

Speaker #1: Overview- Susan Luschas

Handout: None

- Name, town, district, how long living in SD
- I wrote these bills after being denied entry to a football game at Howard Wood Field. Notice more stores popping up that don't take cash.
- Thanks to people who took off from their work, etc to be here.
- They were crafted to ensure that low-income, elderly, people without smartphones, and people with credit issues can still attend school events and participate in the South Dakota economy.
- Freedom speech. – Tracking, Control & Land Grab
- Debank speech – don't need CBCDs, biometric IDs
- How did I write the bill? I copied off other states.
- 11 states have various forms of general businesses-must-accept-cash laws. Oldest is MA in 1978 and most recent is Montana in 2023.
- Read summary of bill
 - Actually define cash so it can't be later re-defined as Bitcoin.
 - Exemptions.
- Kids can drive at 14, but need a smartphone or credit card to participate in the economy?
- My story of family in NC
 - Sept 26, 2024, let's call that day 0
 - Day 8 – roads clear enough to get to grocery store, grocery store cash only
 - Day 9 – power starting to come back but on & off
 - Day 10 – grocery store taking credit cards when power on

Speaker #2: South Dakota Cash Economics - Soraya

Handout: Fed's 2023 "Trends in Payment", SD Local Shopping Statistics

- Name, age, school
- Kids perspective –cashless society.
- Cash transaction numbers in SD Economy, how many people pay with cash. Run some numbers.
- Credit Card Companies

My name is Soraya Luschas and I am 18 years old. I attend Lincoln High School in Sioux Falls.

The first thing I want to talk about is a kids perspective on a cashless economy. I have been driving since I was 14 years old. But I didn't have my own credit card at 14 years old. I also didn't have my own debit card at 14 years old. I still don't even have a smartphone with payment functions like Apple Pay or Google Pay. I have been transacting in cash my whole life. Most kids aren't responsible enough to handle a debit or credit card. Kids tend to spend lots of money without thinking, which is why our parents don't give us cards. Also, we tend to lose things like cards.

I am currently taking AP Microeconomics. I'm curious about the effect cash currently has on the South Dakota economy. What exactly are the numbers we are talking about?

First, I need to understand what percentage of the time consumers pay in cash. The Federal Reserve's 2023 Findings from the Diary of Consumer Payment Choice on page 6 shows us the percentage of payments paid in cash. I have copied this page for you.

Cash is the green bar in Figure 1. This indicates that 18% of payments were made in cash in 2022. In 2016, 31% of payments were made in cash. Doing some quick math, if a business didn't grow much in revenue between 2016 and 2022, then they handle 1.7 times less cash in 2022 than they did in 2016. Said another way, a business's revenue would have had to grow by 1.7 times in order for that business to be handling the same amount of cash.

Now I'd like to look at Capital One's South Dakota Local Shopping Statistics for 2024. This is from your handout.

South Dakota Local Shopping Statistics

South Dakota is home to 3,787 stores, including 2,478 local retailers.

- Based on collected state sales tax, South Dakota retailers will make \$37.2 billion in sales in 2024.
- Retail sales dollars in South Dakota increased 1.1% from May 2023 to 2024.
- South Dakota retail employees make an average of \$733 per week.
- 65.4% of South Dakota store locations are independent retailers.
- 12.1% of South Dakota small businesses are retailers.

- South Dakota retail stores will collect an estimated \$1.56 billion in state sales tax in 2024.

If 18% of retail payments are cash, this means South Dakota retailers collected \$6.7Billion in cash payments in 2024. I would like to compare these numbers to 2016 when 31% of payments were cash. Digging around on the South Dakota Department of Revenue website, I found South Dakota retailers made \$20.9Billion in sales in 2016. This is also on your handout. This means South Dakota retailers collected \$6.5Billion in cash payments in 2016.

Since the amount of money handled in cash in South Dakota hasn't changed much since 2016, it's hard to imagine why all of a sudden cash isn't safe.

How much money does South Dakota pay to credit card companies? South Dakota retailers collected 82% or \$30.5Billion in online payments. Assuming a 2.5% credit card fee, then South Dakota sent \$763 Million to credit card companies in 2024.

Visa is based in California. Mastercard, American Express, and Citibank are based in New York. Discover is based in Illinois.

\$763 Million is leaving South Dakota for companies based in those states in 2024. That's plenty of money leaving the state.

South Dakotans are using electronic payments 82% of the time. I think that's fine and they should be able to choose to do that. I also think that I should have the right to participate in the economy and pay with cash.

Speaker #3: Low-Income, minorities, people with disabilities – Rodean

Handout: Federal Reserve statistics, ACLU article

- People without credit cards tend to be low income, minorities
- Prepaid visa cards are a barrier and a tax
- Cashless keeps low income, etc out of our society

I want to investigate the claim that eliminating cash disproportionately effects low-income people, minorities, and the disabled.

