

Cashless/Homeless: Emerging Insights & Implications

December 2019

eclipse

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Background

Cashless economy is [growing in the UK](#), with cash use in decline and debit card payments overtaking cash as the most frequently used payment method. But this major shift in how we carry out daily financial transactions may be happening too quickly for some of us, risking to leave behind people who are already financially marginalised and vulnerable.

Among these people are Britain's 320,000 homeless.

In January 2019, [Eclipse Experience](#), a human-centred design research company based in London, launched a self-initiated research project called [Cashless/Homeless](#) to explore how the growing cashless economy is affecting people experiencing homelessness in the UK. This project was carried out in collaboration with [Inspiring Change Manchester](#), a Shelter-led programme funded by The Big Lottery.

This report provides an overview of emerging insights and implications from the Cashless/Homeless project.



What is a cashless economy?

For the purpose of this project, we understand cashless economy as **an economy where financial transactions are not conducted with money in the form of physical banknotes or coins**, but rather through the transfer of digital information (usually an electronic representation of money) between the transacting parties.

Cashless transactions can be made by cheques, cards, bank transfers, through digital currencies and by other means not involving the exchange of cash.



What is homelessness?

A person experiencing homelessness is someone who doesn't have a home. The [legal definition of homelessness](#) considers someone homeless if they:

- Have no home in the UK or anywhere else in the world;
- Have no home available where they can live together with their immediate family, or with any person who might reasonably be expected to live with them;
- Can only stay where they are on a very temporary basis
- Don't have permission to live where they are;
- Have been locked out of home and aren't allowed back;
- Can't live at home because of violence or abuse or threats of violence or abuse;
- Can't reasonably stay in their home for any reason (e.g., if their home is in very poor condition);
- Can't afford to stay where you are, or
- Live in a mobile home, caravan or houseboat and have nowhere to put it.



What we did (1 of 2)



We ran Cashless/Homeless as a rapid discovery research project, iterating our approach at different stages.

The research included three main phases:

1. **Rapid desk review** of existing literature on the topic to define the focus of the project;
2. Three **semi-structured expert interviews** with staff from Inspiring Change Manchester and The Big Issue to complement desk review findings and inform the design of in-context research methodology;
3. Six **in-context interviews** with Inspiring Change Manchester clients and staff who had lived experience of homelessness.



What we did (2 of 2)



Based on findings from expert interviews, we segmented our research sample by the type of income they had, as this appeared to be the key factor in how their lives may be affected by the cashless economy:

- People with cash-based income (e.g., from begging or work that pays in cash);
- People with cashless income (e.g., from benefits or work that pays via bank transfer);
- People with mixed income (e.g., income that is partially cash-based and partially cashless).

Participants in our in-context interviews represented a broad range of experiences of homelessness and were at different stages in their journey. While none of the people we interviewed were currently on the streets, most had this experience in the past and still qualified as legally homeless.

Due to the limited scope of this self-initiated project and the size of the sample, it is important to stress that insights and implications detailed below are indicative in nature and may not be representative of experiences of the wider population.



What we learned

1. There are no purely cashless lives.
2. People's choice of payment method is informed by what they're used to.
3. People's choice of payment method is informed by perception of safety.
4. People's choice of payment method is informed by approach to money management.
5. Access to identification and an address is the foundation for transition to cashless.
6. External support with financial and digital literacy is crucial for transition to cashless.
7. Cash is a lifeline for people living on the streets.
8. Going cashless may help people transition out of homelessness.

Insight 1 - There are no purely cashless lives.

“I still do a bit of both [cash and card]... I always need to keep a bit of cash on me because I don't have a contactless card and the bus won't accept chip. So I have to go to the ATM and get money out and then I can use public transport.”

Male, 37

We went into the field research phase with a working assumption that the type of income people have would affect how they spend it - that is, their choice of using cash-based or cashless payment methods - and by extension, how they are affected by the growing cashless economy.

What we found, however, was that **type of income was not a strong predictor for people's choice of payment method nor for how well they were able to cope with the growing cashless economy.**

Only a minority of people use exclusively cash or cashless methods in their daily lives. Most people use a mix of these methods, and their choices of using one or the other are based on what they're used to, what they feel comfortable with, and how they prefer to manage their money.



