

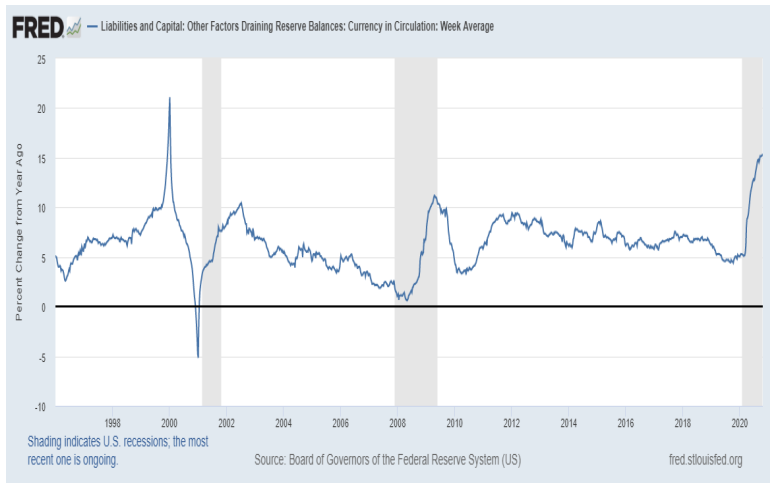
# COVID-19 and Cash Use in the United States

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# Biggest YOY increase in cash in circulation since Y2K

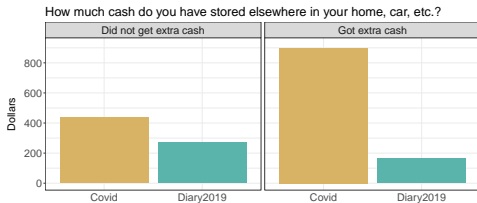
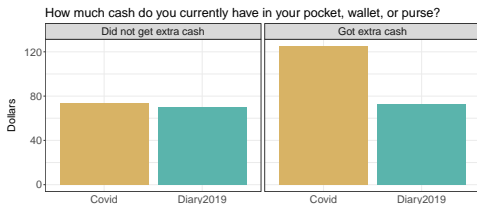


## Survey description

- Understanding America Study (UAS) survey panel
  - Administered by University of Southern California Center for Economic and Social Research (CESR)
  - A nationally representative, probabilistic internet panel
- Coronavirus Tracking Survey (UAS240: Wave 3)
  - Field dates April 15–May 12, 2020
  - $n = 6270$
  - Waves overlap. Respondents take new wave of this survey every two weeks
- Includes questions on general coronavirus knowledge and experience, economic and food insecurity, labor market outcomes, and more. . .
- Atlanta Fed and San Francisco Fed Cash Product Office designed a module to measure cash behavior during Coronavirus.
- More results at <https://covid19pulse.usc.edu/>

# Cash on hand

12% of respondents got extra cash, 88% did not.

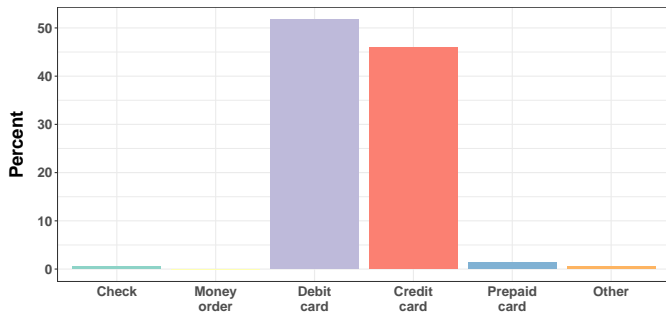


## Cards are most common substitute for cash

**Q:** Are you avoiding cash because of the coronavirus?

- Of those who have made in-person payments in the past two months, **30% say YES**

**If YES:** What payment method did you use most often when you avoided cash?

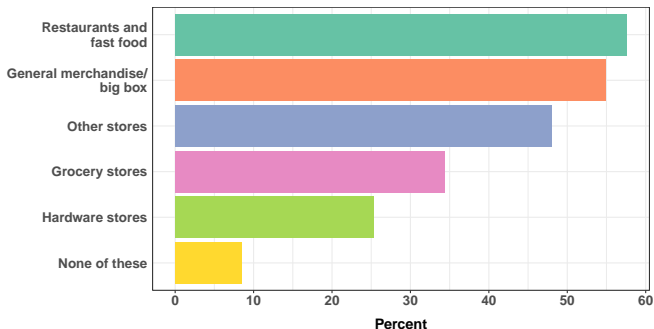


## Consumers are making more online payments

**Q:** Have you switched to paying online or paying by phone instead of paying in person since March 10, 2020?

- **26% say YES**

**If YES:** For what kinds of stores did you decide to switch to online or phone payments?



## Models

Models to determine the significance of the variable on the likelihood of having cash:

$$\text{logit}(\text{Pr}(\textit{has.cash.in.wallet})) = \beta_0 + \textit{variable} + \textit{demographics}$$

$$\text{logit}(\text{Pr}(\textit{has.stored.cash})) = \beta_0 + \textit{variable} + \textit{demographics}$$

