Consultation note on Strengthening consumers' right to pay with cash – **Visa Europe opinion**

Thank you for the opportunity to comment on these proposals. We believe it is increasingly important that consumers and merchant have choice in how to pay and be paid. Digital mechanisms can support this, both in terms of enabling digital payments and enabling access to cash.

An important factor when considering any initiatives to promote access to cash is the appetite for and usage of cash in Norway today. Norges Bank's latest payment statistics report that cash usage is very low and falling, with a consumer survey in Spring 2022 finding that cash "accounted for 4 per cent of total payments". Further, "the number of withdrawals from ATMs fell by 19 per cent, and the number of withdrawals in shops fell by 11 per cent from 2020 to 2021."

It is also important to note that no analysis or evidence has been presented to show that consumers are dissatisfied with the level of cash acceptance in Norway. No particular use cases have been identified where there are gaps or problems in the level of cash services.

The very low appetite for cash that we see in Norway is not surprising. Norwegian consumers and businesses are digitally advanced, leading to high adoption of secure and convenient electronic payment solutions. The Covid-19 pandemic has accelerated the digital transformation and led to lasting behavioural change among consumers, including a preference for payment methods which reduce contact such as contactless and mobile payments, which are growing strongly. Norges Bank's Retail Payment Services 2021 report found that 81% of physical payments in 2021 were contactless, and the use of mobile payments grew by 272% from 2020-2021.

More fundamentally, digital payments offer enhanced security, convenience and transparency for both consumers and merchants. Cash is also the single most important enabler of the informal economy, allowing transactions to sidestep government oversight and appropriate taxation.

The proposal notes that cash can provide a contingency in the event of a failure in digital payment solutions, however the likelihood of such as failure is very low. Norwegian consumers and businesses enjoy a wide range of different digital payment options; this high level of choice inherently supports resilience. The digital payments sector has also proved to be extraordinarily robust and flexible despite recent unprecedented challenges including health crises and geopolitical volatility.

Visa employs multiple layers of resilience and security to ensure the network remains available in the event of disruptions or attacks. We invest hugely in world-leading capabilities to prevent cyber-attacks and fraud, and leverage extensive cross-border infrastructure which provides multiple alternative transaction paths. We have implemented measures to help ensure continuity if another player in the value chain suffers a disruption, such as 'Stand in Processing', where we approve or decline transactions on behalf of issuers, based on agreed parameters. Some payment cards and terminals may also be capable of working offline in times of crisis.

It is therefore critical that any initiatives are proportionate, given the limited appetite for cash, the enhanced security and convenience delivered by digital payments and the high cost of maintaining cash infrastructure for a very limited demand. Initiatives should look more broadly at how to reduce barriers the digital transition, and work in partnership with the private sector to ensure all consumers have the confidence and skills to reap the rewards of digital solutions.

The right to pay in cash

We believe that a diverse mix of payment options is essential to a dynamic and competitive market that delivers value to users. A level playing field between payment types is essential to deliver this. However, the proposal reinforces an un-level playing field, but imposing requirements to accept only one payment type. Any acceptance requirement should apply similarly to digital payments, particularly considering the greater societal benefits they offer.

Merchants know their customers better than anyone else, and they should be enabled to determine what payment options suit their business' needs. Mandating merchants to accept cash if their customers do not demand it could lead to inconvenience, disruption and significant financial cost. This impact would disproportionately impact small businesses, which are core to economic growth and vital components of a broad-based recovery.

If the requirement to accept cash is retained, we would recommend that it should be limited to essential goods/services such as grocery, fuel and pharmacy, with an exemption for small businesses.

Additional specific points:

Fixed business premises: we agree with the explicit exclusion of online shopping and unattended points of sale. However, we note that the definition of 'fixed business premises' in the Right of Withdrawal Act includes 'mobile business premises'. We are concerned that this could include, for example, business conducted in the properties of others (e.g. home repairs) or business conduced at fairs or markets. Again, these may be more likely to be small businesses or sole traders. We would recommend a more explicit exclusion of this kind of business, due to the increased security and fraud risk that would occur by requiring employees to carry cash in public. Digital solutions are much safer in these scenarios, such as Visa's Tap to Phone solution, which turns a merchant's mobile device into a secure acceptance point.

Transit: we note that this will be subject to further analysis, however it is not clear what will apply to transit in the meantime. We would therefore recommend that it is clarified that transit is currently out of scope of the proposals. The proposal notes the risk of a lack of cash acceptance on public transit/in stations for consumers in rural areas; however, this risk applies equally if there is a lack of digital acceptance and the consumer does not have cash. We therefore strongly encourage the Ministry to consider this from the perspective of a level playing field.

Paying off credit: we would support a specific exclusion here.

Paying invoices/bills: we would also support a specific exclusion here. Paying invoices with cash is typically very expensive and therefore not a good outcome for the consumer. Maintaining a backup in this scenario would be disproportionately costly given it is a very small use case, and the cost would likely be transferred to the consumer. We would recommend instead focussing on transparency, i.e. that payment options should be communicated to consumers before entering into a sale or business agreement.

We would be happy to discuss any questions or comments you have on any aspect of this response.