

Will paper money become obsolete?

Written by Holyoke Enterprise

Is paper currency a dying breed? What about checks and savings bonds? Many of the currency that has survived throughout centuries may eventually go the way of the dinosaur.

There's no denying how daily life has been transformed by technology. With the proliferation of email, online shopping, text messaging, social networking and the myriad of other digital avenues that fill up a person's day, the concept of writing something on paper—or paying for something with paper—may seem archaic. After all, now people can wirelessly transfer funds from one bank account to another or pay for items with the click of a mouse.

Still, the general public has been hard-pressed to give up on paper money altogether. But other alternatives are chomping at the bit, and it may not be too long before all money is digitalized, or before the world reverts back to gold, silver or another currency that has actual intrinsic value.

Even now, some ATMs in areas like the United Arab Emirates and in India dispense gold and silver coins, diamonds and even jewelry. Just last year, Mumbai became the first city in the world to launch a machine that dispenses diamonds.

Consumers are increasingly turning to debit and credit cards to pay for products in stores and online. The rise of mobile credit card readers attached to smartphones and tablets has enabled everyone from small business owners to regular individuals to collect money by swiping a credit or debit card and having the funds automatically deposited into an account of choice.

Wallets are being redesigned to be more compact for front-pocket use since many people now carry only cards in their wallets.

Although it once seemed like paper currency would always be around, such a concept is quickly falling by the wayside. The United States Department of the Treasury announced that paper checks for Social Security payments would be a thing of the past starting in 2013. Recipients can have the money deposited electronically in a bank account. For those without accounts, deposits can be loaded on a Direct Express Debit MasterCard to be used for purchases just like any other debit/credit card.

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Many people already have witnessed the phasing out of government tax refund checks. A large number of people file their income taxes via the Internet, receiving any refunds electronically. Payroll and other benefits are increasingly becoming digital-only as well.

Even paper savings bonds are being reduced. Private-sector employees can now join the federal employees who were able to invest in savings bonds by purchasing them through payroll deductions.

Removing paper currency in all forms has its share of pros and cons. The U.S. government has said that taxpayers will save about \$300 million the first five years after the changeover to digital social security checks. By not having to send out more than 100 million checks, the federal government will save millions on postage and printing costs. Electronic currency also benefits the environment.

People may now notice that email purchase receipts have started to appear with more frequency as well. Major retailers like Sears and K-mart enable shoppers to pick whether they want a digital or paper receipt. Smartphone apps are being created to store and organize receipts.

In England, Peter Perkins, the general manager of the Tesbury's grocery chain, has said the store plans to phase out paper receipts by 2020. Electronic receipts and currency are poised to reduce human error and keep things organized.

A significant concern with regard to electronic currency and receipts is the likelihood of identity theft, as data breaches occur with some frequency.

In September 2012, some major financial institutions, including Bank of America and PNC Bank, found their websites were sporadically inoperable due to a cyber attack that may have been tied to an Islamic terrorist group.

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This isn't the first time a technical terrorist attack has occurred. These situations often open the eyes of people who realize how susceptible personal information can be when only backed by digital numbers and codes. It's hard to stash zeros and ones under your mattress for safe-keeping.

Also, unlike paper money that limits what thieves can take, digital breaches can lead to entire accounts being wiped out if the breach is not noticed in time. Other personal information, such as spending habits and shopping patterns, may be deduced from electronic information stored with accounts, raising questions about privacy.

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