



Cashed out: attitudes among people with mental health problems to cash and digital payments

Introduction

The way that we pay for things is rapidly changing in the UK. Use of cash has steadily declined over the last decade, while card usage has grown, with contactless payments taking up an ever increasing share of these transactions.¹ Technological and infrastructure developments are enabling new types of digital payments, and the future of access to cash is uncertain as ATM usage declines.

Common symptoms of mental health problems, such as increased impulsivity and memory problems, can make it harder for people to manage their money and control spending.² So, while the ease of digital transactions is beneficial for many, it can leave people experiencing these symptoms vulnerable to overspending. Others rely on cash to stay in control of their finances.

This paper explores people with mental health problems' usage of and attitudes towards cash and digital payment methods, based on a survey of 585 members of the Money and Mental Health Research Community and a focus group. We consider how to ensure that people with mental health problems aren't disadvantaged as we move towards a low-cash or cashless society.

How do people with mental health problems pay?

Only two thirds (63%) of Research Community respondents report using cash, while significantly larger shares say they use digital alternatives such as direct debit (90%) and chip and pin card payments (87%). However, we identified a range of different practices and preferences among people with mental

health problems, with 5% of respondents relying exclusively on cash and a further four in ten (41%) often paying in this way.

Eight in ten respondents (78%) report that the way they pay for things has changed over the last five years. The majority report using cards more (in line with national trends), but a significant minority (10%) report using cash more over this period. As such, while most Research Community members are using digital payments, it is clear that some continue to rely on cash.

Attitudes to cash

Despite most respondents using digital payments, and increasingly so, they consistently see the cost of cash as an important issue. A majority feel that it is unfair to charge people for withdrawing cash (81%) or for it to cost more to pay bills in cash than by direct debit (76%). Some respondents directly attributed their reduced usage of cash to external factors, such as a decline in availability and acceptance of cash.

"Less companies accept cash so I don't withdraw cash anywhere near as often. The utility companies penalise you for using cash, so that's another reason."

However, many respondents do not see access to cash as a problem, nearly half (46%) feel it is easy to get hold of cash, but one third (33%) disagree. This likely reflects considerable variation in ATM density across the country.³

Most respondents do like to keep cash for emergencies (73%), and to pay for certain things, such as small purchases (69%), including local buses

and shops that don't always accept card. Some described having cash for these purposes as contributing to a sense of security.

"To have change for shops which only take cash. To donate to people in need or charity."

Practical uses for cash

Most respondents also report that using cash helps them to budget (52%) and that they find it easier to control their spending with cash than with digital alternatives (55%). This is of particular importance as common symptoms of mental health problems, such as increased impulsivity and reduced planning abilities, can directly affect people's financial capability and make it harder to manage a budget. Partly as a result of this, people with mental health problems are three times as likely to be in problem debt as those without.⁵

"My condition makes it difficult to plan and stick to plans, so using cash helps me decide how much I'm going to spend and then stick to it. It helps keep me out of overdraft and stick to my budget."

Some report finding it is easier to keep track of spending over time with cash, and that using material currency helps them to understand the value of the money they are spending. These findings are consistent with literature on the pain of paying, which suggests that spending cash has a greater psychological impact on the individual than spending with digital alternatives.⁶

"Having a physical amount in the hand and giving it to someone makes it more real."

Others describe particular routines for managing their money with cash, such as withdrawing all of their disposable income in cash to prevent overspending, and some respondents reported preferring to use cash simply because they are used to managing money in this way.

"Sometimes I feel better physically paying at a paypoint for certain bills with cash. I feel in control. I can see the exchange of money for the service... I know it's sort of old fashioned but when my mind isn't well it helps to make a point of remembering to pay and making the trip to the shop or bank to do it."

Some also report preferring to give cash to a carer or family member, rather than sharing card details, as a more secure way of getting help with shopping and

other aspects of financial management when they are unwell.

Digital payments and mental health

Our evidence suggests that digital payments are working well for many people with mental health problems. Many respondents appreciate the speed and convenience of transacting digitally, and some value not having to withdraw cash and keep it secure, which can otherwise be a source of anxiety.

