



# Building Payment Strategies for Paycheck-to-Paycheck Consumers: The Détente on the War on Cash

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The war on cash needs to end. The drive to digitize transactions and to make revenue via interchange across the various payment networks is causing economic challenges that need to be addressed. Consumers, small businesses, and financial institutions are at a disadvantage when cash payment strategies are missing from an organization. The lack of cash strategies and the attendant negative impact became apparent during the government shutdown (December 2018-January 2019): consumers living paycheck to paycheck, small businesses struggling to meet payroll, financial institutions providing short-term loans, and increased loan delinquencies were lead stories in the news nightly.

Having a cash strategy does not mean that technology is left behind. Rather, technology can advance the availability and security of cash transactions. The original automated teller machines (ATM) have advanced and provide additional capabilities that benefit consumers, ATM owners, and ATM networks. This paper highlights why cash payments are becoming more relevant, market use cases that need to be solved in the next three years, and emerging technology capabilities that will make an impact in the United States.

## Key questions discussed in this report:

- What problems have been created in the U.S. because of paycheck-to-paycheck financial behaviors?
- What emerging socio-economic challenges are due to a lack of cash payment strategies?
- What opportunities do banks and credit unions have to bring cash payment strategies back to financial institutions?

**Companies Mentioned:** Amazon, Cardtronics, Hyosung, Genmega, Mastercard, MoneyGram, NRT, PayNearMe, PayPal, Rapyd, Square, Tritan, Venmo, Walmart, Western Union

The consumer data in this report was primarily collected from the following:

- A random-sample survey of 3,000 respondents conducted online in March 2019. The overall margin of error is +/-2% at the 95% confidence level for questions answered by all respondents.
- A random-sample survey of 3,000 respondents conducted online in October-November 2017. The overall margin of error is +/-1.74% at the 95% confidence level for questions answered by all respondents.
- A random-sample survey of 10,768 consumers in an online survey conducted in July 017. The margin of sampling error is  $\pm 0.94\%$  at the 95% confidence level.

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