

# THE FUTURE OF ***PAYMENT CHOICE***

Consumers, retailers, equipment manufacturers and cash-in-transit providers weigh in on the resiliency of cash in an increasingly digital economy.



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## Introduction

It is not surprising that there has been a lot of research and discussion around how the Covid-19 pandemic impacted the use of cash and whether or not temporary measures are predictive of the future. What is surprising is that the results are not consistent – some studies conclude that cash is here to stay and other conclusions indicate we are headed toward an entirely cashless economy. While it seems natural to assume that the continuous evolution of technology will ultimately eliminate the use of cash, there are valid reasons and behaviors that indicate otherwise. Research conducted by the Service Advantage team at Ricoh USA explored current currency management trends and future predictions amongst three groups: consumers, retailers and equipment manufacturers/cash-in-transit carriers. Various perspectives emerged regarding the use of technology, cash, and the future of payment choice.



## The Cashless Movement

There is no doubt that a cashless movement is underway, as an increasing number of businesses are shifting away from accepting cash as a form of payment. Spanning a variety of industries, including sports stadiums, airlines, eateries and merchandise stores, many of the businesses claiming a “100% cash-free environment” state the pandemic was the ultimate driving force that turned prior inclinations into action. In the case of MetLife Stadium, home to the NY Jets, NY Giants, concerts and other events, for example, the cash-free concessions and transactions policy is listed as one of their **stadium safety protocols**. But despite the drive to become cashless, industries that attract audiences across various economic situations must recognize the continued predominant use of cash amongst young, elderly and unbankable consumers. Many states and local laws in the US require merchants accept cash to avoid discrimination against those who can't afford to have a bank account. Therefore, significant investments in technologies that support Payment Choice, such as reverse ATM's, cash recyclers, etc., continue to be necessary.



## The Consumer Perspective

The consumer sampling achieved by the recent Ricoh survey was mostly comprised of consumers ranging in age from 30-50 (76%), generally Millennials, and Generation X individuals who did not grow up with smart phones but who do use the internet and social media. Response from individuals under 30 was 21% and over age 65 was very limited (1%). Most respondents earn less than \$100,000 per year.



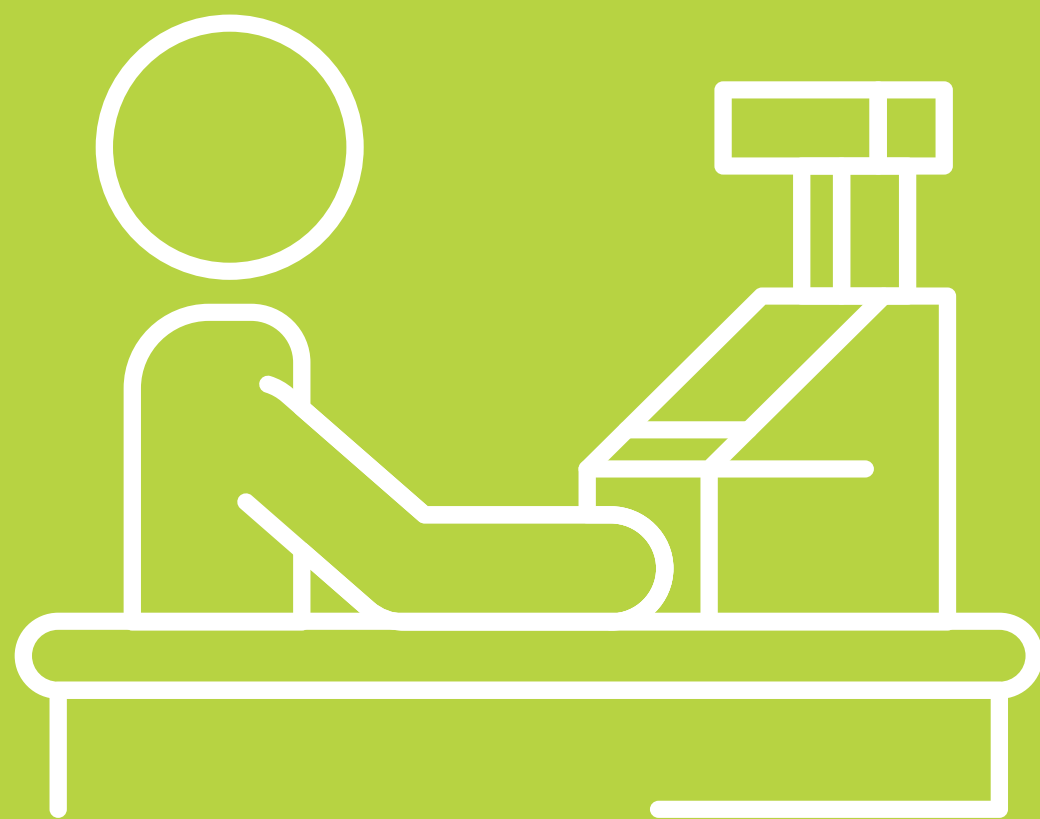
# Shopping Behavior

This group's primary preferred method of shopping is "Online with home delivery" with "In the physical store" ranking second.



In fact,  
**41.7%**

answered that "About half" of their shopping was still done in physical retail locations, even though this survey was conducted during the reopening phase of the Covid-19 pandemic. This is true for both non-perishable items and grocery shopping.



