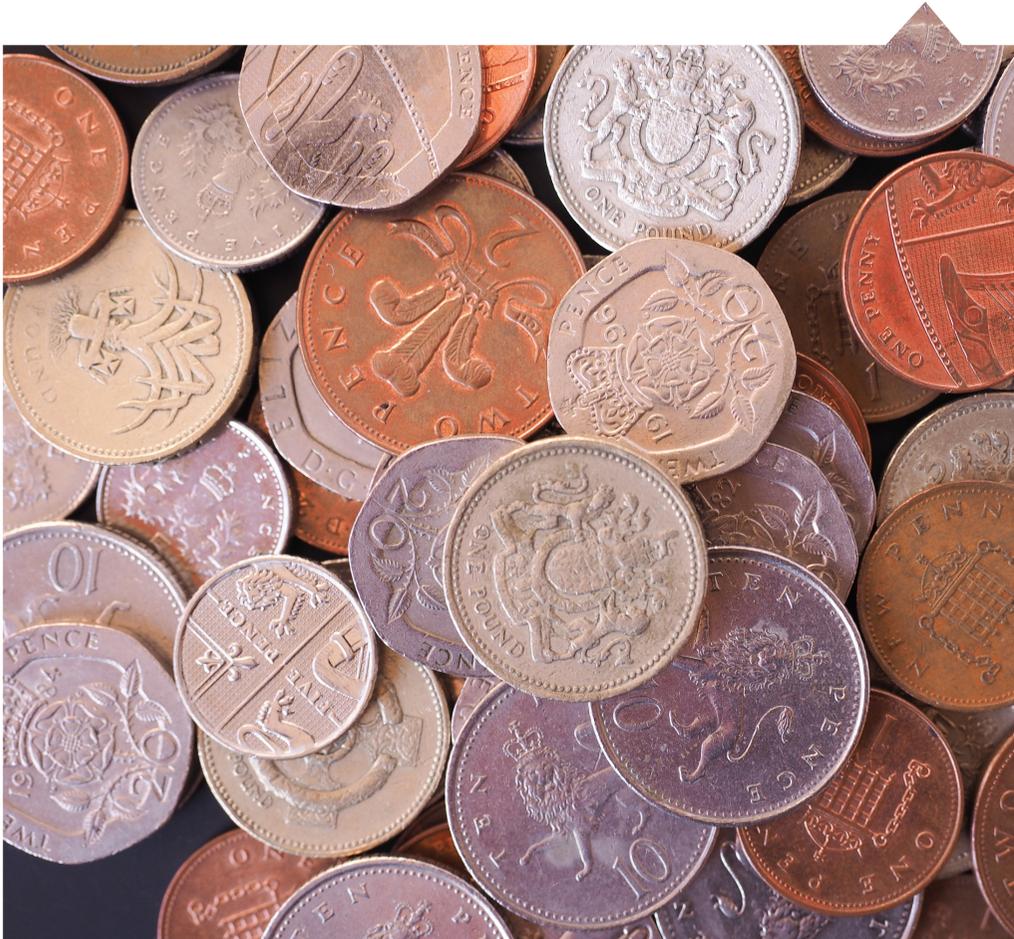




NEWS DEBATE

THE BIG DEBATE:

IS IT TIME TO ABOLISH COINS?



THE DILEMMA

South Korea has started a trial that could signal the end of the country's coins. In April, a new scheme was introduced by the national Bank of Korea. Instead of accepting small change when buying things, customers at some stores are now able to choose to deposit the change onto pre-paid cards, including public transport smartcards. If the trial is successful, bank officials plan to roll the system out nationwide and, eventually, remove coins from circulation. The trial is being done for various reasons: firstly, it is thought that ditching coins will be more convenient to the public. Secondly, the cost of producing the coins is higher than their actual value. The Korean currency is the won. The 10 won coin is worth half a UK penny.

The Bank of Korea spent £36.7 million producing coins last year. It is thought that this trial could lead to South Korea becoming a completely cash-free society in the future, with no coins or notes whatsoever. This has worried some people. It isn't just South Korea that is looking to get rid of coins. Other countries including Belgium, Denmark, the Netherlands, Ireland and Sweden have already started rounding up prices in order to phase out smaller coins, such as the one and two Euro cent ones. So is it the end of the road for coin money? And is it really a good thing if it is?



