post) (For The Washington Post)



By Geoffrey A. Fowler

Technology columnist



August 26, 2019

Advertisement

Customer



Image: Associated Press



Image: the Focal Project via Flickr

Customer

The
Store



Image: Mike Mozart via Flickr

Customer

The
Store

PoS
system



Image: The Focal Project via Flickr

Customer

The
Store

PoS
system

Bank that
processes
swipes

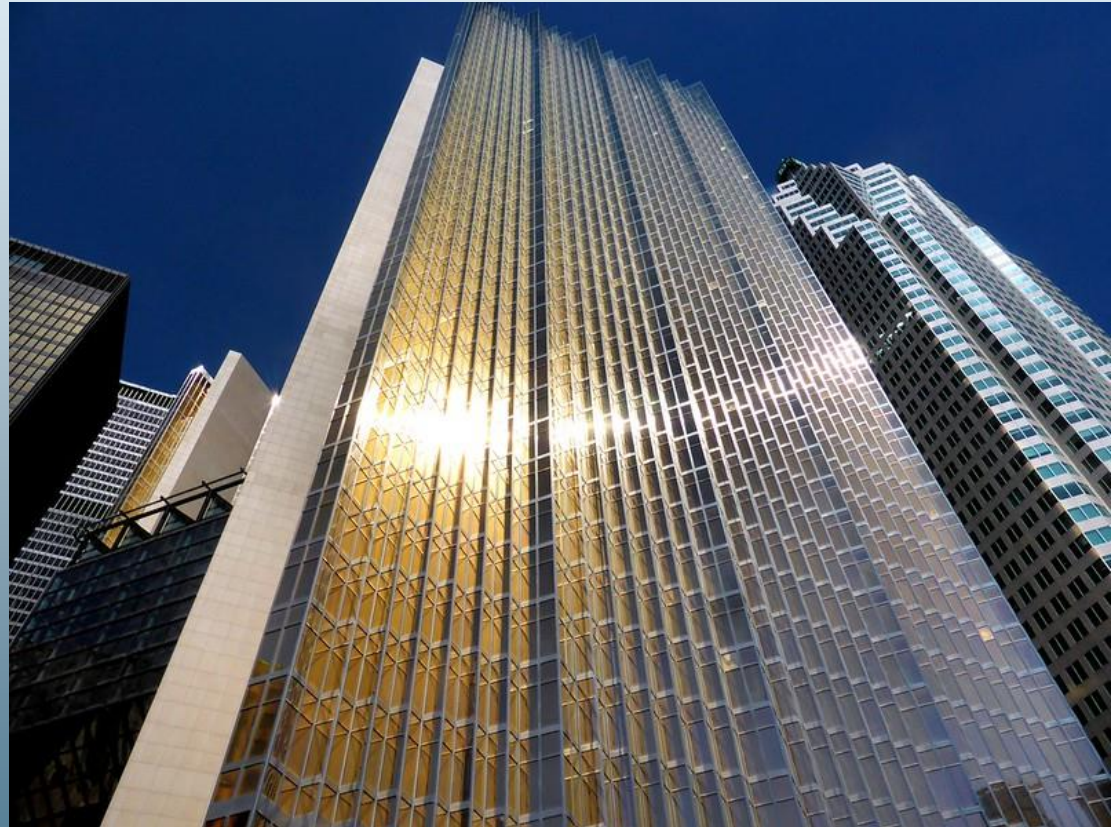


Image: Duane Schermerhorn via Flickr

