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The War on Cash Intensifies: Visa Offers Restaurants \$10,000 to Go Cashless

by BEN POPKEN

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Visa has declared war on cash and its "opening salvo" is to start paying restaurants \$10,000 to go completely cash free.

The credit card giant is this week announcing a new plan to hand out thousands of dollars to up to 50 small food and restaurant vendors if they agree to stop taking cash.

Visa will also upgrade the restaurants' checkout terminals so they can accept contactless payments, like Apple Pay, and invest in some of the stores' marketing costs. When you pay at one of the stores you would only be able to do so with a credit or debit card, or via mobile payment. The program participants will be picked from an online application that starts in August.

It's all part of the trend of moving towards a "cashless" society. Sweden is leading the pack, with that nation already predicted to become the world's first truly cash-free society; over half the banks there already do not keep any cash on hand.

But the U.S. is catching up: Amazon's brick-and-mortar retail stores only accept credit cards and mobile payment methods; Facebook recently added a peer-to-peer payment option with its Messenger service; and Apple's iOS11 will include an upgrade to its ApplePay system that allows users to send money to each other via text message. This is all in addition to services like Venmo, a popular way for consumers — especially the younger generation — to send money to each other easily and quickly.

Cash currently accounts for around 30 percent of U.S. retail personal spending, according to recent Nilson Report data.

"To Visa, a cashless culture means convenience, security and ease of use. That translates to freedom for consumers and merchants alike," said Jack Forestell, Visa's head of global merchant solutions, in a statement.

It also translates to a big opportunity for Visa if it can replace consumers' use of cash with digital transactions. The company can charge processing fees for every purchase, and also bill vendors for using its network as a platform.

"We're focused on putting cash out of business," Visa Chief Executive Al Kelly told investors last month, making it clear that cash is in the company's crosshairs.

Further salvos by Visa include running digital payment acceptance at the upcoming Formula E race in Brooklyn and releasing a report on "Cashless Cities: Realizing the Benefits of Digital Payments" later this year. Preliminary data from the report states that if 100 cities went cashless they would accrue net benefits of \$312 billion annually.

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"With transactions poised to increasingly move away from traditional point of sale in the future (phones, cars, etc.), Visa believes we are on the cusp of an "explosion" in card acceptance locations," wrote George Mihalos, an analyst at Cowen and Company, in a recent note to investors.

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