

Starting up

- How often do you use cash? What about mobile phone payments? Credit or debit cards?
- Has the way you spend money changed in the last few years? Are you using less cash these days?

Vocabulary 1 – ways to pay

Choose the words *in italics* that explain the meaning of the words in bold. Use your dictionary if necessary.

- 1 In the near future, mobile payments may **render** cash **obsolete**. Cash *may no longer be / will be even more* useful.
- 2 China's central bank will continue to **crack down on** shops that don't take cash. They *will / will not* allow shops to refuse cash.
- 3 The central bank doesn't want mobile payment to **dominate** other payment methods. The bank *wants / doesn't want* mobile payment to be to be the only option.
- 4 Some customers have been told they can't use cash for **retail payments**. That means payments *in shops / to banks*.
- 5 **Third-party payment groups** make it possible to pay for things using your phone. These are companies that *provide mobile payment services / accept mobile payments*.
- 6 Bank notes and coins are **legal tender**. That means they're money and *must / don't have to be* accepted as payment.

Reading 1

Read through the article quickly. Tick (✓) the two ideas that are true, according to the article.

- [] The Chinese government is cracking down on consumers who refuse to use cash.
- [] Some retail businesses in China have said they won't accept cash payments – but this is illegal.
- [] The Chinese government is changing the law to limit the power of third-party payment groups.
- [] Within ten years, the Chinese renminbi will no longer be legal tender in China.

Chinese merchants refuse cash as mobile payments take off

The ¹ascent of mobile payments in China is quickly rendering cash obsolete, even as China's central bank cracks down on ²merchants who refuse to accept bank notes and coins and tries to stop Ant Financial and Tencent dominating retail payments.

The value of Chinese mobile payments reached Rmb120tn (\$17tn) in 2017, up from Rmb59tn a year earlier, according to figures from iResearch. Alibaba affiliate Ant Financial's Alipay and Tencent's WeChat Pay dominate the sector.

In 2018 a nationwide campaign by the People's Bank of China identified 602 cases of illegal cash ³refusal, of which 558 have been resolved through policy communication and "criticism-based education", according to the official Shanghai Securities News and a central bank spokesperson.

In July the PBoC felt ⁴compelled to issue a formal notice clarifying that renminbi cash is legal tender in China and that refusing it is illegal.

"In recent years, there have been problems with the circulation of renminbi cash, and the people's response has been intense," the PBoC said in an accompanying statement. "Consumers at tourist areas, restaurants, and retail merchants have had their cash refused, which has damaged the renminbi's ⁵legal status and consumers' right to choose between payment methods."

The government has taken a series of steps to ensure Ant Financial and Tencent do not grow too powerful.

From January, all third-party payment groups will be required to hold 100 per cent of customer cash deposits in ⁶non-interest-bearing accounts at the PBoC, depriving Ant Financial and Tencent of up to \$1bn in interest income. The central bank also declined to license the two groups to launch credit-rating businesses, due to concerns the scores could be used to ⁷strong-arm users into purchasing the groups' other products.

Freshhippo, a line of futuristic supermarkets launched by Alibaba late last year, was among the groups investigated by the PBoC for refusing cash. Alibaba said its stores had always accepted cash but that the central bank had expressed concern that cash payment areas were not clearly visible. The group has since adjusted its store layout. At a Freshhippo outlet in Shanghai in December, a group of mostly elderly ⁸patrons queued at the single checkout line that accepts cash.

But at other merchants, refusing cash has become relatively common.

At Luckin Coffee, the Chinese start-up that just was valued at \$2.2bn in a \$200m funding round last month, staffers at four outlets in Beijing and Shanghai said the company did not accept cash.

"All the franchised outlets of Luckin should order on our app and pay online," said a staffer at a branch in Shanghai's Huangpu district. Pressed about the law forbidding merchants to refuse cash, the staffer agreed to accept a ⁹banknote and use his own mobile phone to complete the official payment.

Luckin did not respond to requests for comment.

On Weibo, China's version of Twitter, one user complained about cash being refused at a shopping mall restaurant near Shanghai's People's Square. "Refusal of cash — will the great big central bank take action?" he asked in a post that tagged the PBoC's official Weibo account. "Within one minute, three customers took out cash and were refused. One cashier taught a mother and son on the spot how to activate WeChat pay."



Vocabulary 2 – vocabulary in context

Match each bold word (1–9) in the article with a meaning (a–i).