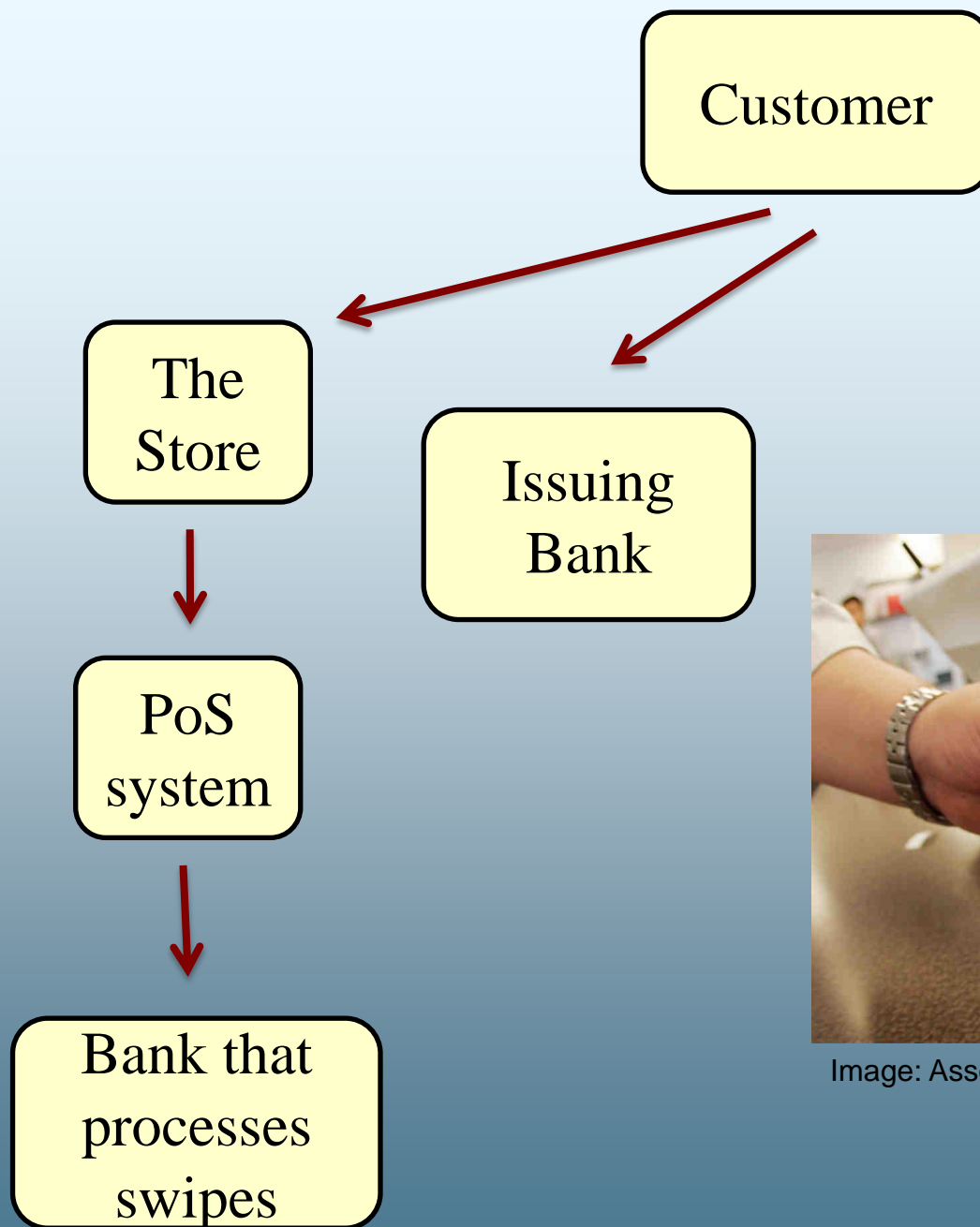


Image: Associated Press

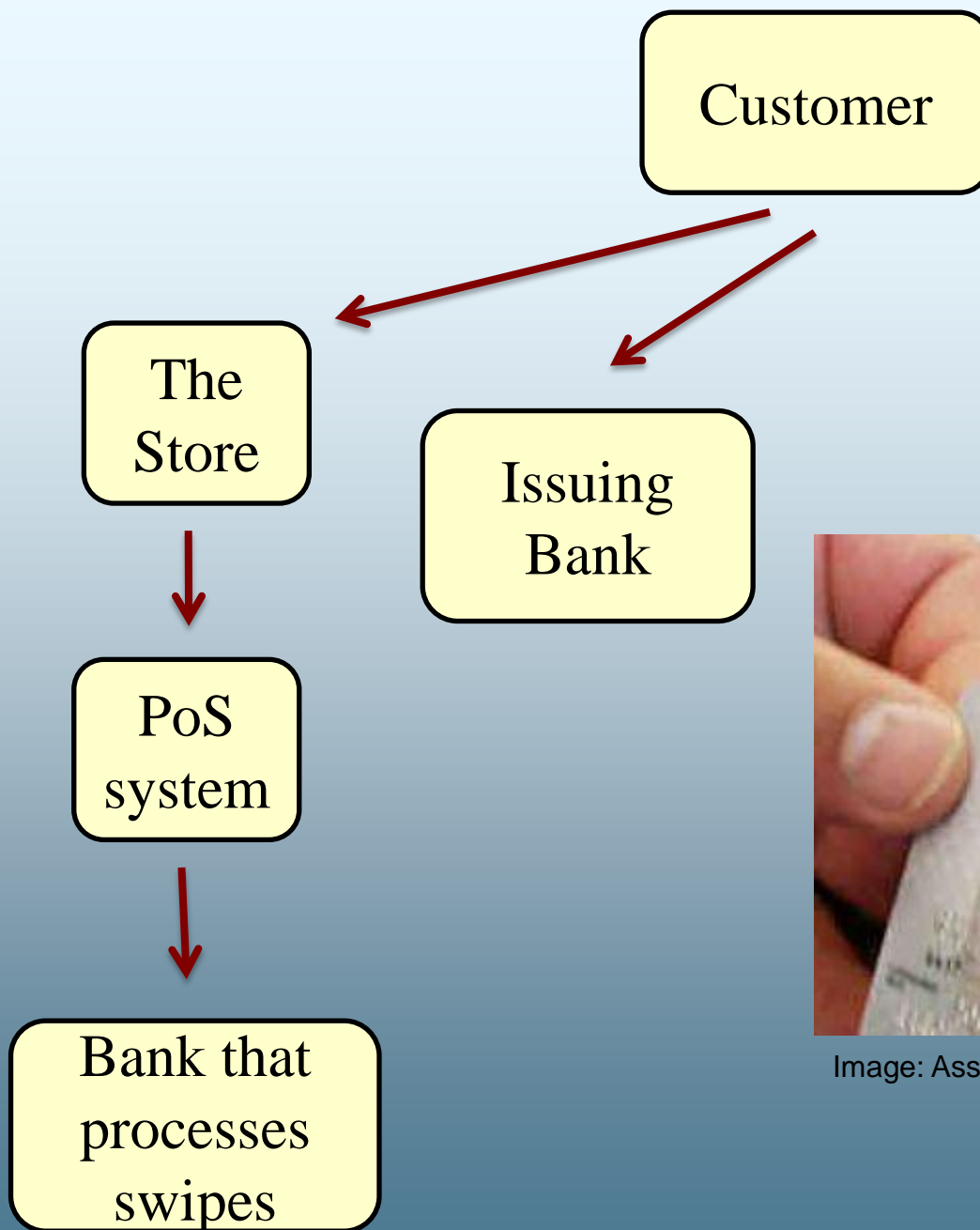


Image: Associated Press

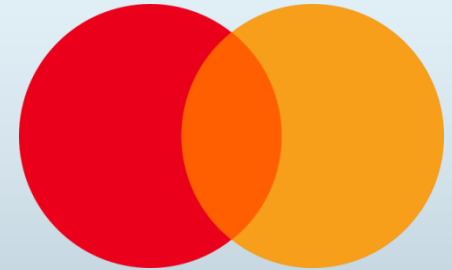
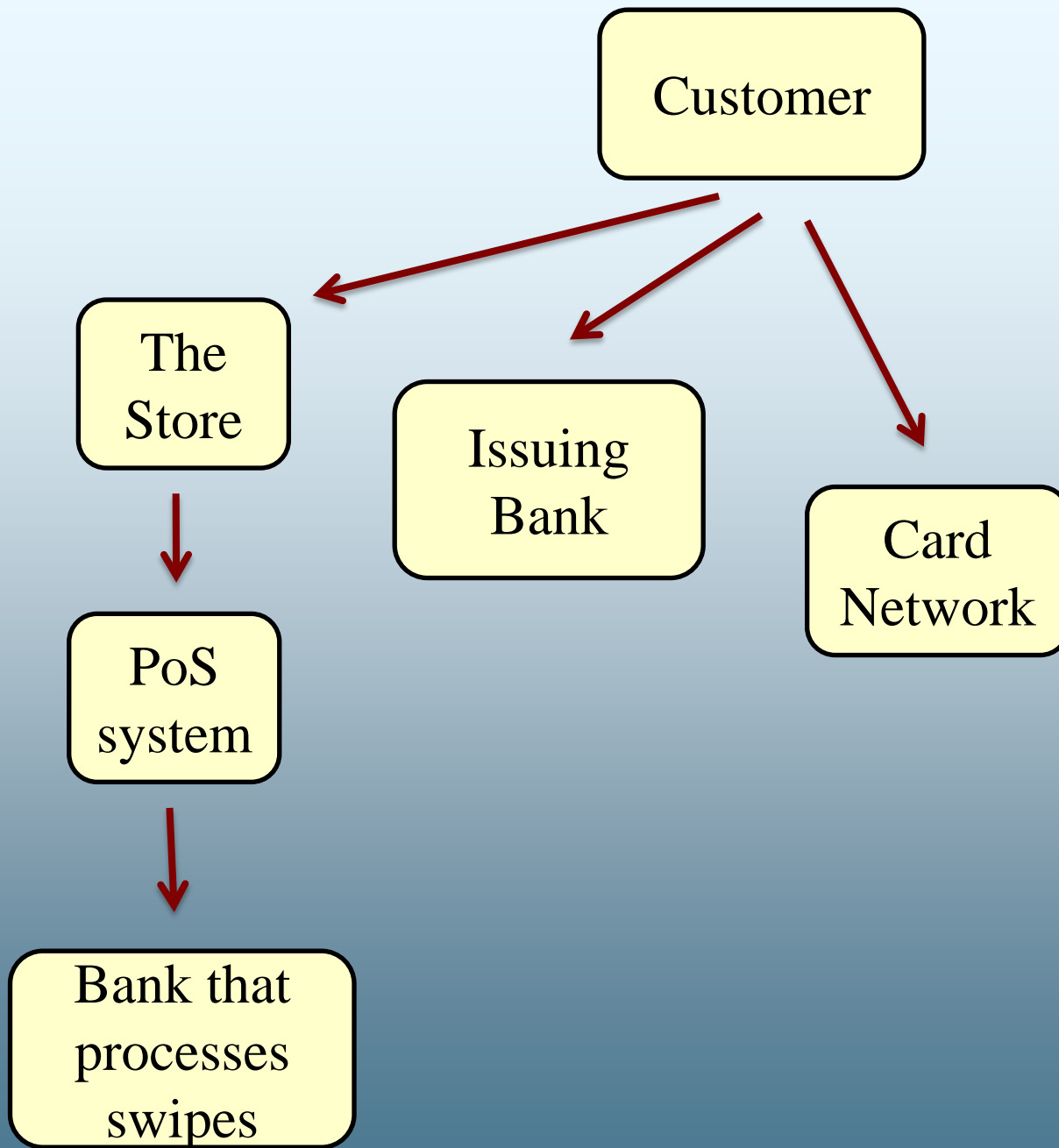