In addition,  
**almost 60%**

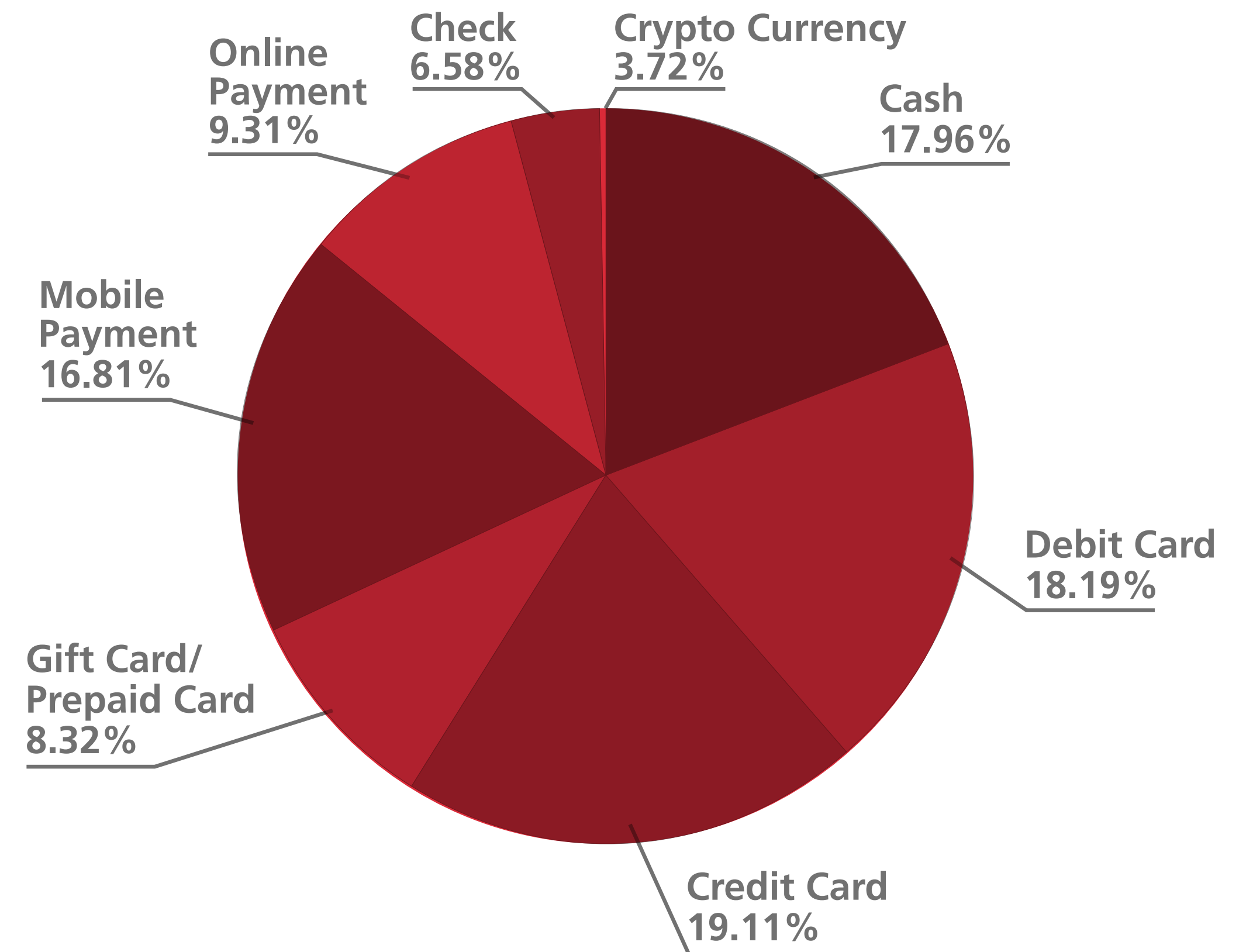
said they still prefer a salesperson to assist them with checkout, rather than using self-checkout or alternate ways of handling the transaction alone.

# Payment and Paycheck Preferences

Credit/debit cards were cited as the most popular payment method (37%) with “Convenience” as the most common reason. Yet cash was still popular at 18% and mobile payments kept almost the same pace as cash (17%).

When consumers use cash, the most likely reasons are for “Inexpensive purchase” amounts (less than \$60) (19%), as well as “Security concerns regarding non-cash payments” (20%) and “Paying in cash helps me stick to my monthly budget” (19%). **People overwhelmingly said they used more non-cash payment methods during the pandemic (64%),** with 56% indicating they are comfortable using Mobile/Online Banking and Digital Wallets/Mobile Payments. Very few consumers surveyed (less than 8%) are comfortable with Cryptocurrency/Bitcoin as a payment method.

**Q7:** | When shopping in a retail store (i.e., grocery store, convenience store, clothing/department store, general store, wireless phone/electronics store, hardware store, sporting goods store, etc.), which payment method do you use most often?

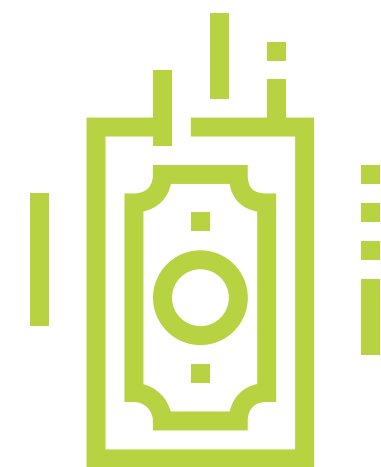


# Payment and Paycheck Preferences (Cont.)

**Q10:** When you use a credit card or other non-cash payment option, what is the most likely reason?

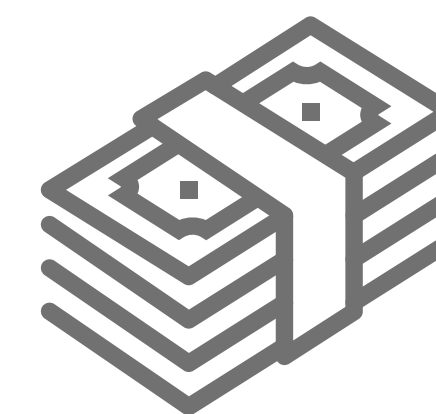
ANSWER CHOICES	RESPONSES
Convenience	29.67%
Option to pay in monthly installments	17.86%
Security/Safety	17.76%
High value purchase	12.04%
Not enough cash on hand	10.43%
Rewards program	9.90%
Helps me keep track of spending so I can maintain household budget	2.34%

**When it comes to payday,**



Over **70%**

of people receive their paychecks by automatic direct deposit, *34% of whom have their money deposited into a non-bank online account service, such as eWallet or Chime.*



**14%**

of respondents stated they get paid in cash.

