

Mobile credit card ushers in 'cashless society'

A new gadget turns mobile phones into credit cards for small purchases. Fewer than ten per cent of transactions now involve cash – is this the final flip of the coin for physical money?



CITIZENSHIP
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FROM COWRIES TO CREDIT: THE DECLINE OF MONEY



3000 BC

MESOPOTAMIA
 WEIGHTS OF GRAIN
 USED AS CURRENCY



560 BC

LYDIA (TURKEY)
 EARLIEST KNOWN
 GOLD COINS



650 AD

CHINA
 PAPER MONEY
 INVENTED



1661

SWEDEN
 WORLD'S FIRST
 BANKNOTES ISSUED



1950

UNITED STATES
 FIRST WIDELY-USED
 CREDIT CARD



2050?

THE END
 OF PHYSICAL MONEY?

Visit any history museum and you are bound to find vast treasure hoards of coins laid out behind the glass. Humans have traded cash for goods and services since as early as 3000 BC – but no more. Economists say that we are heading for a 'cashless society.' Now Barclays Bank has introduced a new device that brings this future one step closer.

On the surface, the gadget is nothing more than a small version of any 'contactless' credit card. With its magnetic strip, it can pay for any purchase below £15 simply by being waved in front of a reader. Instead of fitting into a wallet, though, the sticky-backed card is designed to be attached to mobile phones.

This might seem like a minor development; but if it catches on, it could change the meaning of money forever. Already smartphones can be used to make major payments over the internet; now they can also buy something as minor as a packet

of crisps. Soon all transactions could be made electronically – banknotes, wallets and even credit cards will be as much of a relic as any ancient coin.

Some countries are already close to becoming 'cashless.' In Sweden, where only 3% of transactions are made using physical money, few people now carry much cash – and street robberies have plummeted as a result.

There are also economic benefits: money itself doesn't come for free. Coins and notes have a production cost: a small coin like a penny piece costs significantly more to produce than a penny.

This development is part of an extremely long historical process. Once based on solid physical objects, money has gradually become a more and more abstract idea.

Originally, consumable goods like meat or grain were directly exchanged or bartered. Later, tokens like seashells came to signify value, and these developed into coins. By the 19th Century

paper money was widely in use. In 1950 the first credit card was created to be used in chain restaurants.

Today, we rarely see more than a tiny fraction of the money we theoretically own: wealth, for most, is simply a number on a screen.

TAKING CREDIT

Here's to a future of lighter pockets, cheer optimists. Never again will we be stuck without change on a bus – and what is more, this will help fight illegal activity. Cash, they point out, is the currency of gangsters and terrorists. If shady transactions had to be authorised by banks, crime would cease to pay.

Hold on, say sceptics: do we really want banks, governments and potentially even hackers monitoring every payment we make and receive? It is not only coins we are confining to history's scrapheap: unless we are careful, they say, privacy and independence will join them.

Q & A

Q How has this 'virtual money' thing changed everyday life?

A One effect is that it is now easier than ever to pay for things 'on credit' In other words, using money that you don't yet own. That opens up a lot of opportunities: we can spend money before payday, invest

more of our money or use it to start up businesses that we otherwise couldn't afford.

Q But...?

A You guessed it. Credit also makes it easy for people to fall deeply into debt – often with catastrophic consequences. In 2011, individuals in the UK owed as much money as the entire country produced. Debt isn't new – the word 'thank you' comes from a phrase meaning something similar to 'I owe

you. Nor is opposition to it – moralists have labelled lending wicked at least since Biblical times. But it is more prevalent today than ever before.

SOME PEOPLE SAY...

'Money is the root of all evil.'

WHAT DO YOU THINK?

▶ Mobile credit card ushers in ‘cashless society’

WORD WATCH

As early as 3000 BC – Because the earliest currencies were just unusual natural objects, it is hard to determine when they were first used. Interestingly, seashells were in use in almost every part of the world, and coins were probably developed in several places independently.

Credit card – The idea of a ‘credit card’ was invented in 1887 by

a science fiction writer called Edward Bellamy. His book *Looking Backward*, set in the year 2000, also anticipated home entertainment and department stores. Credit cards didn’t become popular among ordinary people until towards the end of the 20th century.

Abstract – Unrelated to a physical object – that is, the opposite of concrete. Abstract art, for instance, is art that doesn’t

obviously resemble anything you might see in the real world.

Bartered – An early farmer who had, say, plenty of grain but no meat or leather might exchange his produce for a cow. This was ‘bartering,’ the simplest form of trade. In fact, though, most early economies were more complicated than this: they functioned through the giving of ‘gifts’ according to complex social rules which ensured that a society kept exchanging its useful products. This is called a ‘gift economy.’

YOU DECIDE

1. Is the idea of a ‘cashless society’ exciting – or disconcerting?
2. Would you object to the government being able to keep track of everything you buy? If so why?

ACTIVITIES

1. Imagine physical money was abolished tomorrow. Design an imaginative use that coins and notes could be put to – it could be something useful, or a work of art.

2. Research the concept of ‘credit.’ Write a paragraph explaining how it works, and why it is so important.

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 **NOTES**