Let's look at Table 24 of the Federal Reserve's 2023 Report on the Economic Well-Being of US Households in 2023. The table has the percentage of people who have a credit card broken up by income, age, race and disability. For ease of discussion, I have added a column to the right with the percentage who don't have a credit card.

Let's start with the income level rows. 54% of families with incomes less than \$25,000 don't have a credit card. At South Dakota's 2023 real median income level of \$81,740, 11% of families don't have a credit card.

Looking to the Race/ethnicity column, 30% of black and 26% of Hispanic families don't have a credit card. In the disability column, 31% of people with a disability don't have a credit card.

Overall at the bottom of the table, 18% of Americans don't have a credit card.

You could argue that people without a credit card might still have a debit card. Let's look at the next page, Table 18, the Unbanked rate. Unbanked means neither they nor their spouse or partner has a checking, savings, or money market account.

23% of families with income less than \$25,000 are unbanked. 14% of black families are unbanked, and 11% of Hispanic families are unbanked. The rate among the disabled is 11% unbanked.

From these statistics, I have to conclude that the majority of people being excluded by eliminating cash payments are low-income groups, minority groups, and the disabled.

Some people have said that those without credit or debit cards should go get a pre-paid Visa or Mastercard. These cards often come with fees and minimums. Going to the store to get them takes time. This is an extra tax and barrier for struggling families. The stores issuing the pre-paid Visa and Mastercards may go cashless themselves.

Two of the main reasons the ACLU has come out against the "Cashless Future" is because of it's effects on low-income and people of color. Reading from the first page of this article, highlighted in pink:

Participation in a cashless society presumes a level of financial stability and enmeshment in bureaucratic financial systems that many people simply do not possess. Opening a bank account

requires an ID, which many poor and elderly people lack, as well as other documents such as a utility bill or other proof of address, which the homeless lack, and which generally create bureaucratic barriers to participating in electronic payment networks. Banks also charge fees that can be significant for people living on the economic margins....”

Skipping to page 2:

“Finally, because merchants usually pass along the cost of credit card fees to all their customers through their prices, the current credit card system effectively serves to transfer money from poor households to high-income households, according to a study by the Federal Reserve.”

Some families and kids use cash as a weekly budgeting tool.

It seems like moving towards a cashless South Dakota economy would force low-income, minorities, and people with disabilities out of our state. Where would they go? If I were them, I would move to one of the 11 states that requires businesses to accept cash.

Personally, I don't want to see any demographic excluded from the South Dakota economy because they can't buy groceries.

Speaker #4: Privacy Issues, Natural Disasters - Nikki

Handout: None

- Credit card privacy policies
- Data leaks and breaches
- Natural Disasters

My name is Nikki and I live _____ (town, district). I have lived here for _____.

If businesses in South Dakota go cashless and we are forced to transact with credit cards, we are forced to agree to the privacy policies of the credit card company as well as the payment system or middleman in between. In [2012 two](#) Carnegie Mellon University researchers calculated the amount of time we would spend reading privacy policies that we agree to, if we were to actually read them. They calculated that if we spend 8 hours per day reading privacy policies, it would take us 76 work days to complete the task. It's no wonder that no one reads privacy policies!

First let's consider an online payment system like at Apple Pay's privacy policy, last updated Sept 2024 on the Apple website. It says:

Where applicable local law provides, we process the following categories of personal data as necessary for purposes of our legitimate interests or those of a third party, including information about:

- Your account, such as whether your account is active
- Your device, such as the type of device, the software version, and the device serial number
- Your pass, such as information displayed on the pass
- Your pass issuer, such as the third party authorized to provide updates to the pass
- Your use of Apple Pay, for example, the number of Apple Pay passes that you have added
- Your location

Apple retains personal data only for so long as necessary to fulfill the purposes for which it was collected, including as described in this notice and in accordance with Apple's Privacy Policy, or as required by law.

What if I am not comfortable with Apple and their third parties knowing my phone information including software version, and device serial number? What if I don't want Apple to track and share my purchase history and location with their third parties? And how long exactly will they store my data and share it?

Now let's consider a credit card privacy policy. Let's choose [Mastercard](#)'s Global Privacy policy, last updated January 17, 2025. I am going to read you a few excerpts from this Global Privacy policy:

“Personal Information” means any information relating to an identified or identifiable individual. We may collect the following categories of Personal Information:

- Transaction information, such as personal account number, the merchant’s name and location, the date and the total amount of the transaction, and other information provided by financial institutions
- Identity verification information, such as name, e-mail address, physical address, telephone number, and IP address.

Then it goes on to say

“We May Share Personal Information with:

- Mastercard’s headquarters in the U.S., our affiliates and other entities within Mastercard’s group of companies.
- Service providers acting on our behalf.
- Other participants in the payment ecosystem, including financial institutions, and merchants.
- Other participants in the Open Banking ecosystem, including financial institutions, merchants and third parties.
- Third parties for fraud monitoring and prevention purposes, or other purposes required by law.
- Third parties whose feature(s) you use in connection with our products and services or with your consent.
- Other entities as required under applicable law or in the event of a sale or transfer of our business or assets.

