



General Law Committee, January 28, 2021

Testimony submitted by
Greater Hartford Legal Aid

HB 5312: Support

My name is Alison Weir. I am the policy advocate and a staff attorney at Greater Hartford Legal Aid. On behalf of GHLA, Connecticut Legal Services, and the New Haven Legal Assistance Association, I am writing in support of HB 5312, an Act Concerning Acceptable Forms of Currency in Local Businesses. The bill would prohibit retail establishments from refusing cash payment or charging a surcharge for payment in cash, and would offer protection for many of the low-income individuals we serve. Preserving cash transactions is not merely a convenience for shoppers who would prefer to not use their credit card for a \$3 coffee; it offers real protection to people who have compelling reasons for preferring cash transactions, such as those who are unbanked, those who do not use credit cards, either through choice or because of an inability to get credit, and domestic violence victims who wish to avoid leaving a digital trail for their abusers to track them.

According to the FDIC's 2019 Survey of Household Use of Banking and Financial Services, 8.4% of Connecticut households were "unbanked", meaning that no one in the household had an account with a financial institution.ⁱ That percentage is higher than the national average of 5.4% and, unlike the national trend, has increased since 2015.ⁱⁱ People are unbanked for a number of reasons, many of which include the cost of participating in the financial system. The most commonly cited reason by respondents to the FDIC survey for why they did not have a bank account was "Don't have enough money to meet minimum balance requirements." Fees are another concern often cited.ⁱⁱⁱ If one uses the ATM card at another bank's machine, both banks may charge a fee. Bank checking accounts with no minimum balance requirement may charge fees to maintain the account. Credit cards pose their own challenges, as credit is difficult to obtain for those with low incomes or a history of debt. People who cannot afford to participate in the banking systems should still be able to purchase a cup of coffee or doughnut without having to pay an additional surcharge for using cash.

This legislation also protects domestic violence victims. According to the Institute for Women's Policy Research, many abusers use economic abuse to limit their victims' options and make them financially dependent on their abuser. The Institute cites one study of 120 victims that found 94 percent had experienced some form of economic abuse.^{iv} Credit cards allow abusers to track the spending of their victims through their credit card use. The proposed legislation reduces the ability of an abuser to track a domestic violence victim by allowing the victim to erase the electronic financial trail.

Early in the pandemic, there were concerns that using cash spread the coronavirus. More recent research has found that the transmission of the virus through the use of cash is extremely low.^v An extremely low risk of transmission is not sufficient reason for penalizing those who are excluded from or chose to avoid the cashless economy for reasons of safety and privacy.

For these reasons, I urge you to support this bill.

ⁱ Federal Deposit Insurance Corporation (FDIC), *How America Banks: Household Use of Banking and Financial Services* (2019). Appendix p. 5

ⁱⁱ *Ibid.*

ⁱⁱⁱ FDIC, Appendix p. 12

^{iv} Asha DuMonthier and Malore Dusenbery, "Intersections of Domestic Violence and Economic Security," Institute for Women's Policy Research White Paper (2016) available at <https://iwpr.org/wp-content/uploads/2017/01/B362-Domestic-Violence-and-Economic-Security-1.pdf>

^v Grace Dickinson, "Yes, it's OK to use cash again," Philadelphia Inquirer, October 23, 2020. Retrieved from <https://www.inquirer.com/philly-tips/cash-coronavirus-covid-19-safety-20201023.html>