The Korean won



The new £1.
Is it time to ditch
coins?

THE LOWDOWN



- Some of South Korea's biggest convenience stores are taking part in the trial.
- Cha Hyeon-jin, an official at the Bank of Korea, has predicted there is a "good chance" that the move to go coinless could possibly lead to a "cashless society" in the coming years.
- South Korea is already one of the countries that least relies on cash. Pre-paid cards are already widely used to pay for public transport and taxi rides.

- In the UK, **The Royal Mint** says demand for cash remains strong, and that the volume of coins in circulation is increasing. There are now 11.3bn 1p coins being used.



The Oyster smartcard is used on public transport in London. It has replaced cash payments.



A Royal Mint worker

THE ROYAL MINT

The Government-owned company that manufactures UK coins. They also make coins and medals for an average of 60 countries every year. The Royal Mint is based in Llantrisant, Wales.

FACTS & FIGURES

Are coins on the verge of collapse?



- Nearly **TWO-THIRDS** of people surveyed by the Bank of Korea say they don't carry coins any more, with half of those polled supporting plans for a coinless society.
- Only some **20%** of Korean payments are made using paper money.
- According to the UK Cards Association (UKCA), **1.3 BILLION** purchases were made using debit or credit cards in January 2017.

- In the UK, total card spending in January grew to **£57.1 BILLION**, up by **£0.5 BILLION (0.8%)** only a month before.

- **Contactless** payments came to a total of **£25 BILLION** of spending in **2016**, up from **£7.75 BILLION** in 2015.

The contactless payment symbol



CONTACTLESS

Payments of up to £30 made using cards or apps that don't require a PIN number. You pay by pointing your card or phone on a reader.





WHY CASH IS KING



COINS DON'T SUFFER TECHNICAL FAULTS

Cash is far more reliable than debit or credit cards or app payments. Why? Because technology can fail. There have been situations where cards have completely stopped working, leaving people unable to pay for things. In January, customers of Barclays Bank were unable to withdraw money from cash machines or use cards in shops. So coins are still essential, because people will need something to pay for essentials when computer systems or card readers fail.

YOU SPEND LESS WITH CASH

Some people prefer to see the money they are spending. This is because if you hand over cash you are more likely to feel in control of your money – and you are more likely to spend less. Studies have shown that people spend more easily on a card than they do with cash. So if you want to think twice before splashing out, having cash in your pocket is more likely to make you do so.

CASH MAKES YOU LIKE YOUR PURCHASE MORE

According to research by the University of Toronto Scarborough, when you spend cash, it's not just the money that has more value to you – the item does, too. In the experiment, one group of people bought rare mugs with cards and another group bought them with paper notes. When the professor who organised the study tried to buy back the mugs, she allowed people to name their price. On average, people who bought the mugs with cash wanted almost double what people who made the purchase with cards wanted. So cash makes us appreciate what we buy more.

A design of the upcoming £10 note featuring author Jane Austen



Some 2p coins contain the symbol of the Prince of Wales

COINS AND NOTES REPRESENT A COUNTRY

Just like flags and stamps, coins and banknotes are a part of a country's identity. Coins contain symbols of the nation, such as the Queen (our Head of State) and famous Britons. For example, in 2016 The Royal Mint released coins to mark the 150th anniversary of Beatrix Potter's birth. Characters such as Benjamin Bunny and Peter Rabbit appeared on the coins. Scientist Sir Isaac Newton has been featured on coins this year. Banknotes in the UK have celebrated the achievements of many people, including the author Charles Dickens, the composer Edward Elgar and the founder of modern nursing, Florence Nightingale. Coins and notes are part of our culture and a way of celebrating, through beautiful design, some of the country's great achievements.

DID YOU KNOW?

When they were introduced to Britain in 1971, the 1p and 2p coins were made of bronze but in 1992, because the price of metals had gone up, they were changed to copper-plated steel. The steel content makes them magnetic!



WHY IS CASHLESS BETTER?



IT'LL SAVE THE COUNTRY MONEY

Millions of pounds could be saved if people use cards or apps to make payments. That money could be better spent on other things.

