

THE CASHLESS SOCIETY

The “Cashless Society.” We’re not talking about the poor, long-term unemployed individual who holds up a sign at an intersection reading “Will Work for Food”; rather the reference is to the economy envisioned by 20th-century futurists, which, despite noble efforts to advance, has until now lost the battle to the buck, or the yen or any other paper currencies in circulation. However, recent developments in chip-and-pin technology may be changing all of that as “pocket change” comes to be replaced by proximity cards and smartphone apps.

Snack With Octopus

Since 1997, residents of Hong Kong have been carrying around a chip-laden smartcard to pay for fares on public transportation. Known as “Octopus,” the cards are read by special electronic fare readers in a fraction of a second. It is estimated that about 95 percent of the teenage-to-65 age group in Hong Kong makes use of the Octopus, daily racking up an estimated 18 million dollars in per-day purchases. Besides being used for trains, buses and ferries, the Octopus is now accepted at coffee shops, restaurants, grocery stores, snack bars and for similar everyday consumer transactions.

Incorporating SIM Technology

The card itself may soon become obsolete as the chip technology it is based on comes to be incorporated into the SIM card of smartphone. According to Kevin Goldmintz, CEO of Octopus, “Now with the advance of smart card technology, we’ve been able to embed the Octopus mobile SIM inside a smartphone.”

Online Purchasing

Recently, a deal was signed with a Chinese online retailer to enable the use of Octopus for Internet purchases. Unlike the fare-paying scenario where the chip — or SIM — needs to be scanned by a reader, online purchasers will instead be able to hold their Octopus-enhanced smartphones up to the computer screen and tap it to complete a purchase.

Cashless Critics

Opponents of going cashless point out that there are more vulnerabilities in using e-wallets and other electronic forms of payment, and they note the recent hacking of one of America’s largest retail chains whereby thousands of customers had their financial and other confidential records compromised. According to a data security risk firm, there were over 2,000 data security incidents last year, which resulted in over 800 million exposed records.

Big Data-Big Brother

Civil libertarians have expressed concerns about the increased intrusions upon privacy rights as electronic payments make it easier for government snoopers to track everything from citizens’ simple lifestyle preferences to participation in unorthodox groups. Domagoj Sajter, an economist at a Croatian university, authored a paper in which he warned, “Ultimately, this would lead to a weaker form of democracy, in which certain voices could not be heard and lobbied for.”

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