- a) shops, sellers
- b) forced, given no other option
- c) rise, increase
- d) not earning money
- e) position with regard to the law
- f) cash
- g) customers
- h) the act of saying you won't do or accept something
- i) force, give no choice

Reading 2

Choose the best answer to each question.

- 1 Whose behaviour has been targeted by a People's Bank of China campaign?
 - a) consumers
 - b) retail shops
 - c) Alipay
 - d) WeChat pay
- 2 What is the People's Bank of China trying to support and promote?
 - a) international tourism
 - b) mobile payment providers
 - c) the exchange value of the renminbi
 - d) consumer choice
- 3 What can third-party payment groups no longer do?
 - a) advertise their service
 - b) have PBoC accounts
 - c) earn interest on customers' money
 - d) hold customers' cash
- 4 According to the article, which group appears to use cash more than the others.
 - a) old people
 - b) criminals
 - c) teenagers
 - d) poor people
- 5 Who told the FT that Luckin Coffee refuses cash payments?
 - a) customers
 - b) employees
 - c) managers
 - d) People's Bank of China investigators
- 6 Who did a Weibo user complain to about the refusal of a restaurant to take cash?
 - a) WeChat pay
 - b) restaurant employees
 - c) the People's Bank of China
 - d) the Shanghai city government

Grammar – reported speech

Choose the correct words *in italics* to complete the sentences.

- 1 Alibaba *said* / *said us* that its stores had always accepted cash.
- 2 The staffer agreed *accepting* / *to accept* a banknote.
- 3 The central bank accused some merchants of *not accepting* / *didn't accept* cash.
- 4 The People's Bank of China *warned businesses* / *warned* about refusing cash.
- 5 The central bank *complained businesses* / *complained* that cash payment areas were not clearly visible.
- 6 The business owner apologized for *refusing* / *refuse* customers' cash.
- 7 Staffers *said* / *told* that the company did not accept cash.
- 8 The Luckin Coffee staffer advised customers *paying* / *to pay* online.
- 9 The angry customer *said* / *told* us that his cash had been refused.

Further discussion

The article says that in China, the ascent of mobile payments is rendering cash obsolete.

Is cash becoming obsolete where you are?

What are the benefits of no longer using cash? What are the drawbacks?

Group work

Work together to answer these questions.

- 1 Why do you think businesses refuse cash?
- 2 Do you think a time will come when cash will completely disappear? Why or why not?
- 3 The central bank didn't allow Ant Financial and Tencent to launch credit-rating businesses, because they didn't want the businesses to strong-arm customers into using their other products. What exactly do you think this means? How could credit scores be used to push products?

ANSWER KEY**Vocabulary 1**

- | | |
|---------------------------|-----------------------------------|
| 1 <i>may no longer be</i> | 4 in shops |
| 2 will note | 5 provide mobile payment services |
| 3 doesn't want | 6 must |

Reading 1

- ✓ Some retail businesses in China have said they won't accept cash payments – but this is illegal.
- ✓ The Chinese government is changing the law to limit the power of third-party payment groups.

Vocabulary 2

- | | |
|-----|-----|
| 1 c | 6 d |
| 2 a | 7 i |
| 3 h | 8 g |
| 4 b | 9 f |
| 5 e | |

Reading 2

- | | |
|-----|-----|
| 1 b | 4 a |
| 2 d | 5 b |
| 3 c | 6 c |

Grammar

- | | |
|---------------------|------------|
| 1 said | 6 refusing |
| 2 to accept | 7 said |
| 3 not accepting | 8 to pay |
| 4 warned businesses | 9 told |
| 5 complained | |

Further discussion (possible answers)

The benefits: it's fast, convenient and secure – cash is easier to lose. It means you have only one thing to remember to carry: your phone.

Drawbacks: Mobile payment isn't accepted everywhere. If you lose your phone, you also lose your ability to pay. It's less private – there is a record of every transaction.

Group work (possible answers)

- 1 Cash is less convenient and more time-consuming to deal with. It's easier to make mistakes with cash payments, and also potentially easier for cash to be stolen.
- 2 Its use will probably continue to go down, but there will still be many situations in which people want to use cash. Some people will continue not to have access to payment technology, and others will want to buy and sell things with no electronic record.
- 3 Consumers who have a low credit rating generally find it difficult to borrow money or access other financial services. If a company gives you a low credit rating, and it has financial products for people with low credit scores, it may unfairly encourage those customers to take expensive loans, for example.

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