# Future Predictions

**Most US-based consumers (79%) believe that the US is heading toward a cashless economy within the next 10 years.** In fact, many of them have taken steps to prepare for this, such as opening bank accounts to get debit cards, obtaining prepaid debit cards, or opening digital or online payment accounts.

**Q15: In your opinion, do you think the US is headed toward a cashless economy in the next 10 years?**

## **YES**

“ A cashless economy is more efficient and in line with a rapidly developing society ”

## **NEUTRAL**

“ Even right now, I seldom see people use cash for transactions, but “cashless” implies 100% which is still unrealistic. ”

## **NO**

“ At least I hope not. A cashless economy will only further disadvantage homeless populations. ”



## Cryptocurrency

Cryptocurrency is still less prevalent as a form of payment amongst general consumers. Less than 4% of respondents said they use it today, however, 13% purchased or used cryptocurrency as a step taken to prepare for a cashless world.

## Retailers' Perceptions

Ricoh surveyed a wide range of retail managers and executives, with most establishments including an average of 26-100 stores (47%) and annual revenues of \$100K - \$1.5M (73%). The top two outlet types were Supermarkets (23%), and General merchandise stores (17%).



# Cash Today, Cashless Tomorrow

With regards to the use of cash, retail responders reported that **26% to 50% of store transactions are made in cash**, with most cash purchases **in the \$10 to \$50 range**.

When asked  
why their  
stores continue  
to accept cash  
payments

Almost  
**68%**  
said their city or state  
requires retailers to  
accept cash.

Most Common Reasons

<b>37%</b> "A large percentage of customers are unbankable/need to use cash"	<b>26%</b> "Government Mandates"	<b>16%</b> "Security and privacy"
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When asked if they think the US is headed towards  
a "Cashless Economy" in the next 10 years, | the overwhelming  
answer was yes at **85%**

# Pandemic Impact

Many retailers added digital shopping enhancements because of the Covid-19 pandemic.

The most added methods were:

**38%**

Buy-Online-Pickup-In-Store (BOPIS)

**29%**

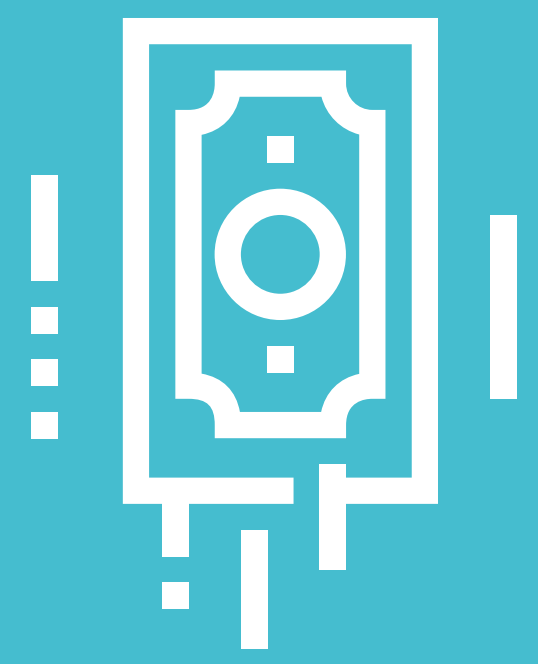
Curbside pickup

**27%**

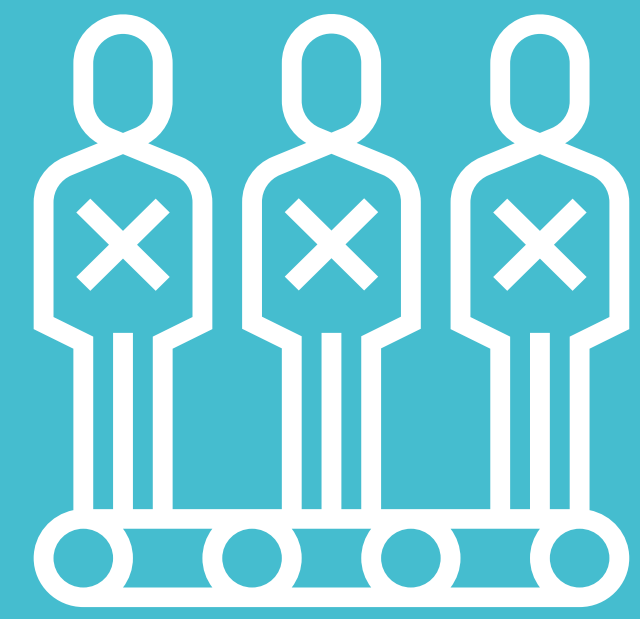
Home delivery

**26%**

Forms of ecommerce



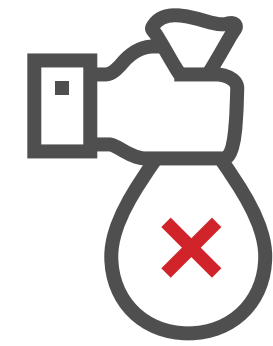
An overwhelming 88% said they plan to keep these digital shopping enhancements post-pandemic.



72% of responders say they are experiencing a labor shortage, which supports the use of these digital shopping enhancements.

# Cash Management and Technology

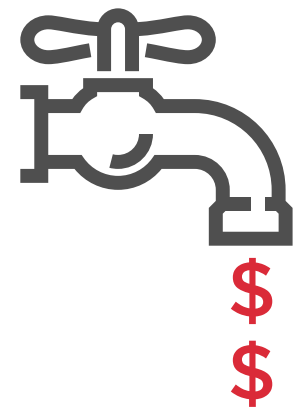
Primary concerns about the management of cash and currency at retail are...



**43%**  
counterfeiting



**36%**  
cash shrink/theft



**33%**  
cash leakage/control issues

...as well as concerns for potential employee errors and safety.