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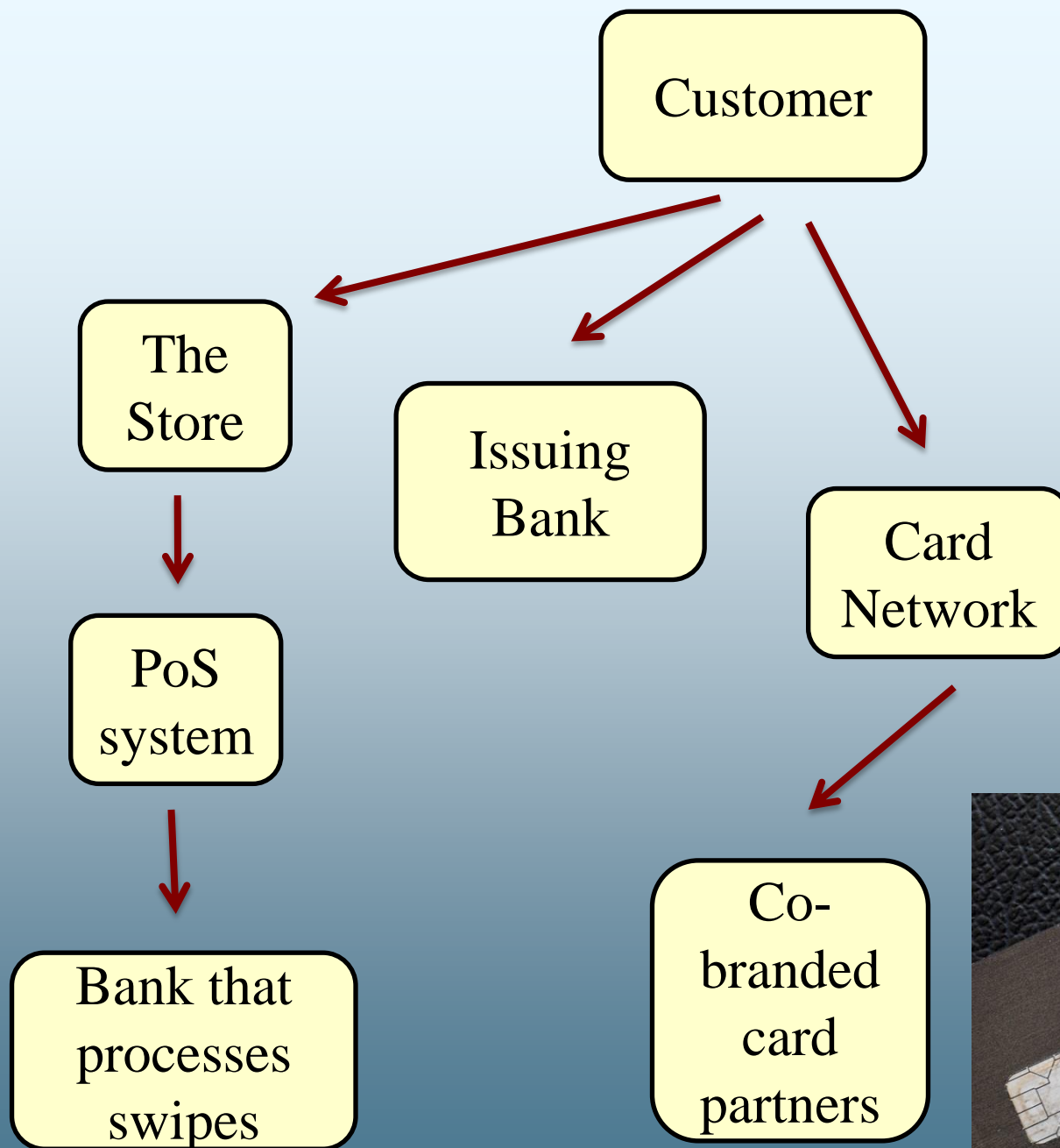
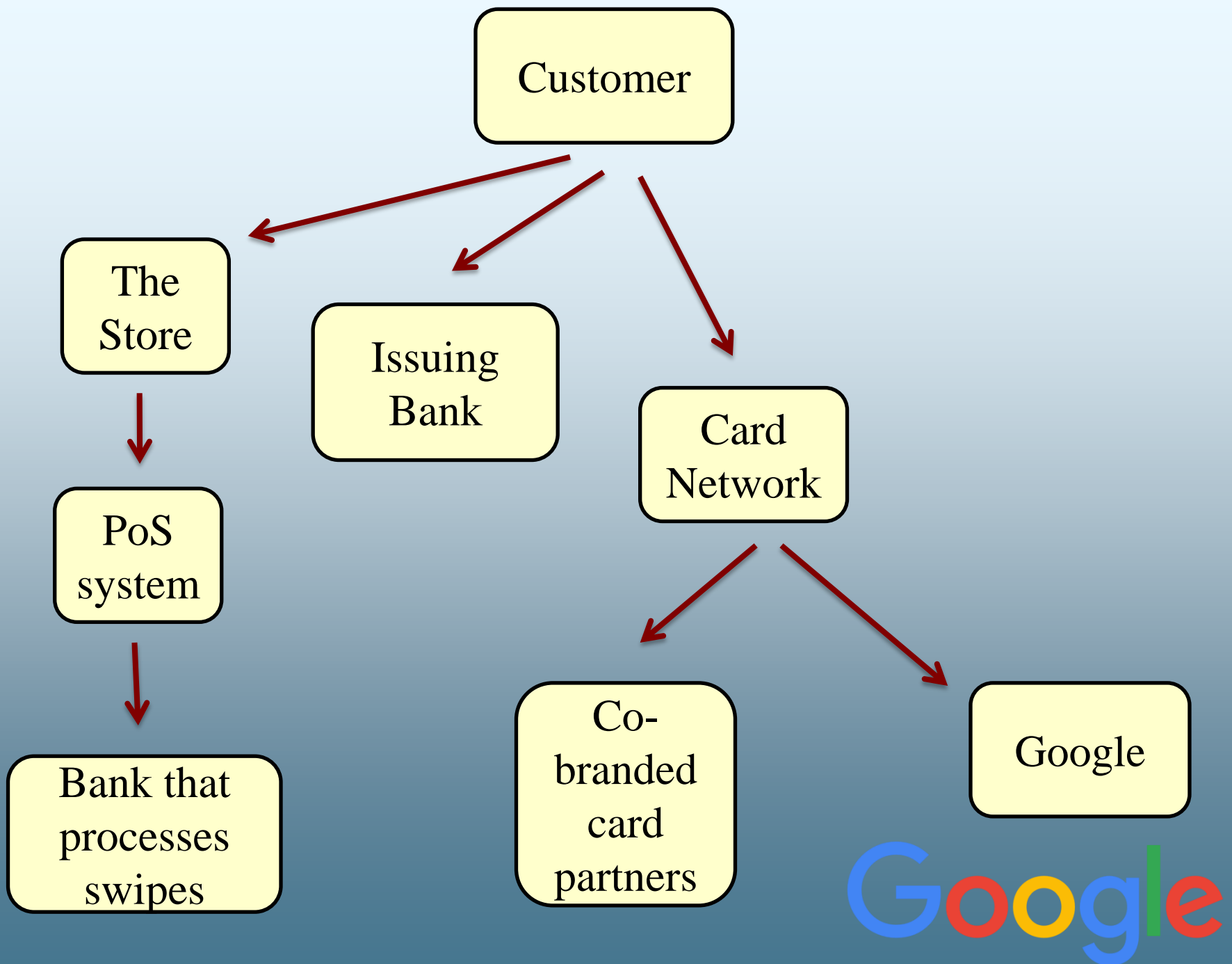


Image: ajay_suresh via Flickr



Google

Menu Search

Bloomberg

Sign In Subscribe

Subscriber Only

Technology

Google and Mastercard Cut a Secret Ad Deal to Track Retail Sales

Google found the perfect way to link online ads to store purchases: credit card data

By [Mark Bergen](#) and [Jennifer Surane](#)

