



## Finance and Investment Research Sub-committee

---

### A Cashless Economy Working Party – Phase II

The Phase I interim report focuses on the “Cashless Society- Benefits and Consequences”. Having produced a highly informative and probably unique paper on the move towards a Cashless Society around the world, we have understandably found that there is much more to do.

Our paper is already quite detailed, however because the pace of movement is so fast around the world, to delay publishing what we have already uncovered would not be productive. Instead we are prepared to update our paper from time to time. However, there are a number of subjects which need further, more rigorous research to form Phase II of our paper and for which recruitment of volunteers with specialist knowledge would be helpful to work with or to supplement existing working party members.

We would like to start on Phase II no later than the year end and well before our sessional meeting on 22<sup>nd</sup> January where we will be presenting Phase I. Volunteers are being sought in the areas highlighted below.

#### Scope for Phase Two

We also conclude that our paper is by no means definitive and has highlighted many areas of further research which includes, *inter alia* the following important areas:

- A fuller understanding of what a cashless society would mean to the economics of an economy. We would like to recruit to our WP an actuary/actuaries with good knowledge of economics who could help us with the rigour of analysing what effects there might be to an economy in removing notes and coin: viz
  - Effects on economic growth
  - The effects on Bank lending if the Notes in Circulation were brought into the banking system
  - The effects on growth if the hidden economy and/or crime and illegal immigration were substantially curtailed
- A fuller understanding on the financial stability of an economy as it progresses towards de-cashing
- The possibilities and consequences of central bank digital currencies (CBDCs):
  - The effects on the banking system and the economy as a whole if there were a substantial move towards a Central Bank Digital Economy (CBDC)
  - The effects on the control of financial stability if third party electronic currencies were to replace domestic currencies
- More detailed analysis of the effects on crime, tax evasion, illegal immigration and the costs of handing cash:
  - An actuary or non-member who had personal experience or interest in this field
- An analysis of a programme towards any transition towards de-cashing, including costs, logistics and exclusion:
  - An actuary or non-member interested in transition management
- Investigation into a Legal and Regulatory framework that might be required as domestic and other economies transition towards electronic and digital currencies:
  - An actuary or non-member with experience in financial legal and regulatory framework

- An analysis into the political willpower towards de-cashing:
  - Volunteers with an understanding or experience in the politics of change management
- The effects on Life Assurance and Pension Funds and other ALM managers:
  - Life Assurance, Pension or ALM actuaries who would like to consider the effects of cashlessness, and other related subjects such as negative interest rates
- Further analysis and practicalities of an Automated Payment Transaction tax:
  - Those with an interest in the potential of tax reform including an Automated Payment Transaction Tax
- Wider geographic analysis, in particular of South America:
  - Those interested or from wider IFoA domiciles who can help with our knowledge of the “Cashless World in Motion” from around the globe
- Although not mentioned above, we would like to engage with those interested in Financial Exclusion.

**October 2017**