Today's biggest struggles amongst retailers

**25%**

"Managing the total daily cash intake"

**22%**

"Limited or poor-quality transaction devices"

# The most popular cash management technology currently in use includes:

**28%**  
Automated cash recyclers

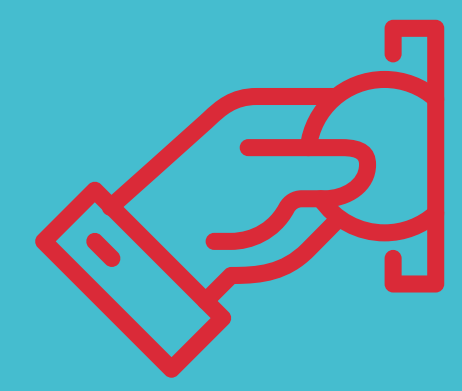
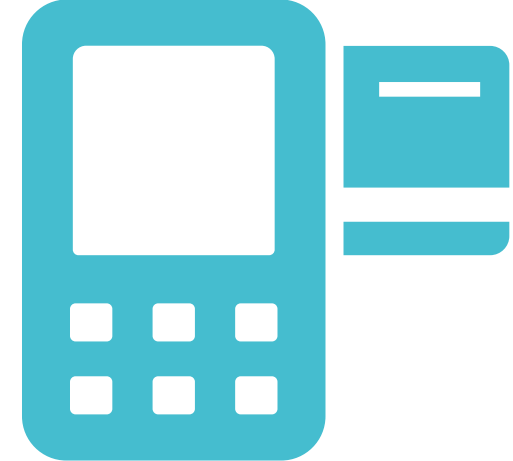
**27%**  
Ecommerce

**25%**  
ATM's

Mobile phone checkout is on the rise  
**24%**



As well as POS keypads/card readers or tablets  
**20%**

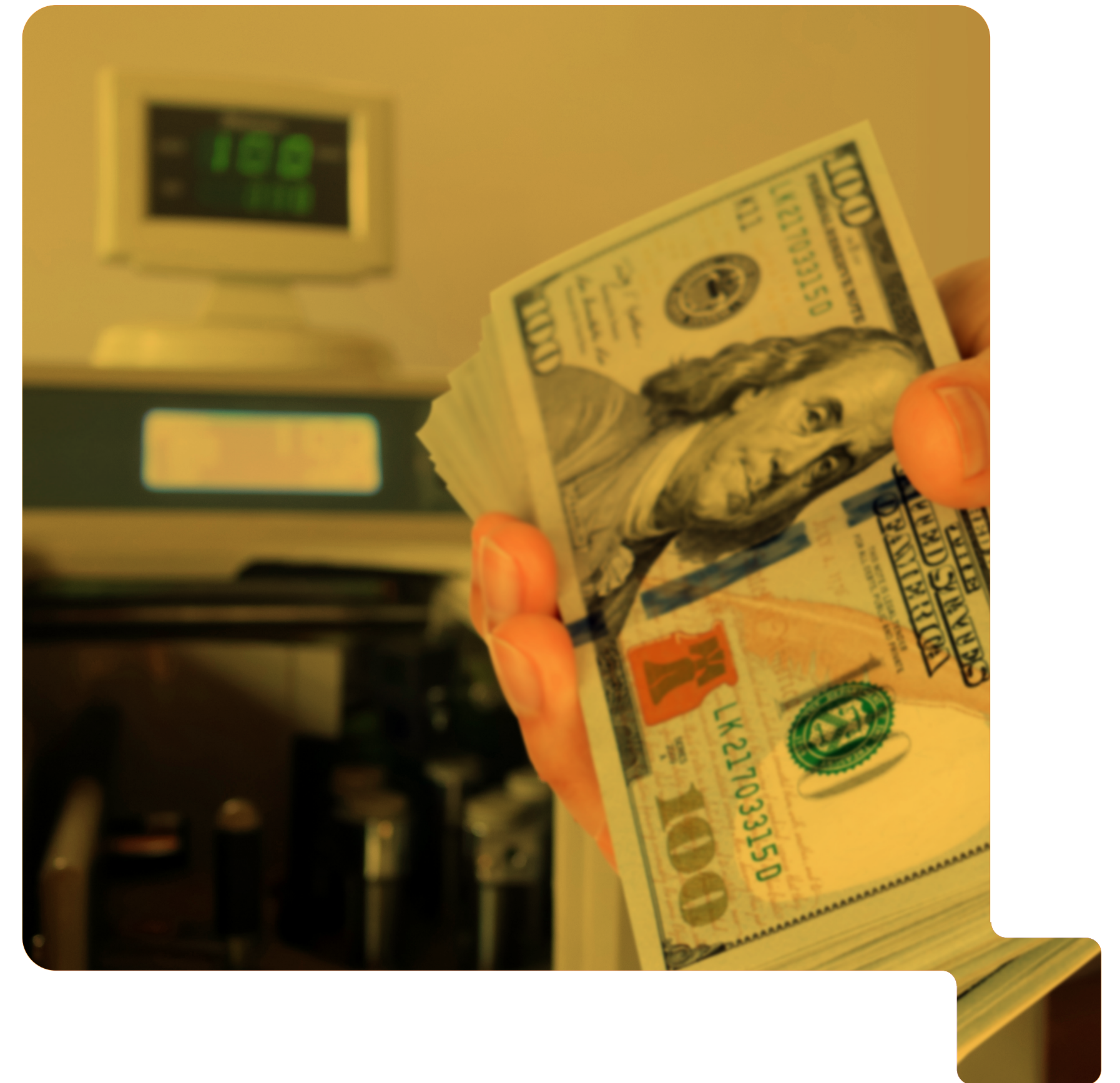


Bitcoin/cryptocurrency kiosks (**18%**) are more prevalent than self-checkout (**13%**) surprisingly.

