WHAT THE FUTURE: MONEY

GAME CHANGERS

Ipsos

Money!
That’s what we’ll want.

Would you ever use a virtual currency? A few months ago, you might have said no. You might have thought that was far off into the future. And you might well not have realized that your kids have been doing it for years.

In games like Minecraft, Fortnight, and Roblox, (and many before these current favorites) kids are trading real dollars for virtual currencies to purchase virtual things. Which, in essence, is training a generation to new forms of exchanging “currency” for goods and services. And just in time.

Several months into the coronavirus pandemic, it’s easy to be focused on the present and very near-term future. There are some key variables still in play in terms of economic stimulus, geopolitics, social justice and vaccine/treatment outcomes that will profoundly shape the world moving forward. One of the key areas that will likely be dramatically shifted is our usage of money and currency as we know it today.

In the pandemic, people have been nudged into paying friends and neighbors and local businesses virtually with digital wallets because they’re not shopping in stores or getting cash from ATMs. While many still trust banks, many don’t trust any aspect of the financial system, so it’s easy to see how disruption could take easy root.

There’s a plausible scenario whereby (newly required) virtual experiences (virtual and augmented realities) are accelerated as an alternative to in-person gatherings. Coupled with that is a world in which “real” experiences become much more of a luxury. Tickets to a Rolling Stones concert already cost hundreds or thousands of dollars when they’re selling 60,000 tightly packed seats a night. Imagine if they can only sell 2,500 in that same stadium for small, distanced, enclosed pods.

Or people can watch in the comfort of their living rooms for $50. It won’t be the same as “being there,” but for most, it will be all they can afford. They’ll be able to “upgrade” that experience and pay for more camera angles or project their face onto one of the backup singers. Maybe they’re paying for that with a credit card, but maybe they’re earning virtual currencies by watching Mick and Keith videos and sharing their pics on social media or visiting sponsor and partner websites.

Think that’s crazy? Ask your kids if they saw the Weeknd concert on TikTok and ask yourself how it’s any different.

In this issue of What the Future, one clear arc emerges. Currencies might not always be controlled by central, national banks. They might be based on crypto computing, especially if the user experience improves. People who have historically been disenfranchised by traditional financial services can use new digital experiences to get access to wealth-building and savings tools that have been inaccessible. And finally, a true sharing economy with goods and services held in common for the good of real and virtual communities could emerge, based on cooperation more than it does with capitalism. Many might view that world as a hopeful one.

The scary flipside, of course, is even further wealth bifurcation where real-world experiences become the domain of the elites with vast real-world holdings and the rest of us retreat into our virtual spaces performing some new form of labor to earn virtual currency and pay off our virtual experiences.

We’ll look at the opinions and actions of today with an eye toward which of these futures or which portions of them to prepare for. Real or virtual, hard cash or crypto coins, fiat currency or Robux, money will always be power. The question is, how much of that is shifting, in what directions and how quickly?

Oscar Yuan *is president of Ipsos Strategy3.*

Many Americans are struggling with their bills…

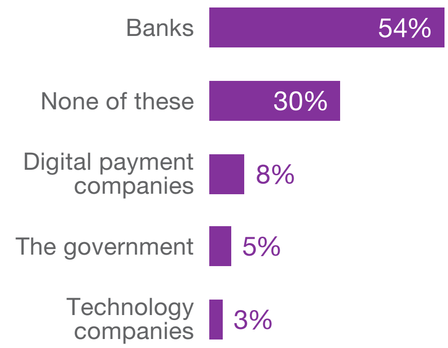
Q. I am having a harder time than usual paying my bills each month. (Agree net)

Borrowing money is stressful.

Q. Please indicate whether you agree or disagree with each of the following statements: Borrowing money from a bank is stressful.

