

BACKGROUND:

Guy de Faye was a St Helier Deputy from 2002 - 2008 and was the only States Member to be elected to the first Council of Ministers by the States Assembly - as Minister for Transport and Technical Services.

He holds an Honours degree in Law, but spent the bulk of his career in local, national and international broadcast television news as a news editor, producer and reporter. Part of his journalistic background included work as a macro-economics specialist at CNBC Business News, based in London.

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I have yet to speak to a member of the Jersey public who does not consider "Cash" to be the fundamental basis of legal money.

There is, already, very considerable concern about the growing number of establishments that are insisting on "card payment" or "electronic payment" (usually via the growing use of smartphone technology - which many do not possess).

My initial experience of the trend to refuse cash was a visit - a couple of years ago - to the "French Market" set up in the Royal Square where, to my amazement, it became apparent that the stall holders would not accept sterling currency unless it was paid electronically - as indicated above.

Most recently, whilst waiting for a bus route connection at Liberation Station, I decided to spend some "small change" to buy a pack of peppermints from the catering section of the waiting area. In a short exchange with the serving staff my offer of cash was refused and I was requested to pay by card. This is a ludicrous state of affairs and I returned the pack of mints and curtailed the transaction.

If any form of currency should be maintained as legal tender it has to be coinage, regardless of the convenience of handling.

There are strong reasons for the existence of the well used phrase - "Cash is King", as coinage has been the basis of global economics for thousands of years. Emperors, Kings, Potentates and religious leaders issued coins of varied metal content and usually ensured that their image appeared on the coins they commissioned.

The more precious metals formed the essential content of coinage with gold and silver coins being the higher values over many centuries.

Unfortunately, the trend toward "electronic cash" has provoked some unexpected consequences that are apparent breaches of data protection issues. I regret that I can only relate "hearsay evidence", but I have little reason to question the sources as the problems being presented sound wholly accurate.

The complaints stem from banks and other lending bodies having a more detailed picture of client expenditure. The use of card payments usually details the location of expenditure and the amount - as an example if someone is a regular attendee at a particular pub or restaurant the detail of their expenditure will appear on banking or card statements - which is not the case with using cash.

A claimed and disturbing development is that banks are taking a keen interest in account holders who take part in online gambling. This interest has, it would seem,

persuaded banks to refuse to lend money and - in some cases - to close client accounts. Some may say that is a positive outcome which protects the integrity of the lending institution and militates against a potential addiction to gambling. However, I thought that I lived in a liberal society where how a person spends their money is their own business.

For some time Jersey banking operations have been reducing their service provision, which has seen the introduction of "hole-in-the-wall" cash dispensers (because the public need cash) and latterly, the closure of a number of bank branches around the Island.

The primary drive seems to be a desire to reduce cashiers and other client facing counter staff and replacing the traditional workforce with automated systems. I am informed that automation now applies to paying in cash as well as accessing fresh funds - a policy that undermines local employment prospects in financial services.

Ironically, the trend to avoid the use of cash comes at a time of global financial uncertainty with Brazil, Russia, India, China and South Africa (BRICS) and other nations rejecting "paper money" in favour of physical gold ingots.

The vast majority of global financing is based on "I owe You" (IOUs) from fiat currency notes that "promise to pay the bearer" a certain minor amount - to Multi-million dollar US Treasury Bonds that pay regular amounts of interest. Such is the scale of these international IOUs - generally described as "derivatives" that a new number has been invented to recognise that dollar denominated derivatives run beyond trillions into the category of "quadrillion" (a thousand trillion) and the latest thinking is that global debt has become too large to pay off. The new phraseology is "We have run out of road and the can has become too big to kick"!!

As confidence in "paper money" begins to evaporate, considerable faith is being placed in crypto-currencies - where value appears to be supported simply on client sentiment. Additionally, electronic money has a heavy reliance on electric energy and, from time to time, huge amounts can either be "hacked" or just simply disappear from "crypto hubs".

In a similar vein, the practice of "quantitative easing" is a grim example of creative accounting on an international scale as it comprises the printing of vast amounts of fiat currency notes that are not backed by any "hard value".

In contrast, coinage has an intrinsic value based on its metal content, originally predominantly gold and silver coins - now supplanted by more base metals.

I recall having sent the video identified below to States Members some time ago, but it is not apparent that anyone has grasped the seriousness of the current global economic crisis.

The documentary was originally made in 2012, but it is salutary that the predictions made by various financial experts are now actually happening. It should be noted that most of the information related to the recent history of the United States of America, but that does not mean that other nations will escape the suggested outcomes.

As you intend to debate the use of cash, it would be a good start to understand the difference between currency and money - which is explained early in the video.

I should remind you of the Jersey Banking Depositor Compensation Scheme - which the States Assembly enacted following the collapse of a number of UK banks. The Scheme offers protection for eligible deposits of up to £50,000.

I recently submitted an FOI which established that , at present, none of Jersey's reserve funds hold any "physical gold" (ie. ingots). In the event of a dramatic financial crisis that annihilates the value of "paper money" you may care to consider how any bailout could be pursued with limited amounts or the absence of "cash".

<https://youtu.be/QsiriAuHhjE?si=gdB-nWjp7kEybv8m> - **End Of The Road: How Money Became Worthless**

Potential Outcomes

Although JT's proposed switch to 5G may oblige all mobile phone users to switch to Smartphones, I am not in a hurry to make that additional investment in order to pay bills. Additionally, I understand that JT is installing Chinese technology within the Island to primarily assist our "world class financial services industry" , but I am not keen on the idea that the internet section of the Chinese People's Army could be monitoring my personal expenditure or that of other Jersey residents.

When I resided in London it was discovered that criminals with WiFi kits were patrolling Underground train carriages and siphoning money from travellers WiFi enabled plastic cards. I had the WiFi on my cards disabled and used cash more regularly. What protections will exist with little or no cash options and all electronic money. I appreciate that Jersey has no rail service, but there are plenty of buses.

In support of the continuing use of cash, retail banks within the Island should be legally obliged to handle cash deposits and withdrawals plus, where necessary, provide cash machines in key locations around Jersey.

Consideration should be given - as an urgent priority - to the progressive purchase of physical gold to be held within Jersey as a major insurance for our local currency and GoJ finances.

Furthermore, local reliance in our reserve funds on derivatives (IOUs, paper money etc.) should be substantially reduced and the minting of high value coins should be reviewed.

Guy de Faye