

Is CASH Still KING?

The Future of Tangible Currency and Coin Collecting

by Amy Drew Thompson



Will there always be tangible currency? Many numismatists feel we've been a cashless society for quite some time already.

Mom!” my 8-year-old daughter cried excit-

edly from the back seat of the

car. I was excited, too, as she

was actually helping me clean

it out. “I found a quarter! It’s

from 1912!”

It seemed unlikely to me that somewhere amid the detritus of stale, faded Goldfish crackers, lint-encrusted stickers and ancient juice-box straw wrappers, a *Titanic*-era Barber quarter had been lying in wait for the eventual suction of a faceless carwash employee’s vacuum, but it was fun to entertain the notion for the moment. I reached between the bucket seats and she plunked it into my hand.

It was an Arizona state quarter—minted in 2008 but also bearing the date when Arizona became the 48th state in the Union: 1912.

This sparked a conversation about coins which, post-tire conditioner, led us to my



The digital MintChip from Canada is being touted by some as the evolution of currency. Some would say, though, that such a device gives consumers less spending freedom.

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jewelry box, where a number of relatively unremarkable but sentimental coins had been building up over the years. Of particular interest was a scalloped-edge 10-cent piece from the Bahamas, where her father and I had eloped a decade ago. “This doesn’t look real,” she said, turning it over in her hand. “It looks like a game token.”

Our fun diversionary little chat culminated in my buying 50-state commemorative and national park quarter albums for both my girls—for the moment, newly minted numismatic enthusiasts. We’ll see if it sticks. But would such random moments—the sort that can spark interest with lifelong pastime potential—occur if there were no coins to be found under the crumb-laden car mats?

With talk of the cent and nickel being discontinued due to high production costs, the possible collapse of the euro and the digital “MintChip” from Canada being touted by some as the evolution of currency, the questions beg to be asked: Will there always be tangible currency? And what if there wasn’t?

In this increasingly digital, credit-driven world, I decided to ask some experts to share their thoughts about the future of tangible currency—and coin collecting—in a society where money no longer changes hands.

Many in the numismatic realm feel we’ve been cashless for quite some time already—Q. David Bowers among them.

“For all our generation,” said Bowers, author, scholar and past president of both the Professional Numismatists Guild and the American Numismatic Association, “nearly all major transactions have been by check, bank transfer or credit card. Very rarely today does one take a wallet full of \$100 bills to buy a washer, a car or anything else.”



The author’s daughter found a 2008 Arizona state quarter. That find sparked a conversation about coins that may have sparked a larger interest in coin collecting.



Experts argue that without cash, the government would have fuller knowledge of just who has what, where it is and how it is being spent. Its main purpose: ensuring that they maximize their tax revenue.



Applications such as PayPal have already replaced a large percentage of currency transactions, and there will be other innovations that follow.

Cash, he points out, is mainly used for small purchases. Coins are for making change.

“In fact, those little ‘Take a penny, leave a penny’ trays at the checkout counters indicate that the one-cent pieces may not be worth keeping.”

Professional numismatist Maurice Rosen finds the notion of an eventually cashless society difficult to argue against.

“So many things are becoming digitized, computerized,” he points out, “and it seems to be the direction of the government to have more presence in the economy and in money flows, so I think a strong case could be made that the government would favor a move toward digitized money—or certainly not physical money where it’s held in your hand and can be kept, stored and hidden.

“[Without cash], the government would have fuller knowledge of just who has what, where it is, how it is being spent—and I think its main pur-

pose would be ensuring that they maximize their tax revenue.

“It simply goes along with the increasing government involvement in the economy and in our affairs.”

Rosen is a respected coin market analyst and editor of the award-winning *Rosen Numismatic Advisory* newsletter.

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To a monetary historian, the role government plays is of particular interest.

“What cash has always done is extend to the user an incredible amount of freedom,” says Dr. Ute Wartenberg Kagan, executive director of the American Numismatic Society and former curator of Greek coins at the British Museum in London.

“So many countries love cash famously,” she points out, citing her native Germany in particular—but even in Europe, she notes, there has been something of a crackdown on its use. On a recent jaunt to

France, Kagan found she wasn’t permitted to make a cash payment of more than €500 at her hotel.

“If you’re making one, you have to show a passport, personal identification and the like,” she says of the new rule, which fascinated her.

“Cash basically gives you the freedom to do things anonymously,” she remarks, echoing Rosen’s sentiments to a degree. “If you pay everything through credit, you can be tracked down to the [farthest reaches] of the world Money is also connected to trust. With cash, there’s no trust needed. And with the newer systems, it’s all about trust—[mainly] the people’s trust in the government that the whole thing works.”

Worry—or a complete absence thereof, most feel—is largely generational.

“If you talked to 20-somethings about this—all they want to carry around are their iPhones,” Kagan points out. “In fact, some people want to do every single transaction with their phones and they have no interest in the fact that their phones get tracked, their transactions get tracked, everything gets tracked. It doesn’t bother them one little bit. And I think that’s a huge shift. Younger people don’t care. They put everything on Facebook.”

Rosen, who says his 6-year-old grandson is seldom seen without a DS, iPad or other

electronic device in hand, agrees. “The younger generation will not be bothered by an absence of coins or currency,” he says flatly.

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Nobody knows how the human race will evolve, says Jim Halperin, longtime numismatist and co-chairman of Heritage Auctions, “but it’s easy to imagine that there won’t be any currency.”

Halperin’s imagination is vivid, as evidenced by his success as a science-fiction author; his books *The Truth Machine* (1997, Del Rey) and *The First Immortal* (1998, Del Rey) were both best-sellers. But his coin credentials keep his opinions grounded in reality. He hypothesizes that hard currency will go the way of all things in roughly 40 or so years.