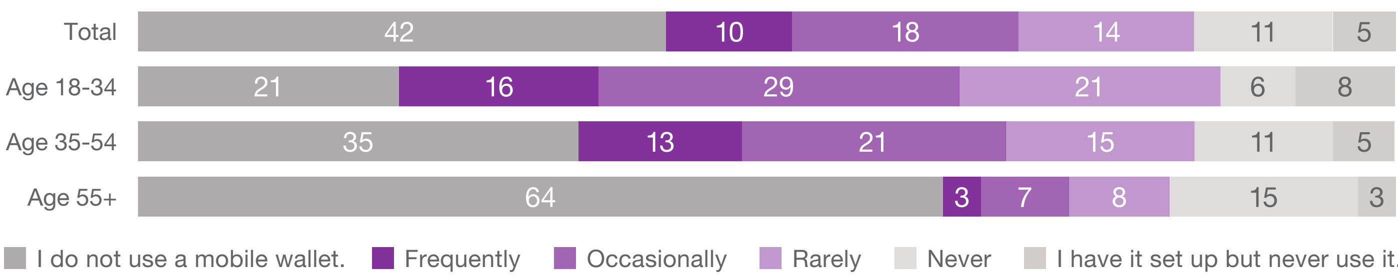
People don't trust tech as much as they trust banks, but…

Q. Who do you most trust to protect your money?



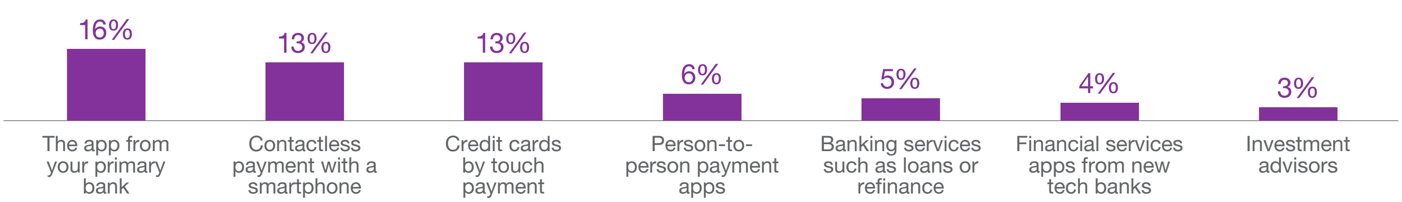
digital payments are growing…

Q. How frequently do you make purchases with a mobile wallet, like Apple Pay or Venmo?



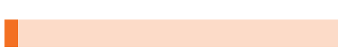
and COVID-19 has accelerated the move to digital banking.

Q. Which of the following are you currently using or doing more as a function of the COVID-19 crisis?



Yet, we're not quite ready for crypto.

4% of Americans say they are likely to purchase a cryptocurrency such as bitcoin in the next year.



The Big Question: Are we ready for a cashless future?

(Sources: Ipsos Coronavirus Consumer Tracker conducted July 21-22, 2020, among 1,115 U.S. adults; Ipsos survey conducted between Feb. 7-10, 2020, on the nationally representative Ipsos KnowledgePanel among 1,021 U.S. adults; and Ipsos survey conducted Aug. 4-5, 2020, among 1,111 U.S. adults.)

Question:
Will cryptocurrencies change how people shop?

Jonathan Johnson

CEO, Overstock.com and president, Medici Ventures

While cryptocurrency has been around for more than 20 years, few places in North America accept it for payment.

Online shopping site Overstock.com has accepted cryptocurrency since 2014. Its CEO, Jonathan Johnson, is bullish on the digital currency and its underlying blockchain technology. He also leads the company's blockchain incubator arm, Medici Ventures, which has ownership interests in nearly 20 interconnected companies, from mobile wallets to mobile voting applications. When he thinks **What the Future**, he's betting that cryptocurrency will make shopping easier and cheaper and help democratize capital for all.

50%

is the percent of Americans that trust none of banks, technology companies, digital payment companies, or the government to grow their money.

(Source: Ipsos survey conducted Aug. 4-5, 2020, among 1,111 U.S. adults.)

“The money I carry around in my pocket is almost like carrying around my handkerchief — seldom used, but there for an emergency.”

WTF: If anyone can create a digital currency, what might happen if multiple currencies are available?

Jonathan Johnson: I think people will use different digital currencies based on their desired use. One may be more like a savings account, a store of value that might be bitcoin. Another might be something like a checking account with a cheaper cost of use and lower transaction fees.

WTF: Will that help people have more control over their wallets?

Johnson: That’s a really interesting question, because so much of the world has no control over their money at all. The unbanked or the underbanked — meaning they’re using payday lenders and the like — just to give those people any kind of wallet creates control they don’t have today.

WTF: How might that allow people to manage risk, given that cryptocurrency is very volatile?

Johnson: Cryptocurrency is certainly volatile compared to the U.S. dollar. I do think over time as more retailers accept cryptocurrency and as some people elect to be paid in cryptocurrency, that it will become less volatile. The volatility would decrease because there would be more cryptocurrency in circulation because people would be spending it rather than holding it as an investment.

