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## Cash not only survived the pandemic — it came out stronger

By Kate Fitzgerald | September 01, 2021

Cash usage is showing signs of surpassing pre-pandemic levels — and some of the digital payment options put in place during lockdown are actually fueling the trend.

While much of the attention has been on major overhauls such as Burger King and Chipotle creating digital kitchens with no room for seated dining, companies have also invested in systems that accommodate cash users' habits during lockdown.

Cash Connect, a division of the Wilmington, Delaware-based bank WSFS Financial that provides cash-management technology for independent ATM operators and retailers, is seeing growing demand for unmanned secure kiosks to accept cash payments, for example.

“A lot of city offices where people pay their water bill were closed during the pandemic so consumers needed more options for making payments. And as the popularity of unattended retail grows, we're seeing growth in new verticals,” said John Clatworthy, Cash Connect's senior vice president and chief customer and strategy officer.

Described as a fintech within the bank, Cash Connect was established in 2000 as a unit of the \$15.1 billion-asset WSFS.

While cash use dropped severely during the start of the pandemic, it remained more resilient in the U.S. compared to other countries, according to Visa. Worldwide, 46% of consumers surveyed in June 2020 said they haven't used



People continued to accept cash during the pandemic, whether with gloved hands or through kiosks and other technologies that reduce human contact. Bloomberg

cash as much since coronavirus began its spread. In the U.S., just 35% reduced their cash usage.

Even in the U.K., where the ATM network LINK saw withdrawals for April 2020 plummet to £4.4 billion — just over half the volume it was a year earlier — cash use began to steadily climb back the next month.

“There's a large swath of consumers that have always used cash, and our experience shows the pandemic had no long-term effect on their habits,” Clatworthy said.

Research shows that Cash Connect's experience isn't unique — across the income spectrum, cash remains popular for many reasons.

“While it's true that unbanked consumers predominantly

use cash, those earning over \$100,000 a year and those who describe themselves as tech-forward are also cash users,” said Sarah Grotta, director of debit and alternative products advisory at Mercator Advisory Group.

Cash Connect’s top-selling product is a smart safe that automatically counts the cash that clerks feed in throughout the day. Users receive an ACH deposit at their own bank equal to the cash accumulated in the safe each day, a service that became even more useful to merchants during the pandemic, Clatworthy said.

“Our safes and built-in software let businesses get credit for their total liquidity for the day even when staffing shortages make it difficult for someone to physically pick up and deposit cash at the bank,” he said, noting that smart safes are very popular with quick-service restaurants, which have many low-dollar cash transactions.

Bob’s Stores and Eastern Mountain Sports, which has 50 locations, has used Cash Connect’s smart safes for four years, but leaned harder on them during the pandemic.

“As we dealt with changing restrictions that involved opening, closing and even pivoting our business model, our associates no longer had the risk associated with taking cash to a local bank branch,” said Kerry Williams, treasury and account payable manager at the Meriden, Connecticut outdoor-activity retail chain.

Over the last three years, sales of Cash Connect’s smart safes have increased at a compound annual growth rate of

40%, surpassing the growth rate of the unit’s core ATM management business, which provides cash-funding services to 27,000 U.S. ATMs, Clatworthy said.

One of Cash Connect’s partners in the fast-growing kiosk business is Chicago-based QuotePro, whose merchant customers span about a dozen industries including car dealerships, mobile home parks, insurance agencies and utilities, according to Marco Freudman, QuotePro’s president.

QuotePro uses Cash Connect’s technology within kiosks that can connect to a mobile app operated by the merchant, Freudman said.

“There are lots of kiosks that accept payment cards, but not many equipped to accept cards, checks and cash, including for higher sums,” he said.

Car dealerships are also interested in same-day ACH credit for total funds collected provided by Cash Connect’s software, which is helping drive strong demand for QuotePro’s kiosks.

One car dealership with dozens of locations previously sent staffers to several different banks every day with deposits before switching to the QuotePro system with CashConnect’s software, according to Freudman.

Freudman said that despite the broad increase in card payments, he predicts no direct displacement of cash transactions for the foreseeable future.

“If you can sell a used car dealership something, you know you have something exceptional,” Freudman said.