“I just don’t think there’s going to be much a need for it,” he says, adding his belief that coins will stick around far longer than paper money. “I think that large amounts of money will be traced in the future simply because it’s a deterrent to crime; it makes crime less likely, or at least easier to catch.”

In fact, he points out, there’s a host of other motives for the extinction of tangible currency: “It’s expensive, it’s wasteful, it’s a vector for disease.”



Never mind that tangible currency is on the way out. Mobile apps from banks have already made it possible to deposit a check without ever setting foot in a branch, and you can send a payment to another individual instantly.

Could an infected five-spot be ground zero for the zombie apocalypse? Unlikely, Halperin says, but he does think its days are numbered in the long run, if not the immediate future. “There are many reasons why it makes sense to get rid of [hard currency] when we can, but it would be almost impossible now. We’re too dependent on it. It makes commerce much easier.”

That won’t always be the case, he quickly adds.

“Look at PayPal,” he says. “It’s replaced a huge percentage of currency transactions, and it won’t be the last innovation we’re going to see in terms of a replacement for currency.”

That said, Halperin thinks certain denominations—the cent and the \$1 and \$2 bills—are poised to vanish very soon.

“Within the next 10 years, give or take,” he hypothesizes. “I’m not saying the pennies will be melted. They may still be in circulation. But they’re not going to

make any more, nor will they print those particular bills.”

Halperin doesn’t fear for coin collecting’s future.

“The concept of money isn’t going to disappear anytime in the foreseeable future,” he says. “People will always be interested in it, in the same way they’re interested in the first Apple computer, even though it’s primitive and largely worthless as a tool. Coins and currency may be like that someday, but people will always be interested in collecting.”

Why? Simply put, whether or not their use is sanctioned, coins will always have value that is both artistic and historic.

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“With regard to numismatics,” says Bowers, “I am not sure the disappearance of coins would be relevant. After all, hot tickets in numismatics include gold coins of all kinds that haven’t been in circula-



Credit card payments allow all transactions to be easily tracked, giving the user less anonymity.

tion since 1933. Pine Tree shillings have been out of vogue for centuries. Encased postage stamps, Civil War tokens and the like were once plentiful in circulation—that being 150 years ago—but today they are more avidly collected than ever.”

A government announcement, Rosen says, might trigger a brief dash before the dearth, temporarily inflating values. “If people hear that physical money is being phased out, there could be a rush into coins, which might be viewed as a newly forbidden item that will no longer be available,” he says. But he believes any frenzy would peter out quickly.

On the other hand, Rosen says, the lack of new coins, probably *would* affect what he describes as the more modern market—coins minted after 1964. “There won’t be continuity, which breeds interest. But it could be argued that modern coins would thereafter be more in demand and a little more elusive.”

Would *COINage* maintain its readership, robust since this modern era began, with no new planchets running hot on their way to the press?

“Eventually,” Halperin concedes, “when older adults can no longer remember using coins—in a couple hundred years or whenever that happens,” interest in collecting might slow down.

“But nostalgia is only one of the many reasons people collect coins.” It’s not because coin lovers are any less emotional

than other collectors, he says. “They just have more of an eye on the market. Coins are easy to track and easy to learn, so you can invest in them intelligently. It’s a very efficient marketplace.”

He hopes that Heritage Auctions has played a role in that.

“It’s certainly been our goal for decades to help the market become more efficient. Coins are the most efficient market in collectibles there is.”

Both Bowers and Rosen cite those aforementioned 50-State Quarters as boons to the numismatic hobby. To a lesser extent,



Is the disappearance of coins relevant with regards to numismatic items? “Hot tickets” in numismatics haven’t been in circulation for decades.

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There will be plenty of hard currency to collect, even if the cent and the nickel are no longer made for circulation.

Bowers also credits the “America the Beautiful” national parks quarters. “It is certainly desirable to be able to find something interesting in one’s pocket change,” he observes.

On the other hand, he says, the Treasury Department’s vision seems unclear at best.

“In 2009, when four different reverses were made for the Lincoln cent, it was difficult to find them in circulation and the opportunity to get millions of people interested in coin collecting by plucking them out of their change was lost. The current national parks quarters suffer from their obscurity. At the same time, Morgan silver dollars of the 1878-1921 period, Indian Head cents and many other series are as active as ever.”

Kagan speculates that seeing the Mint’s presses grinding to a halt might not be so tragic. “People no longer buying endless product from the U.S. Mint? That would be a great thing, as far as I’m concerned. It’s sort of a rip-off. People might then focus on the late 19th-century or various 20th-century commemorative coins.”

Halperin says that predicting values is uncomplicated. “Perhaps if a percentage of the population doesn’t remember coins being in circulation, somewhat fewer people will be interested—five or 10 percent fewer. But in that case, prices will be five or 10 percent lower. It’s simple supply and demand.”

As for the ability of coins to endure as a hobby, optimism is easy, particularly if “around” is the relative term.

“Paper money is a completely different issue from coins,” Kagan says. But when you work with items that are 2,500 years old, as she does, there is a greater sense of money’s ability to persist. “Often, we have very little evidence to work with, but we still come up with quite a lot of information. In fact, the less you know, the more fascinating it gets.”

Considering the amount of hard currency society has physically created—more than at any other time in the history of the world—there will be plenty left, Kagan says. “Historians and archaeologists tend to take a really long-term view on things,” she says with a chuckle. “Coins will always be around.”

That’s a good thing for the hobby—and also for my family—as I’m confident my daughter’s interest in Canada’s MintChip will be lukewarm at best the moment she finds out it has nothing to do with ice cream. ☺