WTF: As a shopper, can I get more value out of what I buy by using certain types of cryptocurrency?

Johnson: I think over time the answer will be yes, because a cryptocurrency transaction is much more akin to a cash transaction than the credit card transaction. That’s because there is no or a very minimal processing fee when you purchase something using cryptocurrency. On Overstock, we don’t have to run a purchase made with bitcoin through a credit card processor. And because it’s akin to a cash transaction, we’re not worried about fraud. You own your bitcoin. We know it’s you.

Over time, as cryptocurrencies become used more broadly, the cost of fraud that retailers have will go down, and fraud prevention costs will also go down. Those cost savings will do one of two things: go to companies’ bottom lines and help shareholders or be passed back to consumers.

WTF: While it’s convenient to shop online, I still want to see stores on my Main Street. Is there a way that crypto can help protect and preserve the retail industry?

Johnson: That’s an interesting question to a pure play e-commerce CEO! I like having stores and restaurants to go to close to my house. Those stores and restaurants operate on the thinnest of margins. We’ve all been to gas stations or stores where there’s a cash price versus a credit card price. What’s the difference there? It’s the credit card processing fee. Cryptocurrency can do away with that and really help Main Street businesses retain more profits.

“Cryptocurrencies may become the equivalent of the de facto global currency.”

WTF: Some people believe that cryptocurrencies will allow for easier global retailing. Will that change how people shop globally?

Johnson: Cryptocurrencies may become the equivalent of the de facto global currency, and they will be less expensive to deal with than the current system of money exchange. Cryptocurrency’s ease of use helps it cross borders a lot more simply.

WTF: Is there one main lesson that would help the average retailer understand how cryptocurrencies might change how people shop?

Johnson: Cryptocurrency purchasers tend to be very loyal. I haven’t looked at the data recently, but last time I looked at it, the average order size for a cryptocurrency purchase on our site was twice as large as the credit card purchase.

WTF: In the survey results, was there anything that looked validating or counterintuitive to what you’ve seen?

Johnson: In America, cryptocurrency adoption is going to be slower than it will be in other parts of the world because people have digital currency today and most of us participate in the 21st century economy through bank credit and debit cards. In developing parts of the world where people are unbanked, these questions are going to be really different.

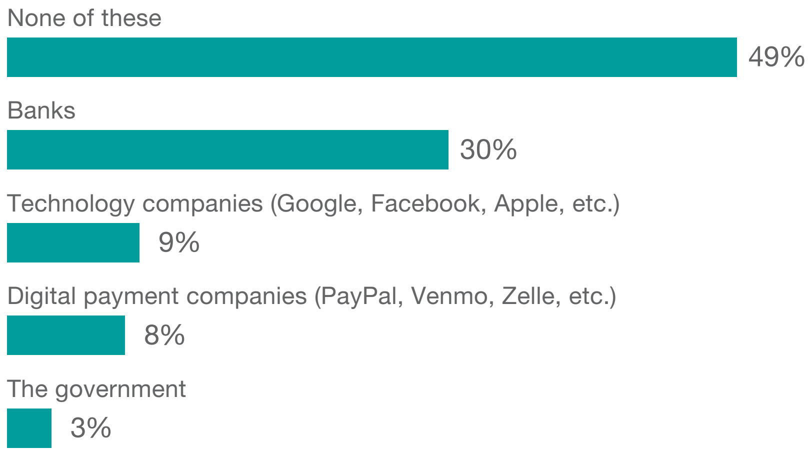
WTF: Do you think we’ll ever see the end of cash?

Johnson: I don’t know that there will be the end of it, but I think we’ll see less and less of it. We’re already seeing a shortage of coins through the pandemic. I like to have cash in my pocket, but I find that I go to the ATM maybe once a quarter because I almost never spend it. The money I carry around in my pocket is almost like carrying around my handkerchief—seldom used, but there for an emergency.

Who controls the future of currency?
People still trust banks most today.

People trust banks less and digital payments are gaining trust.