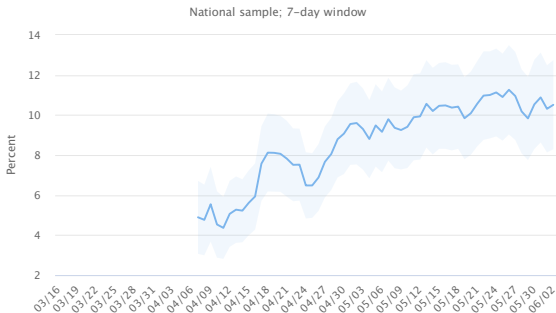
Models to determine significance of the variable on the amount of cash, conditional on having cash:

$$\textit{cash.in.wallet.amount} = \beta_0 + \textit{variable} + \textit{demographics}$$

$$\textit{stored.cash.amount} = \beta_0 + \textit{variable} + \textit{demographics}$$

*demographics* is a vector including age, education, hh.income, race, hisp.latino, gender, which are the variables that UAS uses for post-stratification weighting.

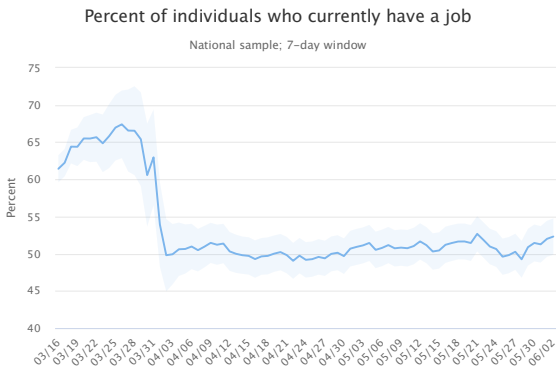
## Percent of individuals who received unemployment insurance benefits in past 14 days



**Figure:** *Received benefits  $\Rightarrow$  more likely to have cash stored at home; more cash in wallet (conditional on having cash in wallet)*

The \$600 CARES Act benefit might explain why those who received unemployment benefits are significantly more likely to have cash stored at home, and to have more cash in their wallet.



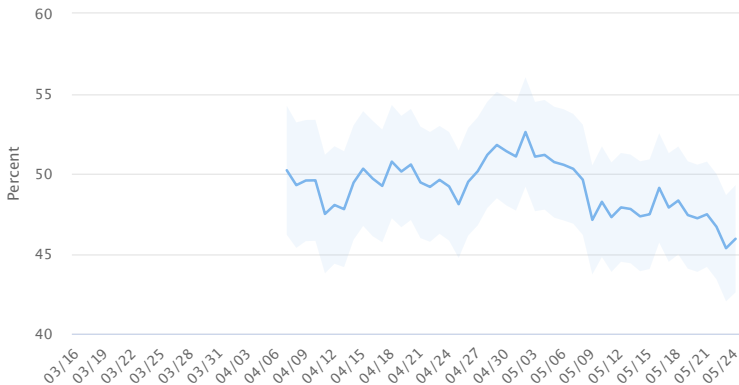


**Figure:** *No job ⇒ more cash in wallet (conditional on having cash in wallet)*

Again, the \$600 CARES Act benefit might explain why not having a job implies significantly more cash in wallet than those who have jobs. From a payments perspective, research tells us that consumers switch to cash in order to have more control over their spending—the act of using cash is more “painful” than handing over a card. The jobless may want to be more careful with their spending behavior.

## Percent of employed individuals who worked from home at least once in past 7 days

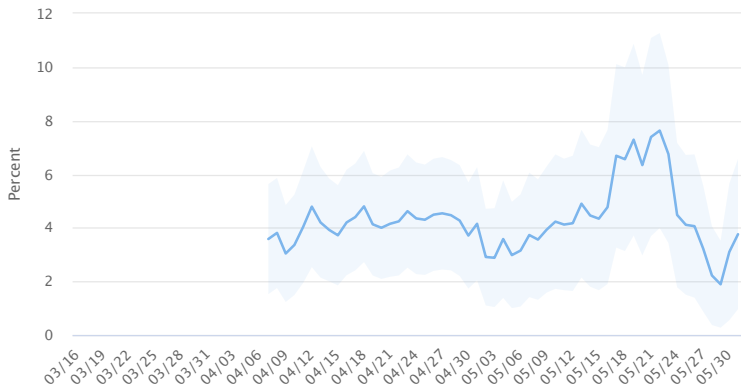
National sample; 7-day window



**Figure:** *Worked from home  $\Rightarrow$  less likely to have cash stored at home; less cash stored at home (conditional on having cash stored at home)*