"It's useful if you don't want to carry cash around and you're not worrying about having to make sure you've got enough left."

Two thirds (65%) of respondents report finding it easier to keep track of digital payments when unwell, some feel that they have greater visibility over spending with digital payments, as they can access a record of transactions if needed. This can be beneficial to people with mental health problems who are experiencing memory problems, a common symptom of conditions such as depression, and a side effect of some medications prescribed for mental health problems.⁷

"All records of all spend in the one place, which I can view online. Quick and easy."

Many others highlighted direct debits and standing orders as particularly helpful, ensuring that bills are paid on time automatically, even when they are too unwell to leave the house or engage with financial management. Some also specifically mentioned the direct debit guarantee as a source of reassurance.

"I have for a long time been using direct debits standing orders and PayPal... and this obviates remembering when to pay bills because memory loss and awareness of time is difficult with depression."

However, it is clear that there are also drawbacks to digital payment options. Many respondents report that the ease of spending online or by card can lead to overspending, particularly if increased impulsivity is a symptom of their mental health problem, and that it can sometimes feel like digital payments are not real money.

"(I) find it extremely easy to overspend so I have to try and be careful. During a manic episode my husband removes my card details from PayPal so I am unable to overspend."

Others raised practical issues, such as transaction processing delays causing confusion and making it harder to keep on top of a budget, and struggling to remember login details needed to access accounts and use them effectively.

“When you pay by card there is a delay before that shows on your account balance, which can lead to getting in an awful mess.”

Some respondents raised concerns about the security of digital payment systems, particularly the risk of fraud or system failures, and others were worried that digital records of their spending might be exploited or used to discriminate against them in some way.

“I would definitely struggle with a cashless society. I am paranoid about fraud so would struggle. I like cash I know where I am with it. I trust it.”

Recommendations

Our evidence suggests that digital payments offer clear benefits for many people with mental health problems, and they are widely used. However, a significant number of people still rely on cash to manage their money, and many more highlighted problems with digital alternatives, which may result in significant financial and psychological harm. Below we set out three recommendations to reduce this harm and make digital payments more inclusive.

1 - Protect access to cash until safeguards are in place

Access to cash should be preserved, at least until digital alternatives can be shown not to disadvantage people with mental health problems, and safeguards are put in place to protect those who currently rely on cash.

2 - Develop tools to control digital spending

Firms should develop personalisable tools to help people stay in control of spending and protect themselves from harm during periods of increased impulsivity. Features should include the ability to

set spending limits, including spending at certain times or on certain Merchant Category Codes, and to nominate third parties to oversee or approve spending decisions and to help with other aspects of financial management.

3 - Strong regulation on digital transactions

Concerns about the privacy and security of digital payments can be a source of significant mistrust and distress for some people with mental health problems. As an ever increasing proportion of transactions are digital, a strong regulatory framework is needed to reassure and protect consumers. Regulators must ensure that financial data is not used to discriminate against people with mental health problems or to target vulnerable people with scams and fraud.

Footnotes

¹ UK Finance. UK Payment Markets Summary 2018: An analysis of recent and emerging developments and forecasts for all forms of payment. 2018.

² Holkar M. Seeing through the fog. Money and Mental Health Policy Institute. 2017.

³ Link. Breakdown of LINK ATMs by Parliamentary Constituency. 2018. Available at: <https://www.link.co.uk/media/1419/parliamentary-constituency-breakdown.pdf>

⁴ Holkar M. Seeing through the fog. Money and Mental Health Policy Institute. 2017.

⁵ Jenkins R et al. Debt, income and mental disorder in the general population. *Psychological Medicine* 2008; 38: 1485-1493.

⁶ Thomas M, Desai K and Seenivasan S. How Credit Card Payments Increase Unhealthy Food Purchases: Visceral Regulation of Vices. *Journal of Consumer Research* 2011; 38 (1); 126-139.

⁷ Holkar M. Seeing through the fog. Money and Mental Health Policy Institute. 2017.