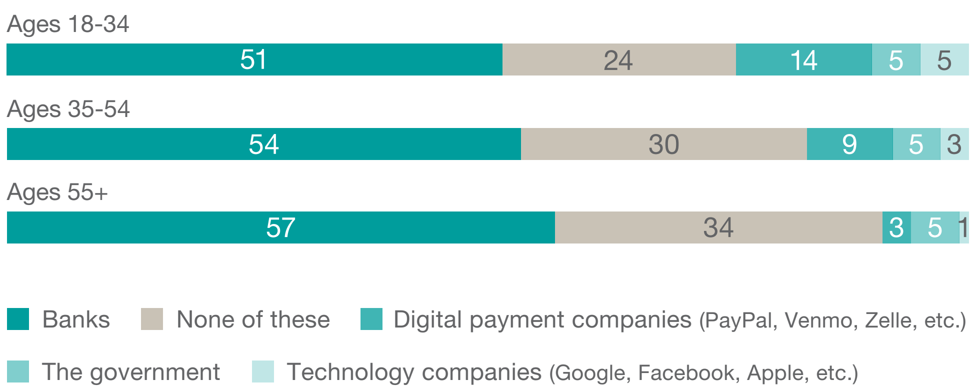
Who do you most trust to **grow** your money?



(Source: Ipsos survey conducted Aug. 4-5, 2020, among 1,111 U.S. adults.)

Younger adults are most likely to trust digital and tech companies with their money.

Who do you most trust to **protect** your money?

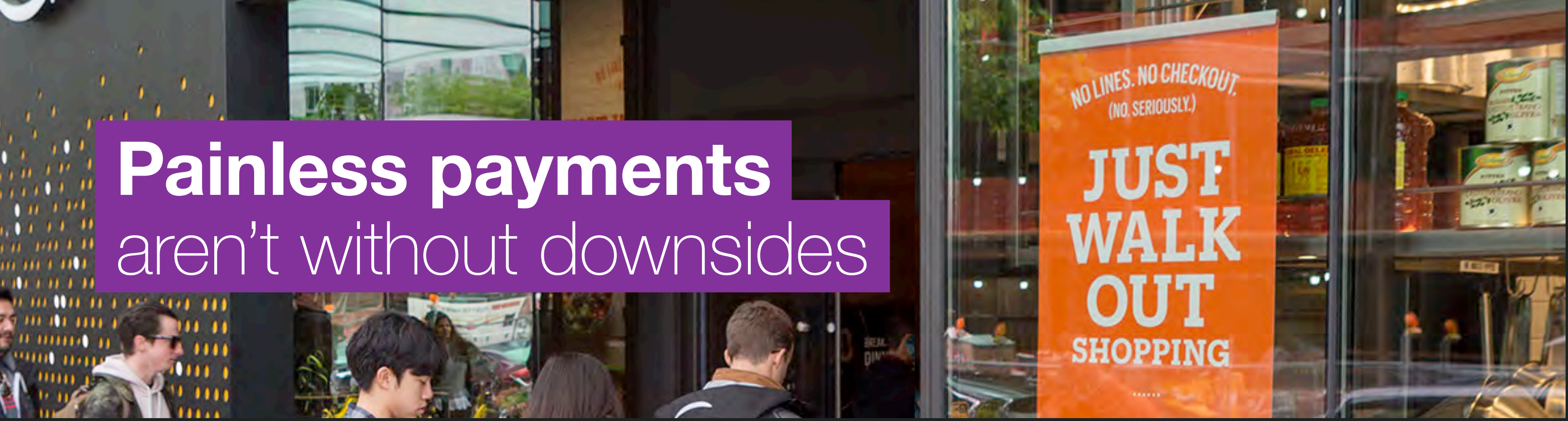


(Source: Ipsos survey conducted Aug. 4-5, 2020, among 1,111 U.S. adults.)

5x

About how much more the youngest adults are likely to trust digital payment companies to protect their money than the oldest adults.

(Source: Ipsos survey conducted Aug. 4-5, 2020, among 1,111 U.S. adults.)



Painless payments aren't without downsides

Paying hurts, both literally and figuratively. But as technology makes the process of payments and lending smoother for consumers, there are potential downsides for both shoppers and brands.

When people pay for something, the same sections of their brain responsible for registering emotional and physical pain are more active, a 2017 study at the University of Toronto found using functional MRI. However, some payments hurt more than others. One of the biggest contributors to what scientists observed in a Journal of Consumer Research paper as "payment pain" is how much "friction" the payment type produces. This is due not only to the form of the payment — where people may have to physically count the money or calculate the number to put on a check versus swiping a credit card — but also to the delay in receiving the good and actually paying for the item.