## Percent of individuals who have a job (if previously unemployed)

National sample; 7-day window



**Figure:** *Got job since last survey* ⇒ *more likely to have cash stored in home*

## Percent of individuals with mortgage debt who missed/delayed a payment or paid less than full amount

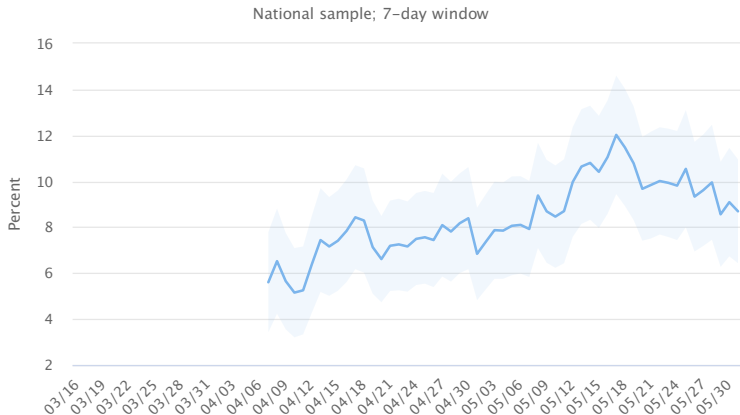
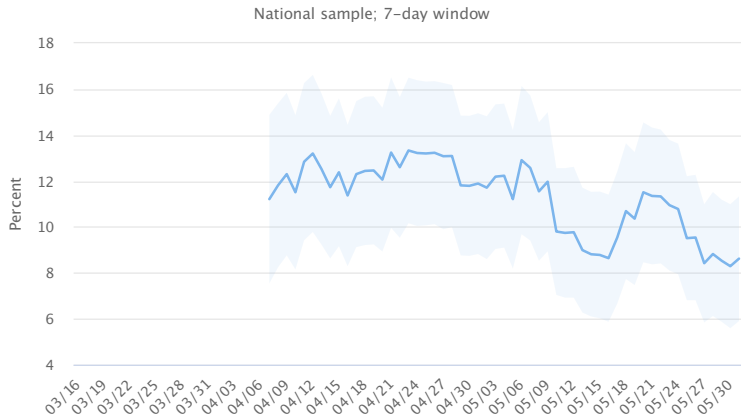


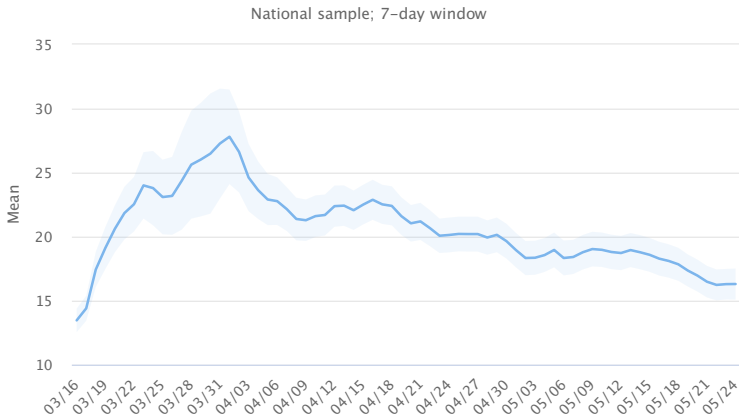
Figure: Missed payment  $\Rightarrow$  less likely to have any cash stored in home

## Percent of renters who missed/delayed a rent payment or paid less than full amount



**Figure:** *Missed payment  $\Rightarrow$  less cash in wallet (conditional on having cash in wallet)*

## Perceived chance of running out of money in next three months



**Figure:** *Higher perceived chance  $\Rightarrow$  less likely to have cash in wallet or stored at home; less cash in wallet & less cash stored at home (conditional on having cash)*

## Consumer Payment Choice surveys

Visit [www.frbatlanta.org](http://www.frbatlanta.org) to download the results from our latest consumer payments surveys.

Clickable links:

- [Survey of Consumer Payment Choice](#)
- [Diary of Consumer Payment Choice](#)

Datasets are available too!

- All of our Consumer Payment Choice survey data can be linked to any other UAS survey.

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