EVERY PAYMENT CAN BE TRACED

With card or app payments, there is always a record of how much you've paid and to whom. This means that, if for some reason there is a problem with the purchase, you can prove you bought it and arrange a refund. With cash, unless you have a receipt, it can be difficult to track your spending.



One and two cent Euro coins are no longer used in Ireland

THE IRISH EXAMPLE

Ireland recently gave up its one and two cent coins. The Irish did something called the 'rounding trial', which took place over nine weeks in 2013 in one town in Ireland called Wexford. The two lowest-value coins could still be legally used, but they were mostly unnecessary as shops rounded prices down or up to the nearest five cents. The trial was hugely successful and results showed 100% of retailers and 85% of consumers in Wexford thought that ditching the small coins was a good idea and that the rest of Ireland should do the same – which they did, two years later.

The main reason was that the Central Bank of Ireland produced a lot of one and two cent coins (more than any other denomination) and needed to replace them regularly. A survey showed that one in five people aged 18 to 24 saw the coins as worthless and just threw them in the bin! This meant that hundreds of these small coins were taken out of circulation every day and then, because shops needed lots of them to give change, more had to be produced.

But the really bizarre thing is that making a one cent coin costs MORE than the coin is worth! A one cent coin costs 1.65 cents to produce, while the two cent coin costs 1.94 cents. And it is not only producing the coins that is pricey – the government and the retailers also have to splash out on storing, transporting and counting them, too. Plus, you can't buy very much with coins of small denominations anymore. The UK got rid of the halfpenny coin back in 1984, but now, in the age of contactless payments, should we follow South Korea's lead and get rid of all coins?



The old half penny coin



ROUNDING UP OR DOWN

ROUNDING UP OR DOWN

So how do shops in countries like Ireland cope with giving people change if they've phased out certain coins? Well, in Ireland, the final bills are rounded down or up to the nearest five cents. So if your final bill comes to, say, €3.54, the cashier rounds it up to €3.55. If it comes to €3.52, they round it down to €3.50. The smallest coin needed is 5 cents. But would you find it frustrating to have to pay more than you should for something?

CHARITIES' CONCERNS

The chances are you've been in a shop and noticed a collection box for a charity. There are also collectors who go to busy places like shopping streets or train stations to raise money for good causes. Mostly, members of the public donate coins, not notes, because the smallest banknote in the UK is £5 and for most people that's a lot of money to give. So if we abolish coins, will charities suffer? Some of them certainly think so. In Ireland, the Change for Charity group campaigned to keep one and two cent coins. They said that scrapping the coins could lead to the charity sector missing out on millions in revenue.





YES, IT'S TIME TO ABOLISH COINS



- 1. They are costly to produce** – Coin manufacturing is expensive. The money spent on producing these metal coins would be better spent on other public services, such as health and education.
- 2. Cards, contactless and smartcard technology are increasing** – More and more people are using cards, contactless and smart technology to pay for things. This is the future and it is quicker than counting up coins.
- 3. Coins are heavy and increasingly meaningless** – Carrying around a lot of coins not only weighs your wallet or purse down, but it is also becoming useless – the price of things has risen to the point that coins don't buy you very much nowadays!



NO, IT'S NOT TIME TO ABOLISH COINS



- 1. Coins are a part of national identity** – Just like banknotes, coins reflect our country's culture, history and achievements. They are an important visual part of who we are as a nation.
- 2. Charities will lose out** – Charities rely on people generously giving their loose change. So too do homeless people who live on the streets. By getting rid of coins, we will reduce donations to good causes.
- 3. Not everybody likes contactless** – Contactless payments can go wrong when the technology fails. Some people simply don't want to be forced into paying for things with cards – they want to use cash and monitor how much they spend.



DISCUSSION QUESTIONS

If you were given a 1p or 2p coin as change, would you throw it in the bin?

If you dropped a 1p or 2p coin would you bother to pick it up?

Do you think coins are an important part of the identity of a country?

Do you think people would give more or less money to charity if coins were withdrawn?

Is a cashless society a good or bad idea? Why?

Do you think that people are wiser with money if they are handing over cash rather than a credit card?

Why are coins and cash generally a good thing?

Why are contactless and card payments generally a good thing?