Decreasing friction makes the process quicker and easier for the shopper. It also focuses their thoughts on the benefits (vs. costs) of their purchases, per a separate study published in the Journal of Consumer Research. Counterintuitively, even though they obtain their purchases more quickly, doing so actually causes them to feel like they own the item "less." This potentially shrinks the value shoppers feel they get from their purchases.

Other work provides clues about issues unique to lending, some relating to our lay beliefs about service quality and the length of service encounters. One study found that when shoppers perceive that a service takes longer due to the effort involved, they rate the service as more valuable to their lives. Therefore, lenders offering frictionless applications and availability may suffer from perceptions that they are not high-quality lenders or that the terms and conditions of their offers may be substandard to competitors who have more steps to lending or who just take longer to approve applications.

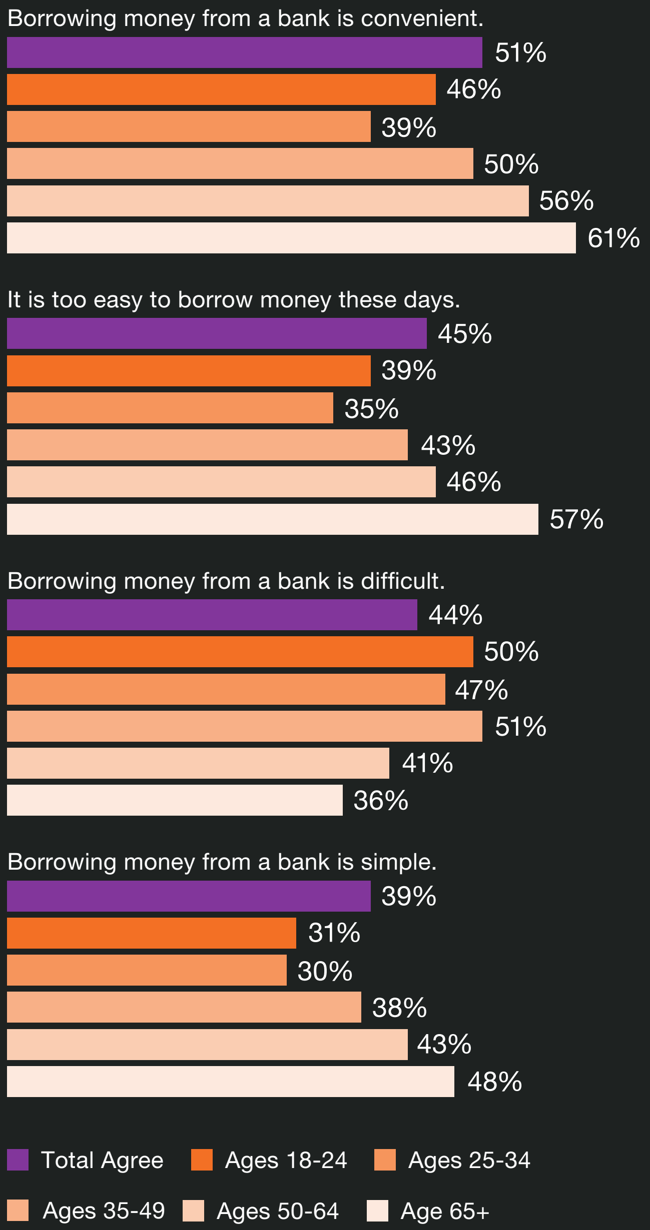
This may explain why while half of Americans find it convenient to borrow money from banks, fewer find it simple (39%) or quick (3%), per a February Ipsos KnowledgePanel survey. Despite new offerings to ease borrowing, Americans are split on whether it's too easy to borrow money today.

While anything in our fast-paced society that decreases friction and pain provides relevant and important benefits to shoppers, it's critical to be aware of the impact on their perceived and actual financial well-being and the potentially negative influence on their perceptions of brands.