**When asked what holds retailers back from investing in new technology, cost is not the biggest driving factor, it is "Customer confusion or resistance" as well as "Operational complexity."** Nevertheless, most retailers reported they will invest in technology to keep current with industry trends and customer behavior, such as the growing interest in mobile phone checkout, self-scan mobile apps, and various methods of consumer self-checkout. **A large portion (44%) of retail respondents report they are planning to adopt or implement new cash handling or payment technologies with the year, or within the next 2 years, and have an expected budget of \$100K to \$500K for that new equipment. Most are interested in leasing new equipment versus purchasing it.**

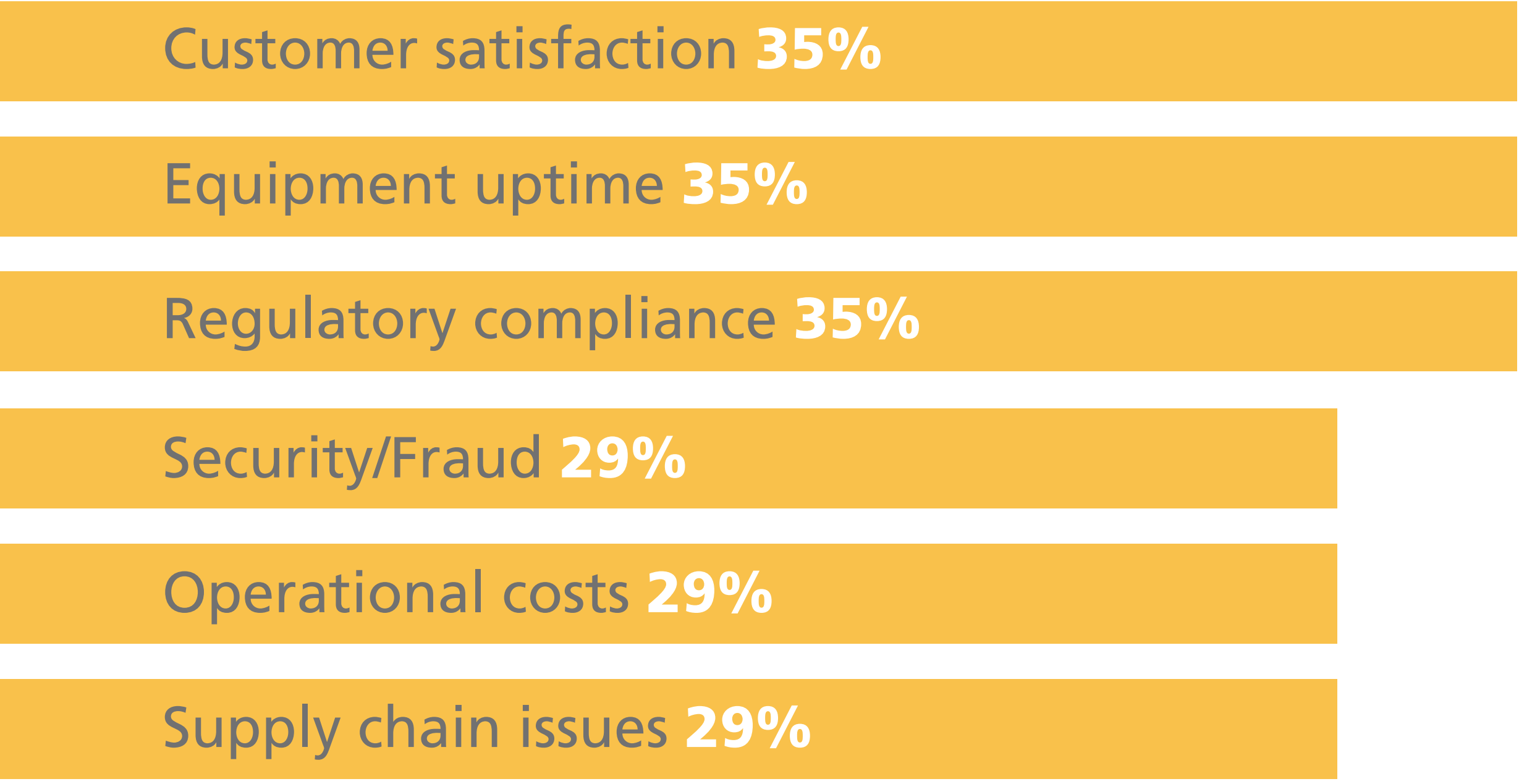
## Original Equipment Manufacturers and Cash-in-Transit Providers' View

Responses to a final survey conducted by Ricoh included mostly original equipment manufacturers (47%), software providers (47%) and cash security/security systems providers (12%). Many operate globally (41%) or in greater North America (35%). This survey was focused on North American business operations.



