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5 Reasons Why You Should Use Cash for Everyday Purchases

There are plenty of benefits to using credit cards and digital payment methods, but don't throw out your billfold just yet.

By Beth Braverman | Edited by Barri Segal | Reviewed by Tanza Loudenback, CFP | Dec. 27, 2023, at 10:17 a.m.

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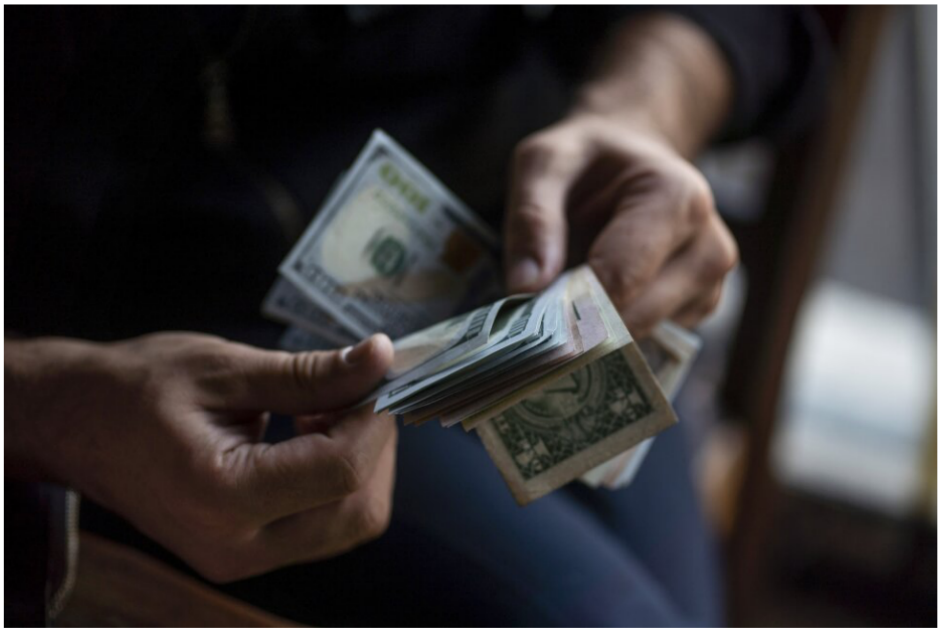

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A growing movement among cities and other municipalities requires that most consumer-facing businesses continue to accept cash, and there are several reasons that it makes sense for you to consider using good old-fashioned cash for everyday purchases.

The phrase "cash is king" may not have the same ring as it used to, now that more than 40% of Americans, per the Pew Research Center, regularly go a week or more without paying for anything using paper money.

There are plenty of benefits to using credit cards and digital payment methods for most transactions, including the ability to build credit, the convenience of making purchases online and the ability to potentially earn valuable rewards for your spending.

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But don't throw out your billfold just yet. A growing movement among cities and other municipalities requires that most consumer-facing businesses continue to accept cash, and there are several reasons that it makes sense for you to consider using good old-fashioned cash for everyday purchases. Here's a look at five of them:

1. You Have Trouble Sticking to a Budget

Paying with physical cash rather than other forms of credit makes it nearly impossible to spend more money than you have. For folks who have trouble sticking to a budget, the old-fashioned cash-stuffing method of using envelopes to earmark money for specific purchases can be the key to getting on track.

"Using cash can be a spending-control mechanism that can help prevent overspending," says Rod Griffin, Experian's senior director of public education and advocacy. "If you carry only cash, you can only spend until there's none of it left in your wallet."

Even for those who don't expect to move to cash permanently, switching to cash-only transactions for a few weeks or months can be a helpful financial reset. In addition to helping you stick to a budget, the physical act of counting out and handing over cash to buy something can help you be more mindful about your purchases.

2. You Don't Want a Record of Your Transactions

Using a credit card or digital payment method to buy something means creating a record of that purchase. Consumers who are very concerned about privacy may opt to use cash to avoid leaving a trail of how and where they spend their money.

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"A cashless society introduced a personal finance surveillance state," says Peter Earle, a senior economist with the American Institute for Economic Research. "Everything you do is seen – whether by the bank or the government. Nothing you do is private."

3. You Have a Habit of Paying Your Credit Card Bills Late

Missing a credit card payment – or making one after the due date – typically triggers a penalty fee for late payment as well as racking up interest on the unpaid balance. Paying in cash eliminates the possibility of owing fees or interest on everyday purchases.

4. You Can Get a Discount for Paying With Cash

Most merchants must pay a fee (typically 1.5% to 3%) to credit card companies for every transaction. To encourage consumers to pay with cash, they may offer a discount that can cut the cost of purchases.

5. You Want to Tip Service Workers Directly

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The Bottom Line on Using Cash

While it can make sense to use cash for day-to-day purchases, many experts suggest that most consumers should maintain at least one credit card. Using a credit card –and paying if off regularly –is an important strategy for building credit that can help you access financing when you need it.

"Everybody is different, but I argue that you need to have multiple tools in your financial toolbox," Griffin says. "Cash is one of them. Credit is another."

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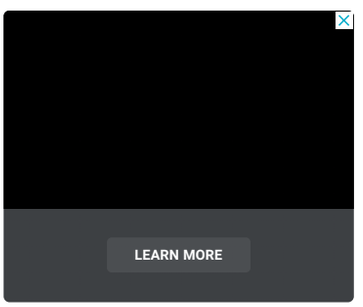

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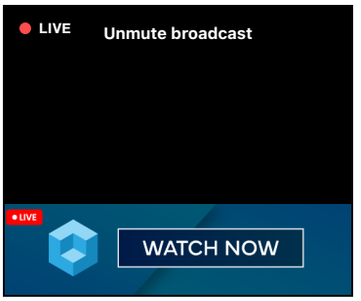

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