August 30, 2018, 3:43 PM EDT Updated on August 31, 2018, 12:40 PM EDT

Google and Mastercard Cut a Secret Data Deal





Sections

The Washington Post
Democracy Dies in Darkness

Meg Schryver

The Switch

Google now knows when its users go to the store and buy stuff

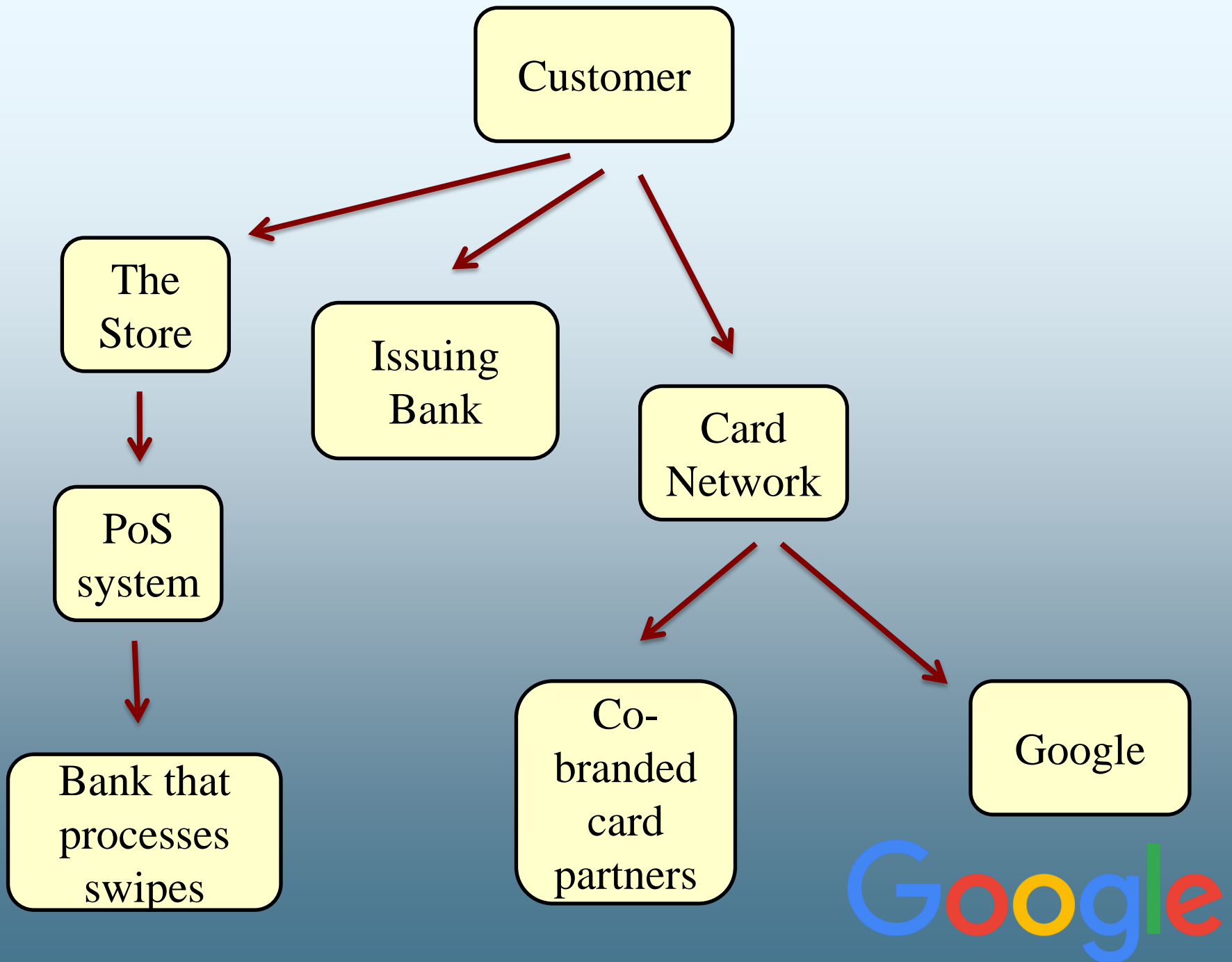
By Elizabeth Dwoskin and Craig Timberg

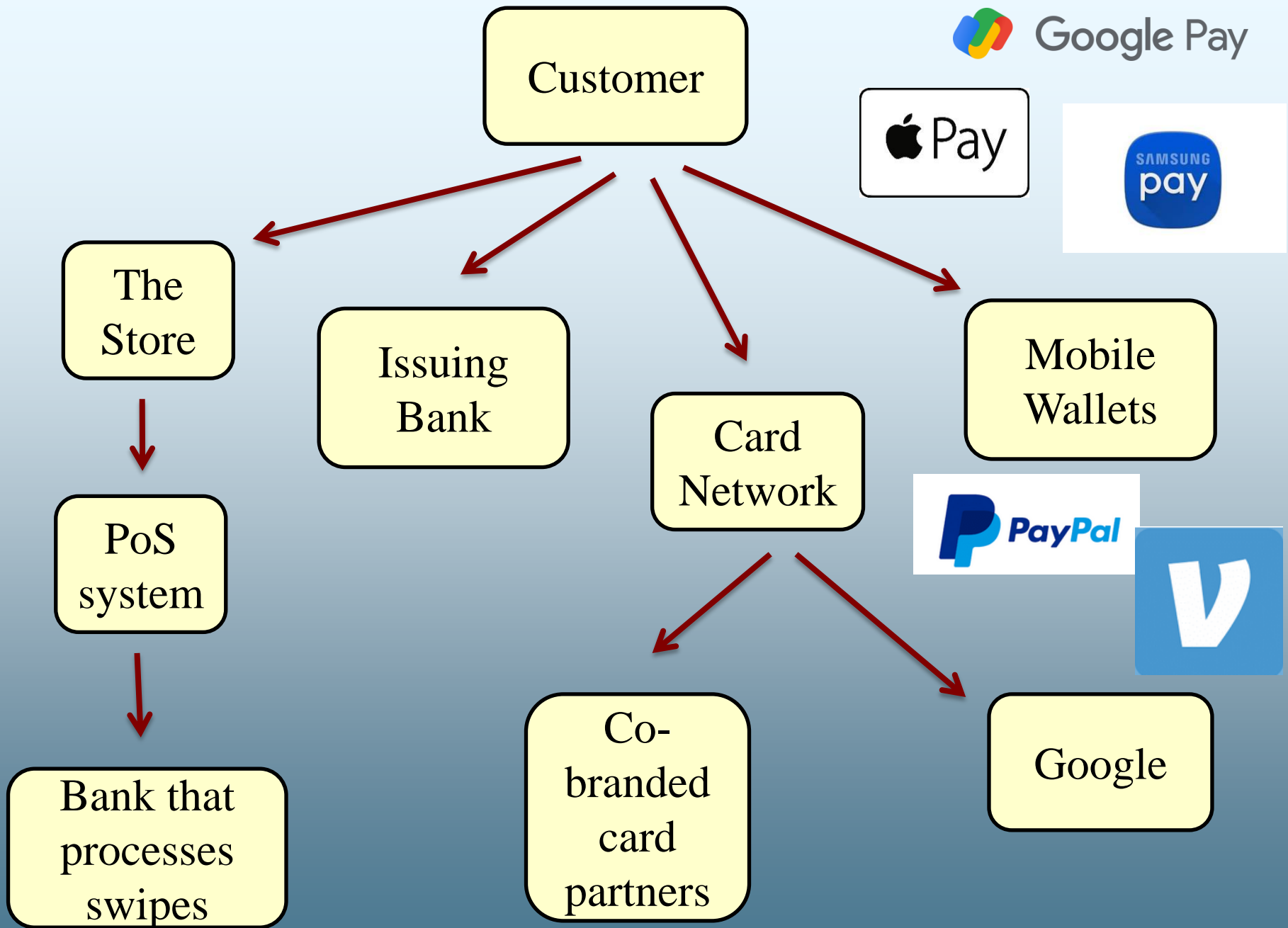
May 23, 2017

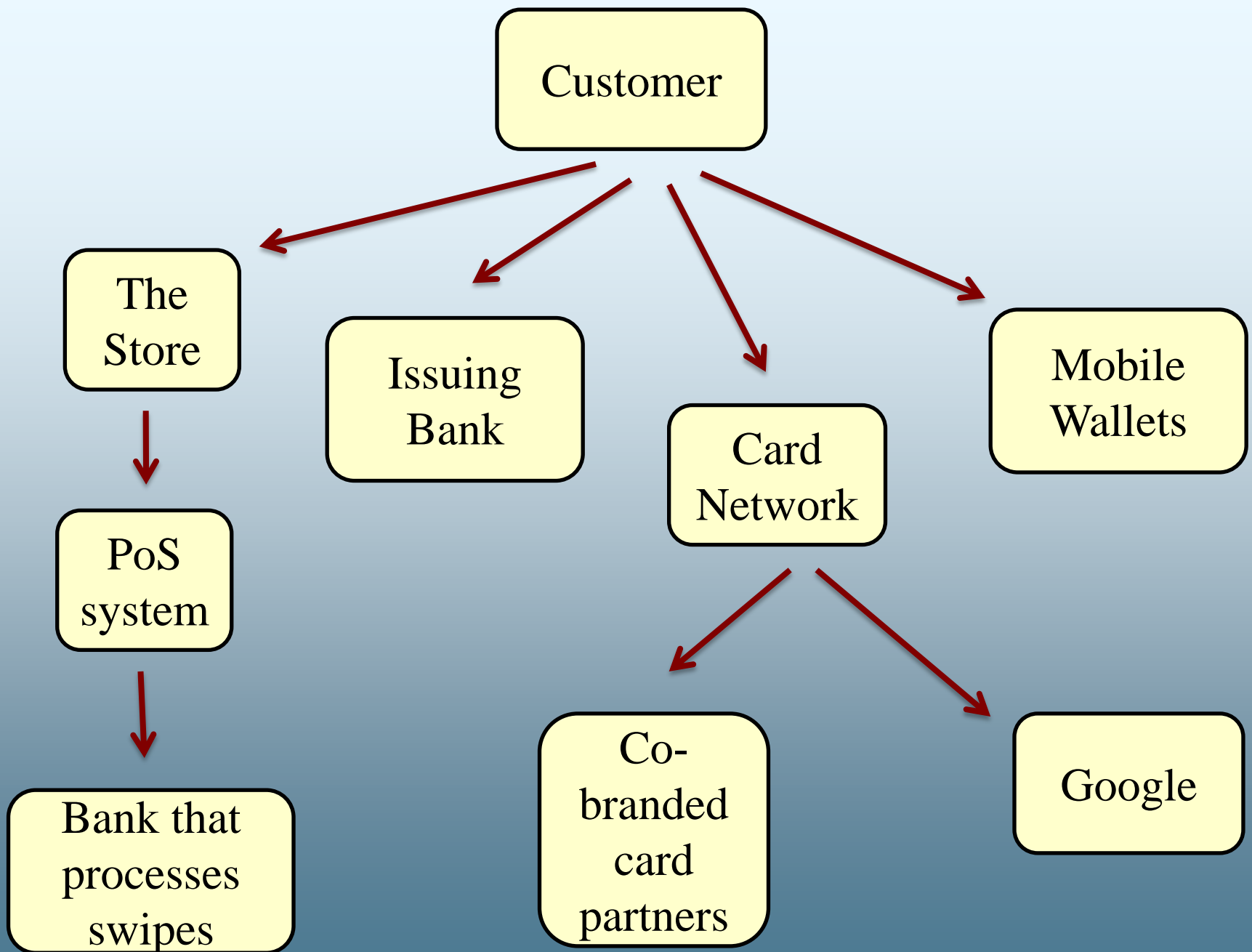


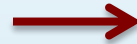
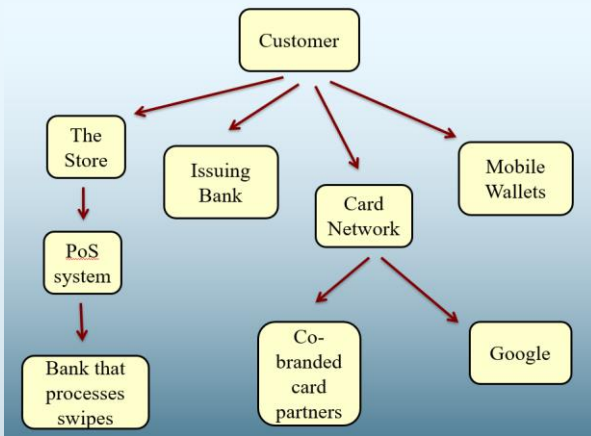
SAN FRANCISCO — Google has begun using billions of credit-card transaction records to prove that its online ads are prompting people to make purchases — even when they happen offline in brick-and-mortar stores, the company said Tuesday. The advance allows Google to determine how many sales have been generated by digital ad campaigns, a goal that industry insiders have long described as “the holy grail” of online advertising. But the announcement also renewed long-standing privacy complaints about how the company uses personal information.