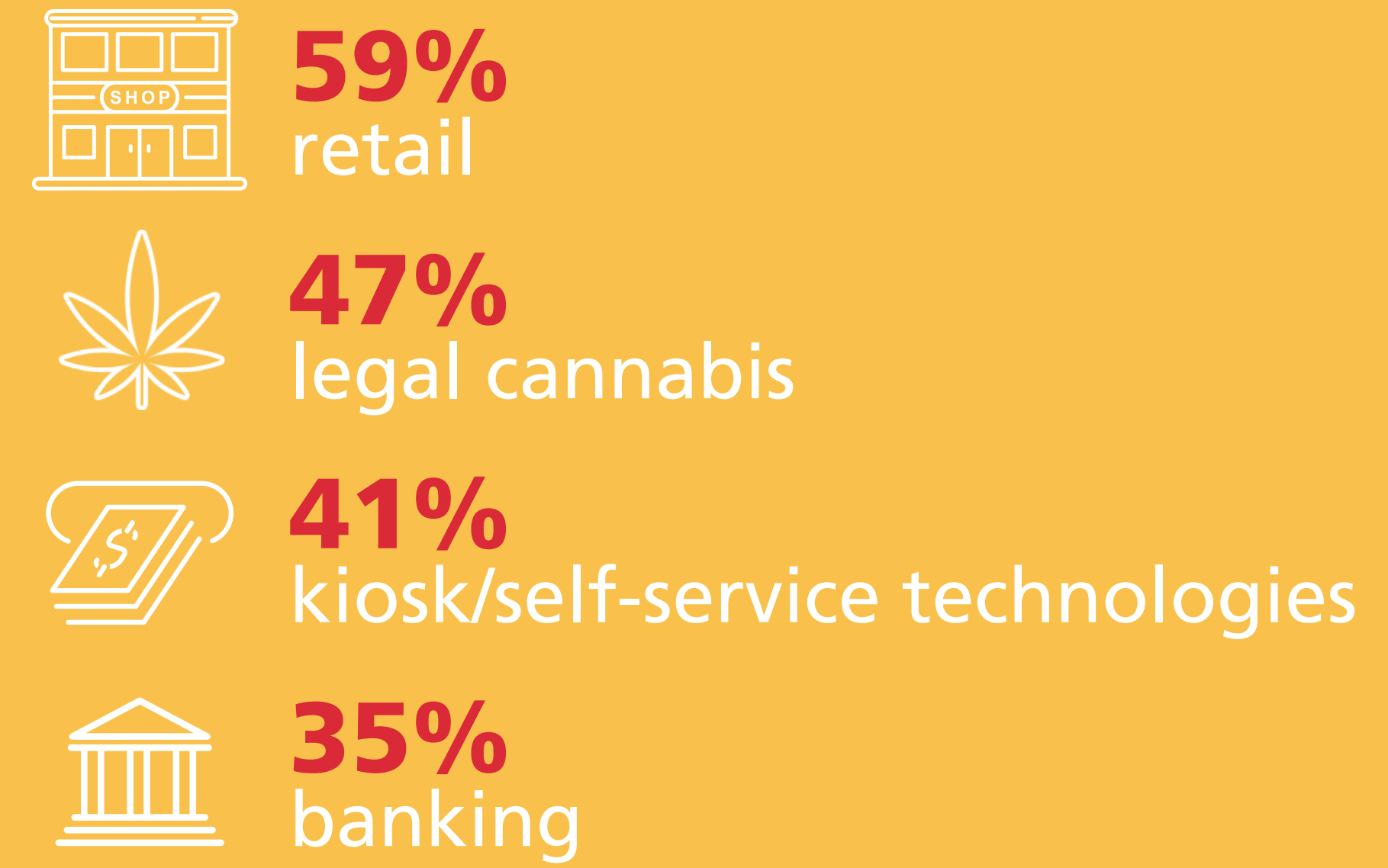
# Current Concerns and Growth Opportunities

The industry concerns impacting this group are plentiful Including...



Relatedly, offering "Solution as a Service" as a subscription model is a highly popular option at 47% which is consistent with the preference of retailers to lease cash and payment handling equipment rather than purchase as a means to keeping up with consumer demands and evolving technology.

## They see the major potential growth areas for their businesses in...



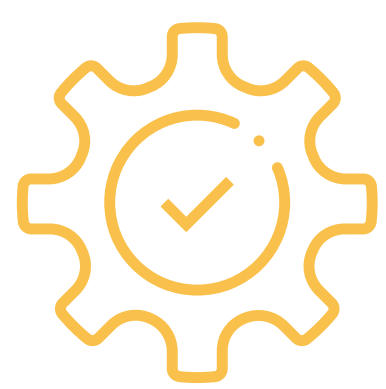
...amongst others like gaming/casinos, restaurants/dining, ecommerce and cryptocurrency. Point of sale and mobile phone/digital wallet technologies had the lowest ranked opportunities for business growth, although it is likely that these categories might be included as part of a holistic retail solution.

## Investment in New Tech

About  
**6% - 10%**

of this group's budget is allocated toward research and development toward new technologies.

The hardware component of these organizations' offerings is cited as "**Extremely important**" in the next five to ten years (53%).