Mastercard is a global business. We may transfer your Personal Information to the United States and other countries which may not have the same data protection laws as the country in which you initially provided the information,”

So every time I use a credit card, my personal information is sent to third parties and other countries. I have no idea the integrity of these companies or who they are.

Some people may think these privacy policies are fair. But how do we know that these privacy policies will be upheld? What about software hackers, data leaks, and data breaches? Let’s go through some examples from 2024:

[September 9, 2024](#): Payment gateway provider Slim CD has disclosed a data breach that compromised credit card and personal data belonging to almost 1.7 million individuals.

[March 12, 2024](#): Payment card services provider American Express is notifying Amex card users and regulators of a third-party breach that exposed customer information.

[November 15, 2024](#): 57 Million Retail Customers Exposed In Massive Data Breach

[December 18, 2024](#): As discovered by the security team at LEAKD, 5 million U.S. credit card details and other sensitive data was found in an AWS S3 bucket that could have been accessed by anyone online.

[December 20, 2024](#): A recent data breach at SRP Federal Credit Union, based in South Carolina, has left over 240,000 members vulnerable to potential identity theft and financial fraud. Between Sept. 5 and Nov. 4, 2024, hackers accessed sensitive personal data, including Social Security numbers, driver's license information, dates of birth and financial account details.

Leaks and breaches can occur with merchant's payment software, credit card companies, debit card banks or credit unions. As we learned from the privacy policies, we are also exposing ourselves to the leaks and breaches of their third-party providers.

Personally, I don't think I should be forced to risk identity theft just to purchase groceries here in South Dakota.

I also wonder if natural disasters in Mastercard's headquarters of New York cause credit cards here in South Dakota not to work? How about disasters in one of the global third-party vendors of Mastercard?

Let's review two natural disasters this year:

[September 2024](#) Hurricane Helene left over 2 million people without power, and over a million without power a week after the event.

January 2025 - LA fires have left 1.2 Million customers without power

I don't think South Dakota's entire economy should be dependent on natural disasters that occur in other states and across the globe.

Speaker #5: Debunk The Opposition & Conclude - Marsha

Handout:

- Safety
- Convenience / Better User Experience
- Why not local business decision?
- Conclude: Cash is legal tender and we should be able to use it.

My name is Marsha Hubner and I live _____ (town, district). I have lived here for _____.

One of the first questions I had when I heard about digital ticketing is why would businesses get rid of an option to pay with cash? If businesses want to take credit cards and give 3% of their revenue to private companies out-of-state, OK. But why eliminate the option to pay with cash entirely?

One obvious reason is that the businesses get a monetary kick-back from credit card companies to do so. Like the Visa Challenge that offered \$10k to 50 businesses to go cashless. But are there any other reasons?

Some people claim that eliminating cash is safer, more convenient, and offers a better user experience. I'd like to take a minute to analyze each of these claims.

First, the claim that cash is unsafe. The dollar was established in 1785. Sioux Falls was founded in 1856. Mastercard was established in 1979. People in this country have been transacting with dollars for 240 years. Sioux Falls has been transacting in dollars for 167 years.

One reason I have heard why cash is unsafe is because viruses live on cash. I can't understand why we are afraid of viruses on cash when Americans have been transacting exclusively with cash for 194 years.

Another reason I have heard cash is unsafe is because it can be stolen. We are blessed to have low crime rates in South Dakota, and I just don't hear of cash being stolen from businesses. As Soraya calculated, we are handling about the same amount of cash in 2024 as we were in 2016.

Personally, as a consumer, I'd much rather have my cash stolen than have my credit or debit card information stolen. If my credit card is stolen, it will take me a week to get a new one and I have to change all of my online payments to a new card number.

Let's think a little about the claim that credit cards are more convenient. What if the stripe or chip on the card isn't working and can't be scanned? If there is no cash payment option, that consumer might be out of luck. Is a credit card payment really faster than a cash payment?

Visa argues that the benefits of going cashless can outweigh the costs for handling cash, which requires more intensive bookkeeping, physical transportation of cash, etc.

I would argue back that accounting for credit card receipts also requires bookkeeping, and time disputing credit card mistakes. Credit cards need employees to manage the electronic technology if it hangs, has errors, or simply doesn't work. Employees are still necessary to make sure people don't steal goods.

One question is why can't we leave the cash decision to the businesses themselves? The problems are twofold.

First, any decision to exclude cash disproportionately excludes low-income, minorities and disabled populations. It's like posting a sign that says "only rich people can shop here". It excludes 18% of our population without credit cards from participating in the South Dakota economy. That seems like bad business for the state too.

Secondly, not accepting cash makes the South Dakota economy dependent on digital systems and companies outside of our state. Natural disasters, software issues, and control of these systems is out of our hands.

Cash is legal tender in South Dakota. We should be able to use it.