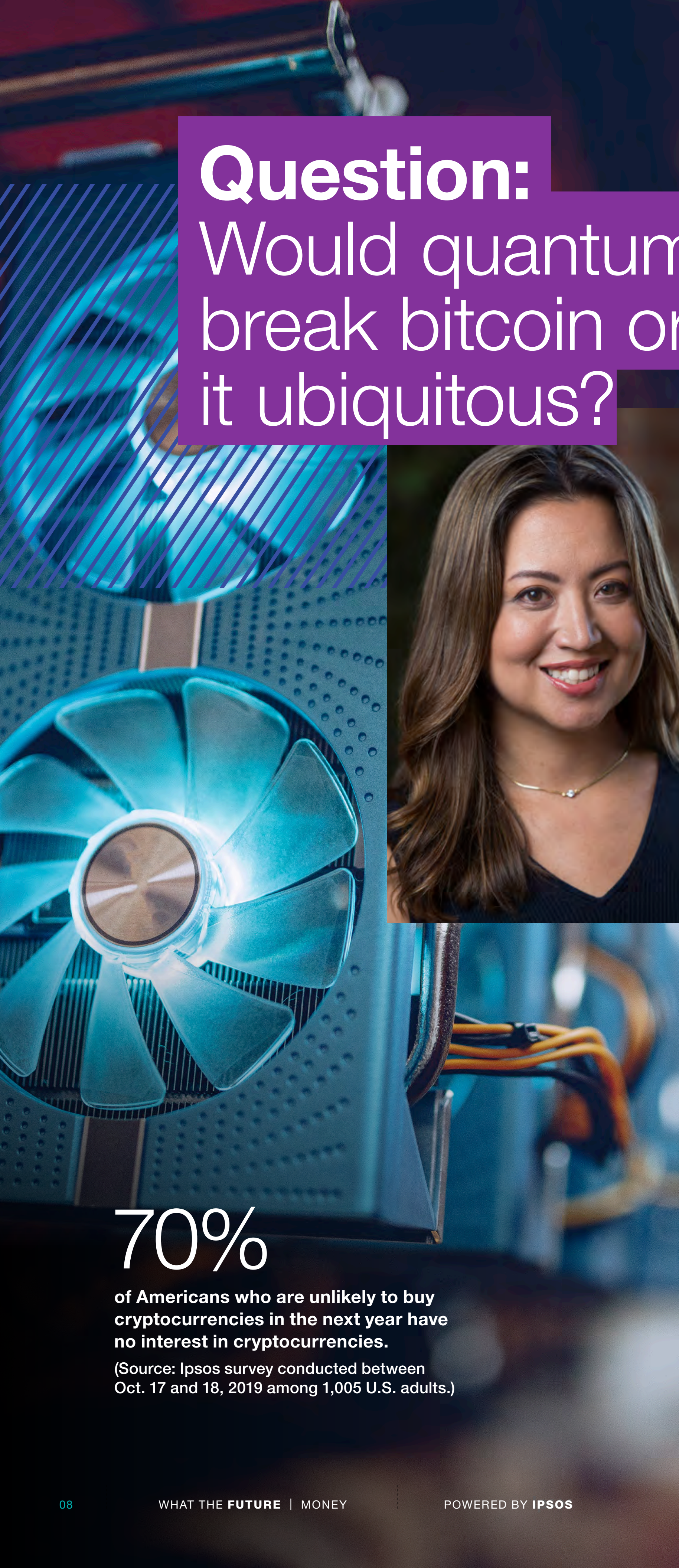
***Jesse Itzkowitz, Ph.D** is a senior vice president in the Ipsos Behavioral Science Center.*

Banks are convenient for borrowing money but hardly simple or easy.

Please indicate whether you agree or disagree with each of the following statements:



(Source: Survey conducted between Feb. 7-10, 2020, on the nationally representative Ipsos KnowledgePanel among 1,021 U.S. adults.)



Question: Would quantum computing break bitcoin or make it ubiquitous?

Rumi Morales

Partner, Outlier Ventures

Some cryptocurrencies take immense computing power and complex mathematical problems to create and exchange them.

The energy-related environmental concerns are one of the big knocks against the sustainability of this kind of future. But in 2019, Google announced it achieved quantum supremacy to give its supercomputers the ability to speed certain computations. Some experts worry that doing so could make cryptocurrencies like bitcoin hackable. But could it also make cryptocurrencies more scalable and useful for daily life?

Rumi Morales is a partner with Outlier Ventures, where she invests in virtual and digital virtual technologies, digital currency, quantum computing, artificial intelligence and the Internet of Things. When she thinks **What the Future**, she sees more promise than risk for cryptocurrencies post-quantum.