**65%**  
Reliability is the key factor when considering equipment purchases



**53%**  
followed by cost/price

**41%**

After sale service

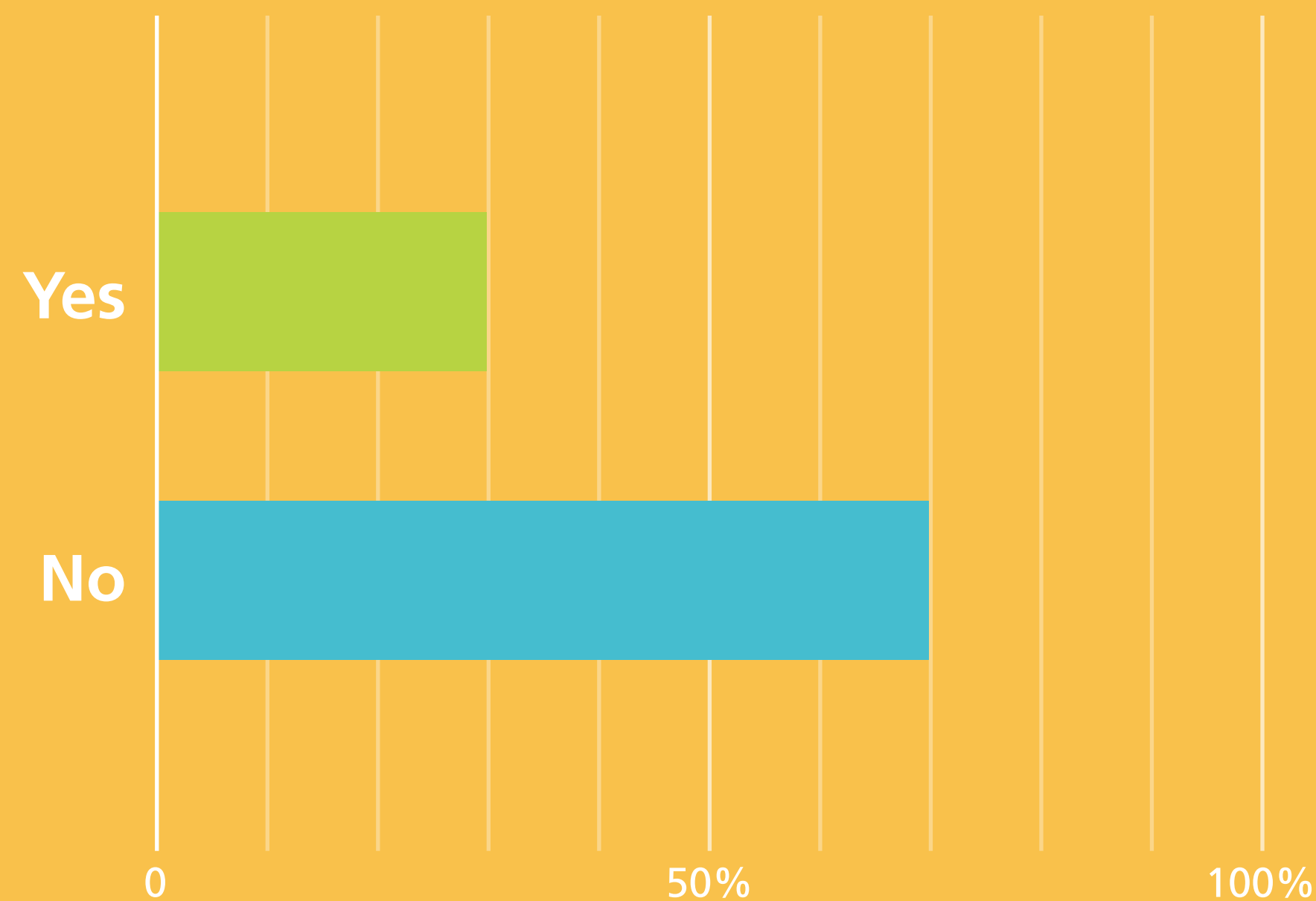


**35%**  
Security

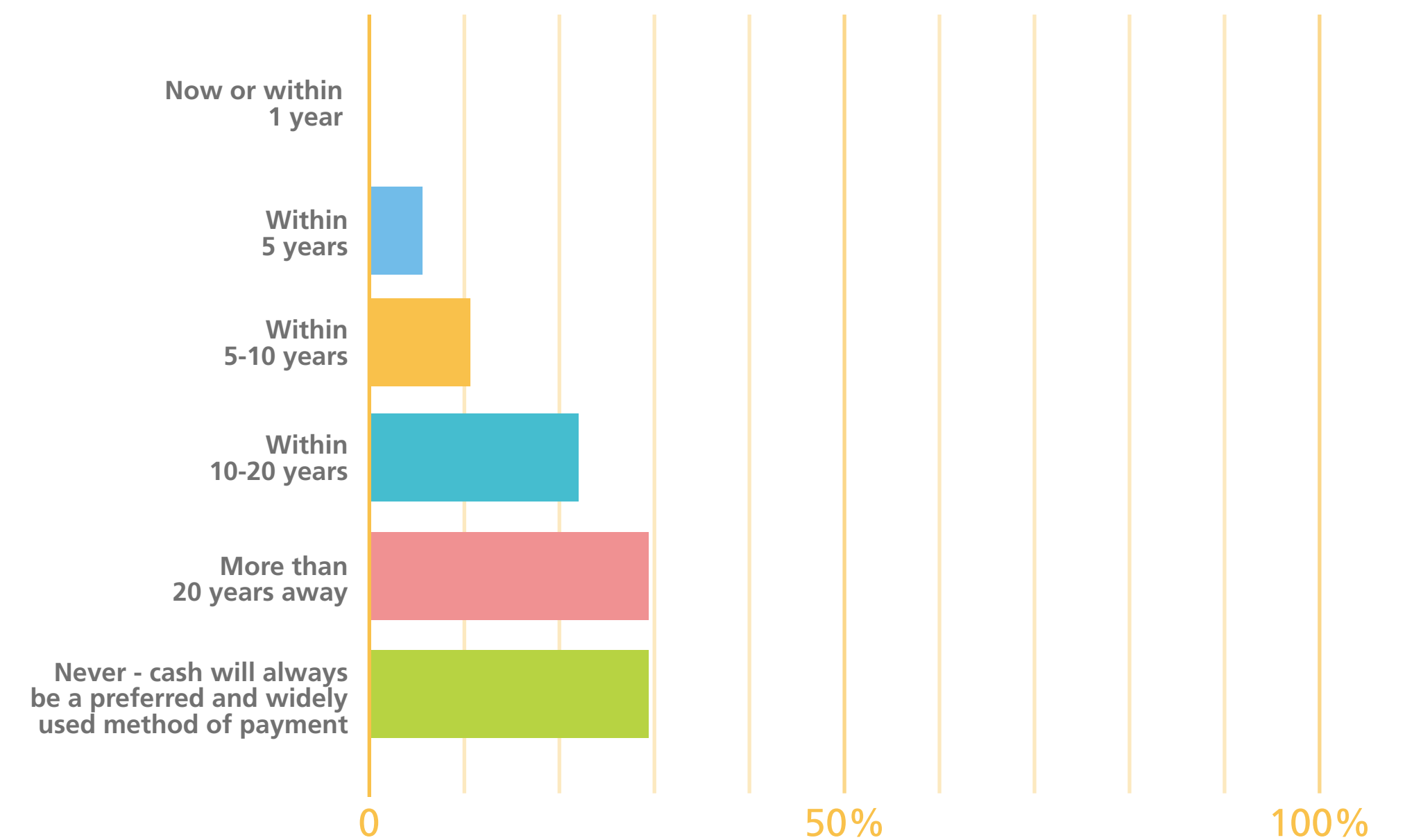
# Is Cash Still King?

59% of respondents said they think cryptocurrency will be a "Somewhat important" part of the global economy ecosystem in the next 3-5 years, with 18% currently making investments in cryptocurrency solutions and 42% either considering or planning to do so within in the next two years. **However, this audience answered a resounding "No" when asked if they thought we are headed toward a cashless economy (71%),** indicating that if it were to eventually happen, it is still a long way off.