Advertisement





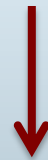




Customer first name
last name
Postal code



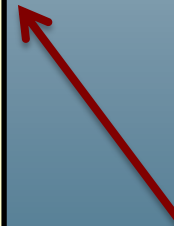
Data
appending
service



Email address
Postal address
Telephone #



Data brokers



A whole world of data:

Demographic info: age, race, sex, occupation, educational level
Financial information
Health conditions
Religious affiliation
Political party
License and registration data
Purchases
“Life event triggers” – marriage, home purchase, divorce, deaths, etc.
Hobbies & interests (fashion, exercise, travel, cooking, etc.)
Reading habits
Charitable giving

1. Bad for Privacy

2. Bad for Free Speech

Key Lawmakers Up Pressure on WikiLeaks and Defend Visa and Mastercard

Senator Joe Lieberman, who was instrumental in persuading Amazon.com to kick WikiLeaks off its webhosting service, came to the defense Thursday of companies denying services to the secret-spilling site, saying they are “doing the right thing as good corporate citizens.” The list of companies that have suspended services to WikiLeaks in the wake of its [...]



Image: International Journalism Festival



PayPal, Square and big banking's war on the sex industry

The discriminatory practice of redlining is reinvented for the 21st century.



V. Blue

@violetblue

December 2nd, 2015



“Processing sales for adult-oriented products is a prohibited vertical.”

- Chase Bank to condom company

Memoirs of an Accused Madam

THE WAR

on Adult Business in Orlando



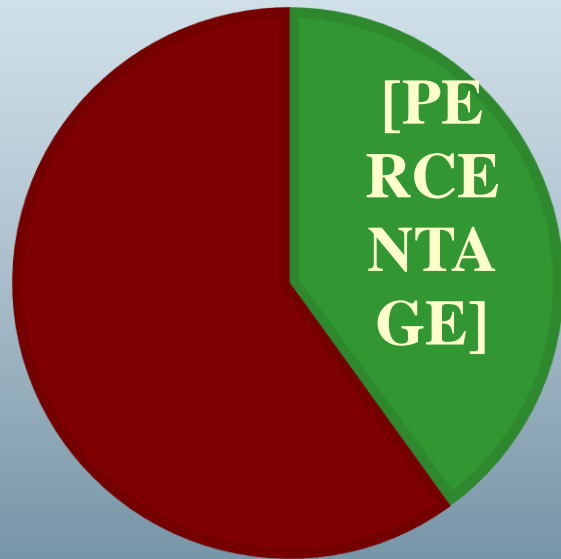
Vicky Gallas

SEATTLE
EROTIC
FESTIVAL

1. Bad for Privacy
2. Bad for Free Speech
3. Bad for Low-Income and
Minority Communities

Many don't have smartphones

65+ WITH NO SMARTPHONE



INCOME BELOW \$30,000 A YEAR
WITH NO SMARTPHONE



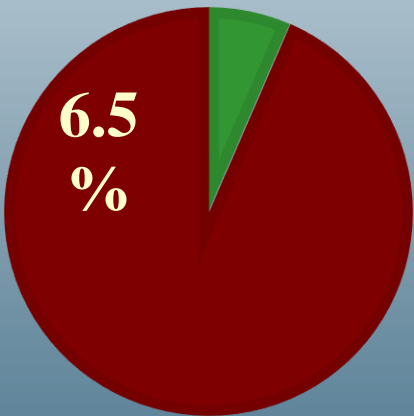
Also disproportionate numbers of:

- Homeless people
- Disabled people

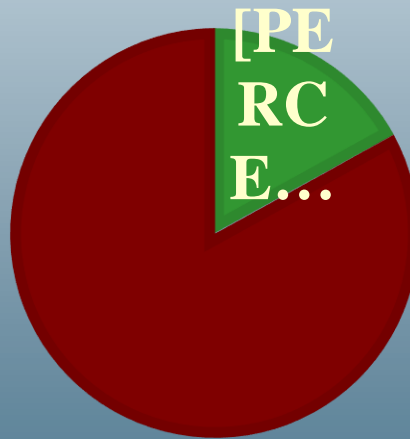
Many people are unbanked

Disproportionately people of color

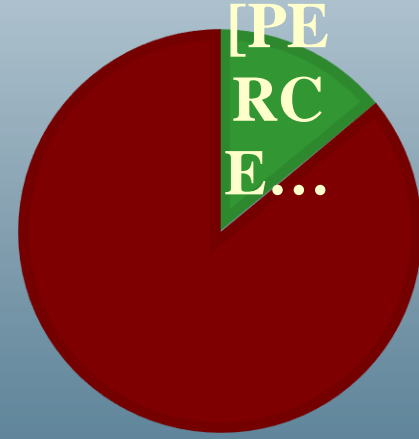
ALL HOUSEHOLDS
UNBANKED



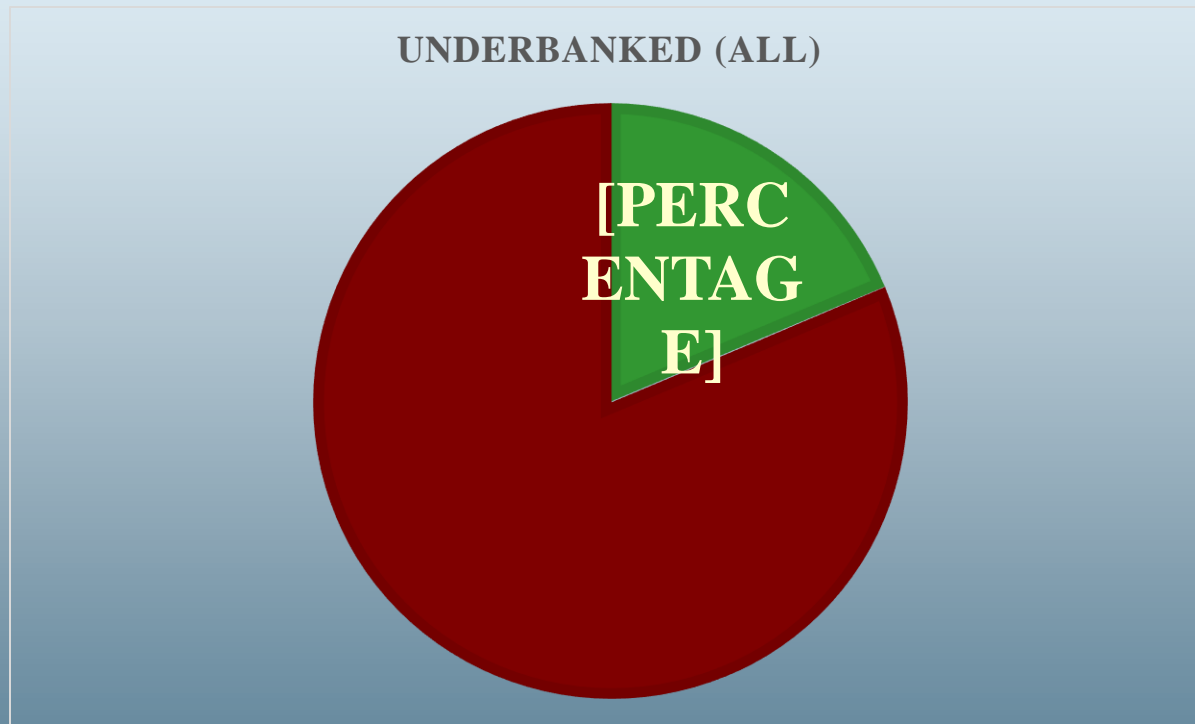
BLACK HOUSEHOLDS
UNBANKED



LATINX HOUSEHOLDS
UNBANKED



Many are underbanked



Structural barriers to banking

- ID requirements
- Bank account fees: Minimum balance!
- ATM, overdraft, transfer fees, etc.
- Banking deserts

Regressive redistribution



Image: eric731 via Flickr



No. 10-03

Who Gains and Who Loses from Credit Card Payments? Theory and Calibrations

Scott Schuh, Oz Shy, and Joanna Stavins

Abstract:

Merchant fees and reward programs generate an implicit monetary transfer to credit card users from non-card (or "cash") users because merchants generally do not set differential prices for card users to recoup the costs of fees and rewards. On average, each cash-using household pays \$149 to card-using households and each card-using household receives \$1,133 from cash users every year. Because credit card spending and rewards are positively correlated with household income, the payment instrument transfer also induces a regressive transfer from low-income to high-income households in general. On average, and after accounting for rewards paid to households by banks, the lowest-income household (\$20,000 or less annually) pays \$21 and the highest-income household (\$150,000 or more annually) receives \$750 every year. We build and calibrate a model of consumer payment choice to compute the effects of merchant fees and card rewards on consumer welfare. Reducing merchant fees and card rewards would likely increase consumer welfare.

Keywords: credit cards, cash, merchant fees, rewards, regressive transfers, no-surcharge rule

JEL Classifications: E42, D14, G29

Scott Schuh is Director of the Consumer Payments Research Center and a senior economist in the research

1. Bad for Privacy
2. Bad for Free Speech
3. Bad for Low-Income and
Minority Communities
4. Less resilient

Centralized failure



Image: Mike Mozart via Flickr

facebook



Image: Mike Mozart via Flickr

The Washington Post

One problem facing those who have lost homes, or fled with few possessions, is Australia's almost-ubiquitous use of contactless payments. With even landlines down, banks shut and ATMs empty, the cashless economy in some areas seized up, according to fire brigade officials.

But brittle on individual level too

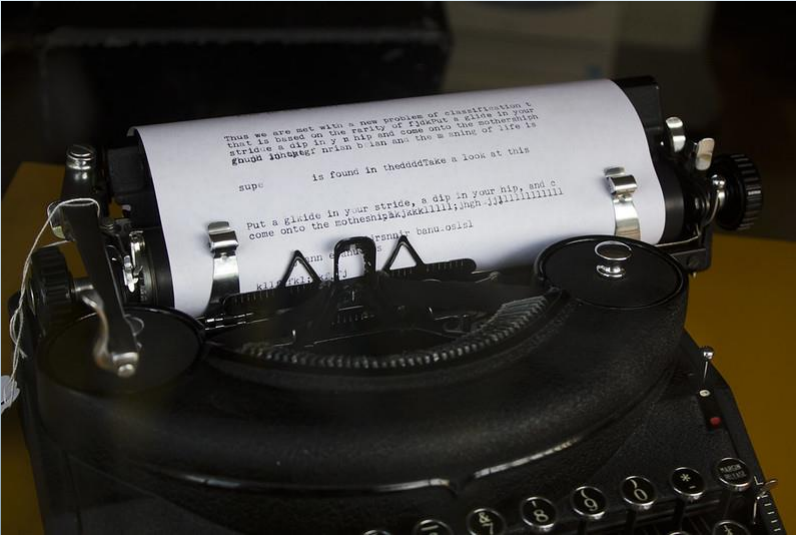


Image: Quinn Dombrowski via Flickr



Image: Kirk Marsh via Flickr

What is the state of cash in
the United States?

State of cash in the U.S.

- Definitely a strong trend toward cashless
- Covid being used as reason/excuse
- Pushback with bans on cashless stores
- Some discussion of CBDCs within Federal Reserve

Bans on Cashless stores

Cities:

- Philadelphia
- San Francisco
- New York

States:

- New Jersey
- Rhode Island
- (Also Massachusetts, since 1978)

Failed

- Chicago
- Washington, DC
- Federal law (“The Payment Choice Act”)

Various exceptions in different laws

- Food Trucks
- Ride hail services (eg, Uber)
- Parking garages
- Membership stores
- Rental cars, other transactions that require a security deposit
- Businesses that use cash cards (no fees or expiration)
- Telephone, mail, or internet transactions
- Airports (as long as there are 2 establishments in a terminal that do serve food)

Our civil liberties missions:

Disability
Rights

LGBTQ+
Equality

Racial
Justice

Smart
Justice

Free
Speech

National
Security

Religious
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Privacy and
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Thank you!

Questions?



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