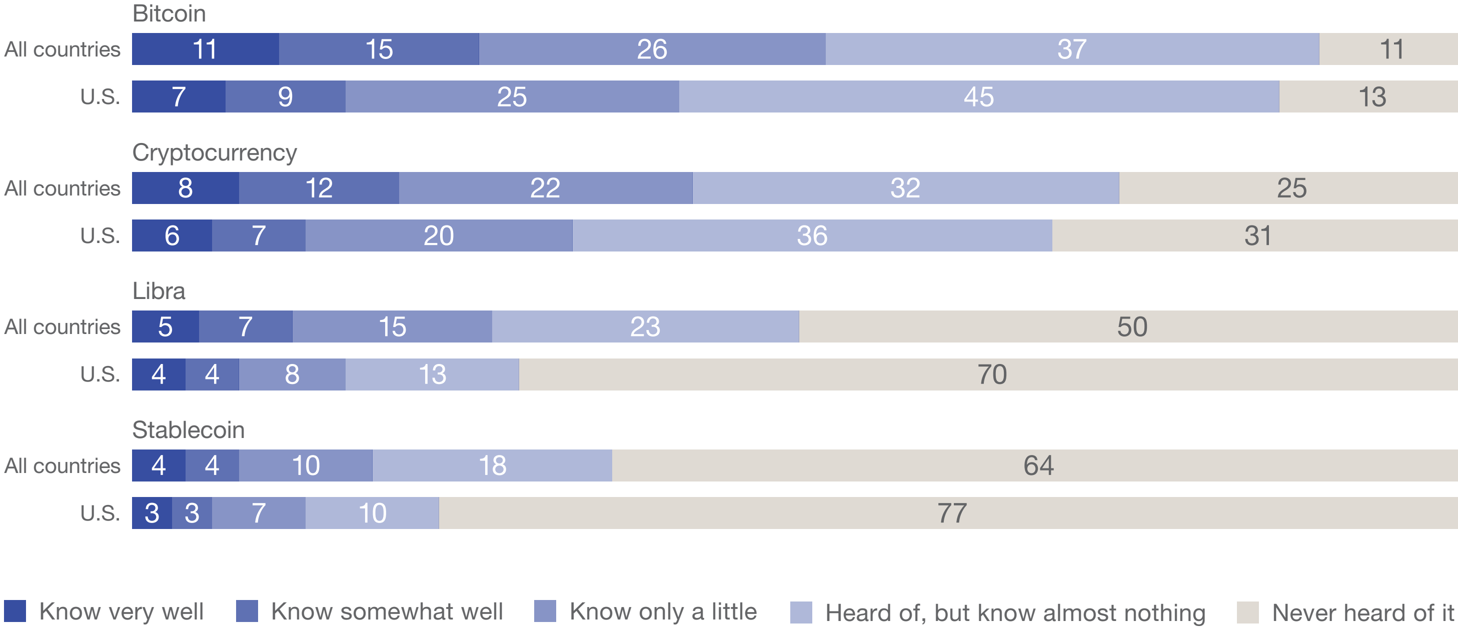
70%

of Americans who are unlikely to buy cryptocurrencies in the next year have no interest in cryptocurrencies.

(Source: Ipsos survey conducted between Oct. 17 and 18, 2019 among 1,005 U.S. adults.)

Most Americans are familiar with bitcoin but know less than global peers about cryptocurrencies.

How well do you know each of the following?



(Source: Ipsos Global Advisor, January 2020. Survey conducted between Dec. 20, 2019 to Jan. 3, 2020, among 14,000 adults in 28 countries. For full dataset, visit www.ipsos.com/en-us.)

WTF: If and when quantum supremacy is achieved what would happen?

Rumi Morales: First, cryptocurrencies are still very young and nascent. They may require a lot of computing power today, but they may not in the future. For example, there's more power in our cell phones than was used on the Apollo 11 moon landing mission. There's still a lot of work to be done in quantum computing and their effects, not just on cryptocurrencies, but a variety of technologies yet to be seen. There are different scalabilities here. One is the scalability of the network itself — i.e., how fast it can perform transactions and not get clogged up. At the moment, the blockchain doesn't scale enough to be efficient for high-frequency, high-bandwidth transactions.

The second is how many people will actually use crypto as a form of payment. The current tax laws can make things very onerous for someone who chooses to pay frequently with cryptocurrency, as each transaction can be considered a taxable event. This is the way the IRS sees crypto as property, but other agencies view it differently: The Commodity Futures Trading Commission says it's a commodity, the Securities and Exchange Commission examines it in the context of securities, and the Financial Crimes Enforcement Network as a currency.

WTF: If cryptocurrencies were easily accessible and scalable at mass, how would that change life for the average person?

