



Legislative Testimony
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**Written Testimony Supporting House Bill 5312, An Act Concerning
Acceptable Forms of Currency as Payment in Local Businesses**

Senator Maroney, Representative D'Agostino, Ranking Member Witkos, Ranking Member Rutigliano, and distinguished members of the General Law Committee:

My name is Kelly McConney Moore, and I am the interim senior policy counsel for the American Civil Liberties Union of Connecticut (ACLU-CT). I am submitting this testimony in support of House Bill 5312, An Act Concerning Acceptable Forms of Currency as Payment in Local Businesses.

We encourage the committee to support House Bill 5312. There are several reasons why cashless stores are a bad idea. First, a cashless society is bad for privacy. When electronic payments or other payments that use a middleman are involved in transactions, the middleman gets to learn about our purchases and can potentially mine that information for its own benefit, based on weak privacy laws. There are also few prohibitions on the middleman, be it a bank or credit card company, or the seller itself from profiting from our spending data. Cash, on the other hand, maintains people's privacy and keeps their spending choices confidential.

Even more than that, though, a cashless society hurts marginalized people in our communities. Low-income people often do not have the resources, identity documents, or spare funds to obtain bank accounts, credit cards, and other cashless payment methods. Approximately 6% of people in the U.S. have no bank accounts at all, while an additional 19% are "underbanked," meaning they have a bank account

but frequently rely on money orders, check cashing, and payday loans.¹ Because of systemic racism in the U.S. and Connecticut, this lack of access falls unequally on Black and Brown people. While 84% of white people are “fully banked,” in the words of the Federal Reserve, only 63% of Hispanic people and 52% of Black people are “fully banked.”² Undocumented people, among the most vulnerable communities in the U.S., are also harmed by cashless requirements, because they are more likely to lack identity documents necessary to access banking services³ and are sometimes even targeted for closure of accounts.⁴ People reentering communities after incarceration also face barriers and may lack documents necessary to create bank accounts and access banking services.⁵

Recognizing all these problems, HB 5312 prohibits cashless operations in in person retail transactions, as well as prevents businesses from charging higher prices to customers paying cash. This is a good step towards preventing a cashless society, with the privacy and equity problems outlined in this testimony, from taking hold in Connecticut. We encourage the Committee to support HB 5312.

¹ Report on the Economic Well-Being of U.S. Households in 2017-2018, Board of Governors of the Federal Reserve System, *available at* <https://www.federalreserve.gov/publications/2018-economic-well-being-of-us-households-in-2017-banking-credit.htm>.

² *Id.*

³ *See, e.g.,* Michael Corkery and Jessica Silver-Greenberg, “Banks reject New York City IDs, leaving ‘unbanked’ on sidelines.” *New York Times*, Dec. 23, 2015, *available at* <https://www.nytimes.com/2015/12/24/business/dealbook/banks-reject-new-york-city-ids-leaving-unbanked-on-sidelines.html>.

⁴ *See* Aris Folley, “Bank of America freezing accounts of suspected undocumented immigrants: report.” *The Hill*, Aug. 31, 2018, *available at* <https://thehill.com/blogs/blog-briefing-room/news/404523-bank-of-america-freezing-accounts-of-those-suspected-of-being>.

⁵ David Benoit, “Ex-Inmates struggle in a banking system not made for them.” *The Wall Street Journal*, Oct. 31, 2020, *available at* <https://www.wsj.com/articles/ex-inmates-struggle-in-a-banking-system-not-made-for-them-11604149200>.