Insight 2 - Choice of payment method is informed by what they're used to.

“I’m always used to having cash in my pocket. I’d feel lost [without it].”

Male, 55

Habit plays a big role in how people choose to pay for daily necessities.

Some people prefer using cash because that is what they are used to. Others reserve cash for casual or small value transactions, like buying a sandwich or giving money to family members.

We also found that using cashless payment methods can lead to anxiety in some people. Although it is not clear what exactly causes this anxiety, such feelings appear to lead people to rely on cash over cashless payment methods.

“I know a lot of people like paying by card because it’s insured and they can see what they’ve paid for but I’m really old fashioned” (Female, 32).

“I like to have cash in my pockets just to give my nephews and nieces an odd pound or two” (Male, 45).



Insight 3 - Choice of payment method is informed by perception of safety.

“Sometimes I'll use my card because I don't like taking money out of the account [...] I get paranoid having a lot of cash on me.”

Female, 45

Perceptions of safety vary widely between people. We found that **some people associate carrying too much cash with risk to personal safety, while others worry about keeping all their money in their bank account.** In our interviews, this concern was related to fear of fraud, mistrust of the banking system and mistrust of technology that underpins the cashless economy.

“[Cashless transaction] rely on computers. If for whatever reason the system goes down... If someone does some kind of malicious malware, that's kind of all your eggs in one basket. If it goes down, that's a lot of people impacted. Whereas if you've got cash, you've got that promise.” (Male, 37)

“I don't trust banks [...] If a bank goes bankrupt, your money is gone.” (Male, 29)

Many of the concerns articulated by people who did not like keeping money in their bank account or using cashless payment methods appeared to be associated with **a lack of awareness of certain aspects of the financial system**, such as the UK government's fraud insurance measures.



Insight 4 - People's choice of payment method is informed by approach to money management.

“If you go out shopping for a day and use your card, sometimes it's very hard to track how much you've actually spent. Whilst if you know ... how much money you've got in your pocket, you keep better track of your spending.”

Male, 37

Some people find it easier to track their spending when they have cash but others prefer managing their finances using a bank account. Respondents who described using their account like a safe place where they can keep their money, taking out and spending only what they needed, talked about this approach helping them to control overspending, save more money and even manage their addiction.

“I feel good about [getting my benefits paid into my bank account]. I wouldn't like to have all the money [in cash]... If I had them paid by cheque [...], I'd probably not pay my bills, I'd probably spend it all.” (Female, 32)

“I know if it's in my bank account, it can't get touched.” (Female, 45).

“I would withdraw ... my budget for the week. The rest of the money I had I tried leaving in the account trying to build up my money reserves. I tried not to use your card once I've done my weekly habitual [shop]. Then anything else I spent after would be the cash I have, so I am kind of limiting myself to just that amount of money to spend.” (Male, 37).



Insight 5 - Access to identification and an address is the foundation for transition to cashless.

“Some homeless people can't get a bank account because they got no ID, which is a really big factor. Because if you've got no passport or identification to open a bank account, you can't get the benefits paid.”

Female, 32

One key prerequisite for participating in the cashless economy is access to a bank account.

Because some people experiencing homelessness, particularly those with long history of rough sleeping, don't have access to a bank account, there seems to be a significant overlap in their situations with the UK-wide issue of the unbanked population.

The main barriers to accessing a bank account for someone experiencing homelessness are (1) lack of identification and (2) lack of a physical address. Both are required by law to open a bank account.

We found that some charities and temporary accommodation centres provide support (including financial help) to people experiencing homelessness who are looking to get an ID. Some organisations also allow their clients to use their addresses when opening a bank account and signing up to benefits. More recently, [ProxyAddress](#) has been developing a way to enable people experiencing homelessness obtain an address for these purposes at scale.



Insight 6 - External support with financial and digital literacy is crucial for transition to cashless.

“When I've come out of the prison to the hostel, it was hard. The hostel staff helped me open the account. Because I had no ID and stuff like that [...] They'd come with me to the bank in [town], they sat with me and helped me open the account.”

