

TIME TO CASH OUT

Paper money is hurting the economy. Let's dump the greenback.

START

BY DAVID WOLMAN

Two years ago, Hasbro came out with an electronic version of Monopoly. Want to buy a house? Just put your debit card into the mag-stripe reader. Bing! No more pastel-colored cash tucked under the board. Turns out it wasn't Lehman Brothers but Parker Brothers that could smell the future. At least, that's what participants at this year's Digital Money Forum believe. In March, after a long day of talks with titles like "Currency 2.0" and "Going Live With Voice Payments," forum attendees at London's plush Charing Cross Hotel gathered for drinks—and, yes, a few rounds of Monopoly Electronic Banking Edition.

Unfortunately, the world's governments remain stuck in the past. To maintain our stock of hard currency, the US Treasury creates hundreds of billions of dollars worth of new bills and coins each year. And that ain't money for nothing: The cost to taxpayers in 2008 alone was \$848 million, more than two-thirds of which was spent minting coins that ▶



▶ many people regard as a nuisance. (The process also used up more than 14,823 tons of zinc, 23,879 tons of copper, and 2,514 tons of nickel.) In an era when books, movies, music, and newsprint are transmuting from atoms to bits, money remains irritatingly analog. Physical currency is a bulky, germ-smearing, carbon-intensive, expensive medium of exchange. Let's dump it.

Markets are already moving that way. Between 2003 and 2006, noncash payments in the US increased 4.6 percent annually, while the percentage of payments made using checks dropped 13.2 percent. Two years ago, card-based payments exceeded paper-based ones—cash, checks, food stamps—for the first time. Nearly 15 percent of all US online commerce goes through PayPal. Smartcard technologies like EagleCash and FreedomPay allow military personnel and college students to ignore paper money, and the institutions that run dining halls and PXs save a bundle by not having to manage bills and coins or pay transaction fees for credit cards. Small communities from British Columbia to the British Isles are experimenting with alternative currencies that allow residents to swap work hours, food, or other assets of value.

But walled-garden economies are a long way from a fully cashless society. As WIRED first noted 15 years ago, to rely exclusively on an emoney system, we need a ubiquitous and secure network of places where people can transact electronically, and that system has to be as convenient as—and more efficient than—cash. The infrastructure didn't exist back then. But today that network is in place. In fact, it's already in your

pocket. "The cell phone is the best point-of-sale terminal ever," says Mark Pickens, a microfinance analyst with the Consultative Group to Assist the Poor. Mobile phone penetration is 50 percent worldwide, and mobile money programs already enable millions of people to receive money from or "flash" it to other people, banks, and merchants. An added convenience is that cell phones can easily calculate exchange rates among the myriad currencies at play in our world. Imagine someday paying for a beer with frequent flier miles.

Opponents used to argue that killing cash would hurt low-income workers—for instance, by eliminating cash tips. But a modest increase in the minimum wage would offset that loss; government savings from not printing money could go toward lower taxes for employers. And let's not forget the transaction costs of paper currency, especially for the poor. If you're less well off, check-cashing fees and 10-mile bus rides to make payments or purchases are not trivial. Yes, panhandlers will be out of luck, but to use that as a reason for preserving a costly, outdated technology would be a sad admission, as if tossing spare change is the best we can do for the homeless.

Killing currency wouldn't be a trauma; it'd be euthanasia. We have the technology to move to a more efficient, convenient, freely flowing medium of exchange. Emoney is no longer just a matter of geeks playing games. **W**

Contributing editor **DAVID WOLMAN** (david@david-wolman.com) wrote about Dutch climate engineering in issue 17.01.



TWEETS

THAT'LL GET YOU FIRED FROM CELEBRITY GHOST TWITTERING

- Michael_Phelps** Playin hackey sack, listenin to reggae, thinkin about last night's Phish concert, and eatin Doritos.
- iamdiddy** Kicking off 36-hour tantric sex session! 6:29 AM Apr 16th from Web
- iamdiddy** Nevermind. 6:30 AM Apr 16th from Web
- DAVID_LYNCH** G2G, Two and a Half Men is on.
- aplusk** KILLER! Just saw my wife in Springsteen's "Dancing in the Dark" video. She TOTALLY looks the same 25 years later. AWESOME!!!
- juliaallison** Just had a funny thought, but I'd hate to bore you with it.

- kevinrose** Man, VCs are so effin GULLIBLE!!!
- AKGovSarahPalin** Didja know Levi is also a kind of pants?
- maddow** @billoreilly We still on to go see Fireproof 2night?
- johncmayer** @LucyJuicy25 @EscortGirly @FoxyxyLooks @SexyXYZ @EasyLizzy @SwissMissyMiss What's up? #JenniferAnistonRevenge
- samantharonson** There are so many hot guys at this party.
- andersoncooper** There are so many hot guys at this party.
- waltmossberg** Totally love my blinged out pink RAZR! —Rex Sorgatz

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