

CASH v CARD

Introduction

As we are all aware the decision that card only betting was to be introduced at the Goodwood pilot race meeting on 1 August 2020 (should it have gone ahead) was a major concern for most, if not all, on-course bookmakers.

Whilst on-course bookmakers in the main support debit card betting, as it gives them access to the growing number of customers who prefer to make payment by card and, therefore, the opportunity to appeal to a wider audience, it is also probably fair to say that they do so on the premise that card payment will be in addition to cash payment and **not** instead of cash payment.

On-course bookmakers can only hope that whoever made the decision that card only betting at the Goodwood pilot meeting was the best and only option open to those wanting to place or take bets at the race meeting is unfamiliar with the workings of the on-course betting market and presumably made the card only decision without consultation with on-course bookmaker representatives.

Maybe on-course bookmakers can console themselves by hoping that the Goodwood card only decision was meant to be a one-off, or at best a short-term measure, which would have been introduced with a raft of other measures in a desperate attempt to convince Government that it was safe to re-introduce members of the general public to racecourses. However, some assurance that this is the case would be helpful.

Card payments and refunds

The use of a plastic card (debit card) is primarily designed to be a cash payment system. Use of a card to make payment is generally quick and smooth, however it is not devoid of pitfalls because, as we all know, technology can be brilliant but it can also be temperamental.

As things currently stand the taking of a payment by card is a straightforward transaction, however a refund of monies to a cardholder is a different matter and, compared to simply paying someone out in cash, refunding monies to a payment card is a time consuming process.

For most traders making a refund to a card is not a problem as in the main refunds are a rare 'once in a while' event. However, for on-course bookmakers accepting a bet in circumstances where a large proportion of those placing a bet are most likely to return race-by-race to collect their winnings, and the only alternative is to refund those winnings to the card used to place the bet, would on most days prove unworkable for bookmakers.

Bookmakers on-course are not working in the leisurely atmosphere of retail premises, there is a relatively short period of time between races during which they can take and pay-out bets. For bookmakers on-course the emphasis is on speed and accuracy i.e. taking bets and paying out on winning tickets as quickly as possible. Refunding winnings to a card would slow down this process considerably.

Is cash redundant?

The increasing use of plastic cards as a method of payment in no way means that cash is redundant, although it would be true to say that the covid-19 epidemic has seen an increasing number of people drawn to the use of payment cards. However, the UK is nowhere near ready to go cashless and thirty seven cross party MP's have recently written to the Chancellor demanding action to protect the UK's cash system.

Undoubtedly the introduction of a card only payment system for betting on racecourses would have a negative effect on the image of on-course bookmaking from a service perspective. Racecourses have always been keen to promote the service aspect of the role of the on-course bookmaker. Most bookmakers will no doubt remember the imposition of the current each way terms on bookmakers, the claim by racecourses being that the free for all each way system bookmakers had a right to use was seen as a service problem and damaging to the reputation of the betting ring and bookmakers. Perhaps the same analogy could now be made in the context of card only betting as it would be a service failure if the opportunity to place a bet using cash was withdrawn.

About 20% of the population of the UK feel they still need cash. This group includes the elderly, disabled and those on low incomes. A card only system on racecourses would alienate individuals within these groups.

There are currently in the region of 1.3 million adults in the UK who don't have a bank account at all. How would non-card holders be catered for in a card only environment?

There is a general feeling that payment by card is not suitable for all payments, low value payments fall into this category. Therefore, the low stake bettors, for example the £1ew and £2ew punters who tend to make up the majority of bettors who frequent the minor rings, attend family days, ladies days and music nights could be disadvantaged by a card only system.

Some bettors, usually those in the casual racegoer category, set a betting budget when they go racing. Bookmakers often see them with a float (money bag or purse) of cash from which they place their bets. Some groups of bettors even 'kitty up' their betting money and pool their cash. The use of a card will give bettors the opportunity and perhaps the

temptation to exceed their budget. Theoretically taking a card out to the races for the purpose of betting puts the whole of the cardholders bank balance at risk.

Some individuals worry that paying by card puts them at a greater risk of fraud than does paying in cash. Losses on UK issued cards due to fraud totalled £620.6 million in 2019.

Is cash safe?

The current Government **guidance** regarding payment methods is primarily aimed at retailers. The recommendation is that retailers should favour payment by card whilst coronavirus is a threat.

The Government recommendation does not say that card is the only method of payment which is acceptable. The majority of retailers, large and small, tend to be displaying notices at their points of sale saying 'card preferred', however, they continue to accept cash.

There is no scientific evidence to suggest that the coronavirus is spread by the use of cash (notes and coins).

John Howells, Chief Executive Officer (CEO) of Link, the UK's cash machine network, has recently made it clear that handling notes and coins does not pose any more of a risk than touching any other surface.

Peter McNamara the founder and chief executive of NoteMachine, which runs a network of 11,000 ATM's, recently said that the claim that cash is a dirtier payment method than contactless debit cards or mobile phones is "the greatest piece of fake news floating about at the moment". His view is that customers should be free to use whichever payment method they felt comfortable with. He has recently launched a 'Cash is Safest' campaign.

ESTA (the Cash Management Companies Association) has recently issued the following statement - "There is no evidence that cash helps Covid-19 spread".

The World Health Organisation (WHO) says that whilst it may be a good idea to use contactless payment where possible this does not amount to an official warning about using bank notes or coins. They have denied that there is evidence that cash and specifically bank notes transmit the Covid-19 virus.

The European Central Bank (ECB) and other national central banks, together with several renowned scientific institutions, have ruled out the claim that covid-19 is spread through banknotes.

British Horseracing Authority (BHA)

Only a few days ago (2nd August 2020) a BHA spokesman announced "it remains important that everyone in the sport follows Government and racing guidelines and protocols around social distancing and environment hygiene at all times".

For the time being cash remains legal tender and, based on scientific evidence and expert opinion, in terms of contracting coronavirus the handling of cash poses no greater threat than does handling a card, a pint pot, a wine glass, or opening a door.

As far as bookmakers are aware in order to get racecourses back to a position where members of the public can attend, the intention is to control attendances, control crowd movement with zones and one-way systems, apply the 2 metre rule, encourage the use of hand sanitiser, have hand sanitiser readily available for general use, regularly clean contact surfaces, encourage the washing of hands on a regular basis, and encourage the wearing of face coverings (shields and masks).

With such protocols in place a system of bookmakers paying out and giving change from a quarantined cash float, taking cash bets and segregating the cash taken from the quarantined cash, supported by all the other precautions in place, would surely be a sensible and acceptable method by which bookmakers can conduct their business on-course. The banning of cash transactions appears nothing other than 'overkill'.