Female, 45

“There’s a wide spectrum of abilities [among the homeless population], but generally there tend to be some challenges associated with digital literacy.” (The Big Issue staff member)

All people we spoke to who successfully transitioned to cashless and were comfortable using cashless payment methods alongside or instead of cash talked about receiving help from charity staff during their transition.

While a detailed review and assessment of the types and quality of such support lies beyond the scope of this research project, our findings suggest that **both administrative support (e.g., helping someone to fill out a bank account application form) and financial and digital literacy support are central to a successful transition to cashless.**



Insight 7 - Cash is a lifeline for people living on the streets.

“[If you’re sleeping rough], your ability to manage your support needs would be impacted severely should you not have a cash income.”

ICM staff member

Many people experiencing homelessness face a complex web of overlapping challenges, often referred to as ‘multiple disadvantage’. These include but are not limited to mental and physical ill health, substance misuse, history of offending, domestic violence and family breakdown.

For rough sleepers in particular, drug and alcohol addiction presents an important medical need, which - if left unmanaged - can lead to serious health consequences. For them, **having cash is essential to survival.**

Manchester has a well-established network of homeless support and outreach services that ensure that rough sleepers have access to basic necessities like food, clothes and sleeping bags. However, it is easy to imagine areas where support services are not as accessible and where rough sleepers must rely on cash for access to these basic necessities. If the growing cashless economy means less cash income from begging and fewer businesses willing to accept cash as payment



Insight 8 - Going cashless may help people transition out of homelessness.

“I've never paid my rent. So that was a massive thing for me. The trust. Getting trust of people, you know, to trust you again, even. [...] But once you got all that trust and you started paying your own rent, buying your own bus tickets, I started to notice that it's normal life. This is just normal life.”

Male, 45

To transition to cashless, a person needs to obtain an identification, an address and a bank account. These legal identity markers also happen to be key to accessing things like social benefits, private rented sector accommodation, credit, and even the job market.

In other words, **going cashless may help people experiencing homelessness move from a marginalised social position to a more “normal”, mainstream lifestyle.**

“There are so many things that you get access to in life by having a bank account.” (The Big Issue staff member)

But of course, **not everyone feels comfortable being a part of ‘the system’** that forms the foundation of our society.

“They're monitoring what you are spending on your card. I believe that this cashless system, it's just a control thing. [...] Me and you can't personally trade between us because we have to go through a system and then they can see what we've been doing.” (Male, 29)



What this means (1 of 2)

“It seems like we’ve raced ahead and decided we’re having a cashless society, without looking at how it will affect vulnerable and marginalised people.”

ICM staff member

Cashless economy is growing rapidly, redefining our relationship with money. But as more of our transactions become digital and fewer of us carry cash in our purses and pockets, **it’s important to remember that inclusion and fairness are not a given in this brave new world of cashless.**

Instead, these characteristics must be intentionally designed into the products and services that underpin the cashless economy, which means we must build a deeper, more nuanced understanding of how these products and services affect people who are already marginalised and excluded.



What this means (2 of 2)

“It seems like we’ve raced ahead and decided we’re having a cashless society, without looking at how it will affect vulnerable and marginalised people.”

ICM staff member

Some of the high-level implications from our Cashless/Homeless research are clear:

- There is a need for more support with access to IDs, addresses and bank accounts;
- There is a need for greater awareness of consumers’ rights when it comes to cashless transactions;
- There is a need for greater awareness of and access to financial services and products that help people better manage their finances.

But there are also big outstanding questions that our research highlighted but wasn’t in a position to answer.

- Do the insights discussed here hold at scale?
- Are these findings more prevalent in the homeless population over other financially excluded groups?
- And crucially, how will the cashless economy develop over the coming years, and how will this development improve or exacerbate the social and financial marginalisation of people experiencing homelessness?



What's next



Insights and implications detailed in this report are fascinating and thought provoking. But they are an output of a small-scale rapid discovery research.

At Eclipse Experience, we are interested in exploring the challenges and opportunities that the growing cashless economy presents to people experiencing homelessness and other vulnerable populations in the UK.

If you'd like to learn more or are interested in partnering with us to continue the Cashless/Homeless project in 2020, visit [our project page](#) or get in touch with ben@eclipse-experience.com.





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