**Q4:** | In your opinion, do you think we are headed toward a cashless economy?



**Q5:** | When do you think cash is NOT going to be the dominant form of payment?

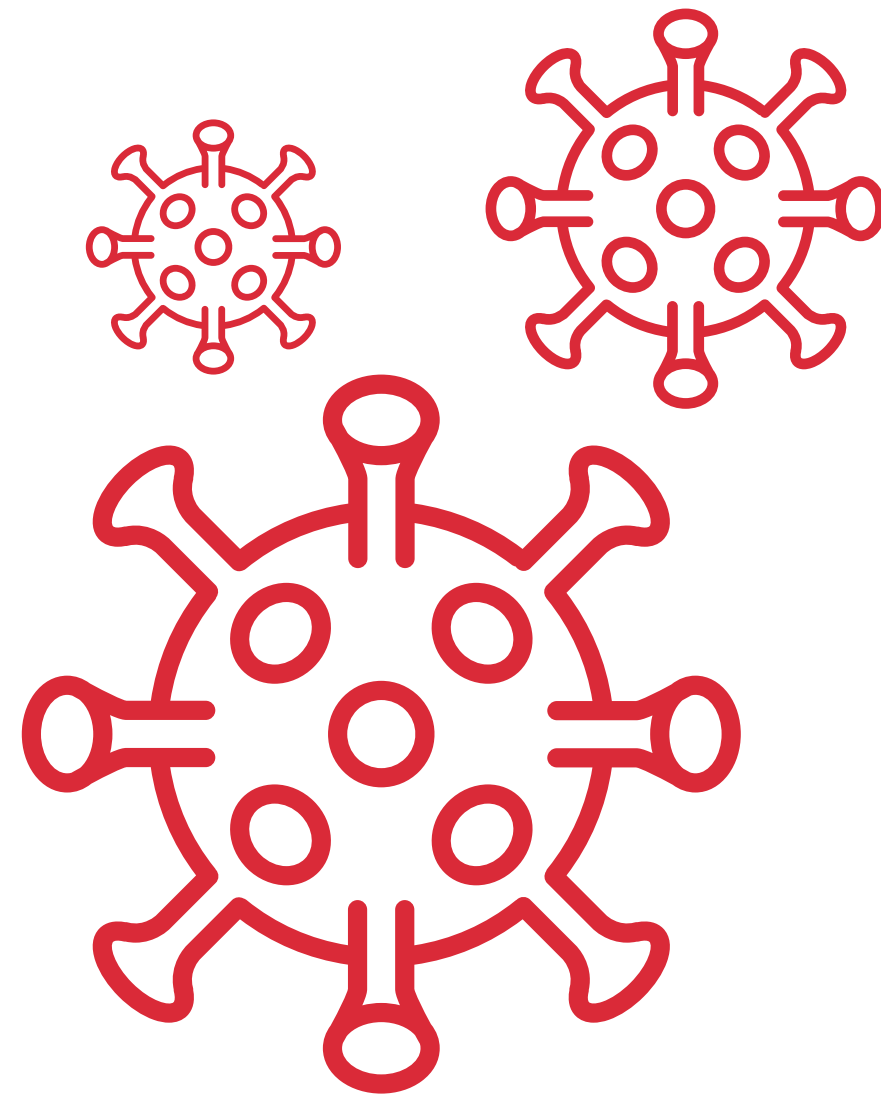


## The Bottom Line: Cash is Still Strong

2020 served as a wake-up call for consumers and retailers alike. Still, many businesses proved remarkably resilient and agile in response to the disruptive challenges of the pandemic. The acute experience forced many businesses to recognize that their ecommerce strategies needed to get better — not to prepare for the next pandemic, but to prepare for the much more common trends of changing consumer behavior. The world is growing more digital by the day, and consumers demand convenience when shopping for everyday needs. Yet consumers also enjoy the personal touch a brick-and-mortar store experience provides. But no matter if online or at the store, customers will expect continuous, fast, and reliable service from every business and become frustrated if machines are down or checkout lines are long.



# THE BOTTOM LINE: CASH IS STILL STRONG



The global Covid-19 pandemic heightened the focus on, and advancement of, non-cash payment methods but cash remains strong for certain types of transactions, small price points and amongst specific population groups. Businesses and industries who are shifting to 100% cashless transactions are still investing in reverse ATM's, cash recyclers and other cash management technologies to serve their customers who prefer cash while solving operational concerns like efficiency and security.

## Retailers (85%) and consumers (79%) anticipate a cashless economy

in the not-so-distant future, while equipment manufacturers and cash-in-transit providers say it's at least 10 years off, or may never materialize (71%). In the meantime, retailers will be investing in point of sale and mobile phone/digital wallet technologies while equipment manufacturers and cash-in-transit providers will focus on Solution as a Service models to drive subscriptions.



Cryptocurrency is expected to evolve, especially with the development of crypto wallets and other financial platforms/apps that make it easy to use. But right now, it's still confusing to many consumers, lacks fraud protection and is not widely accepted by retailers as direct payment.

# THE BOTTOM LINE: CASH IS STILL STRONG

The bottom line is that cash users are also using digital payment methods, just not exclusively, and legal tender continues to be resilient. Including cash in the digital economy will continue to enable all consumers to exercise payment choice.

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imagine. change.

Ricoh Service Advantage works with retail businesses and retail technology providers to make it easier for you to support your technology investments, drive innovation, automate processes, and improve the experience for your customers.

**Contact Ricoh Service Advantage** to learn more about support for your automation, robotics, point-of-sale, or currency handling equipment.

# About Ricoh

Ricoh is empowering digital workplaces using innovative technologies and services that enable individuals to work smarter from anywhere. With cultivated knowledge and organizational capabilities nurtured over its 85-year history, Ricoh is a leading provider of digital services and information management, and print and imaging solutions designed to support digital transformation and optimize business performance. For further information, please visit [www.ricoh.com](http://www.ricoh.com)

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