Morales: Right now, there are over 2,000 to 3,000 cryptocurrencies. It can be hard to determine what it can look like for the average person once it's at scale, because we don't know which cryptocurrency will take off. Bitcoin is perhaps the most well-known of the current cryptocurrencies, but it does have limitations and flaws. Not being aligned with any sovereign nation or a central bank currently can be seen as a potential flaw. China is developing its own cryptocurrency, its digital currency. And if that takes off, then it could have very wide-reaching ramifications for people at scale.

WTF: Such as?

Morales: If, for example, payment apps such as Alipay and Tencent, but also perhaps Apple Pay, end up using Chinese digital currency, then it can have a very direct impact on people, whether they realize that or not. Specifically, every single transaction is posted to a ledger. So, if a government — in particular a government that surveilles its people — is able to see every transaction, a government would be able to surveil people even outside of the country and understand the financial transactions that they're making.

WTF: What do you envision for the average person's wallet in the future?

Morales: That's a fantastic question. One of the most challenging branding issues for bitcoin is that in the original paper by Satoshi Nakamoto [the supposed creator of bitcoin], it was called a "bit coin" and coin was somehow inferring only currency.

“There’s still a lot of work to be done in quantum computing and their effects, not just on cryptocurrencies, but a variety of technologies yet to be seen.”

But really the power of bitcoin is that it can represent any store of value that you may want, whether it represents a dollar or an airline mile award or something else. It really is ultimately a technology message not unlike the way email is a technology that’s delivering a message.

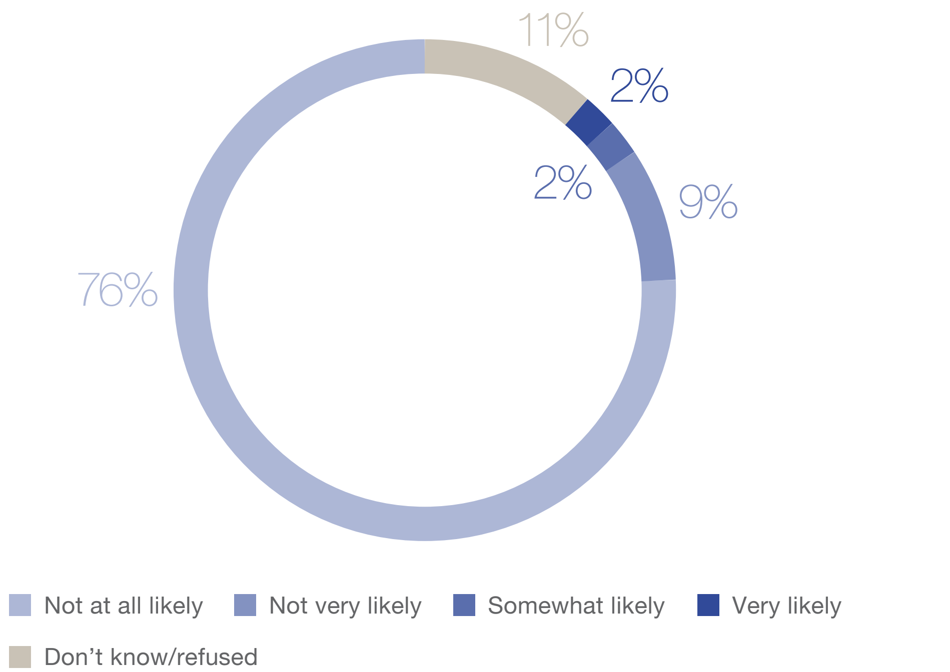
But the wallet represents not just dollars. It also holds things like other bitcoins or airline miles or reward points, and can use those interchangeably depending on the situation. And you wouldn’t have to calculate fees. You wouldn’t have to calculate the certain circumstance under which you’re trying to pay for something or buy something.

WTF: What other ways could cryptocurrencies change transactions in the future?

Morales: Machines will increasingly be paying each other or needing to pay each other. Maybe a car is embedded with a certain amount of x-coin within it. And it pays for everything as it needs to, whether it’s an electricity charge or whether you’re driving through a toll. As a driver, you don’t even have to think about this. Maybe you are not even in the car when it happens. This is where the power and the potential of blockchain as a currency is the most important, and there’s no coordinating authority for that. There’s no Federal Reserve of Things.

Americans are slow to warm up to cryptocurrencies...

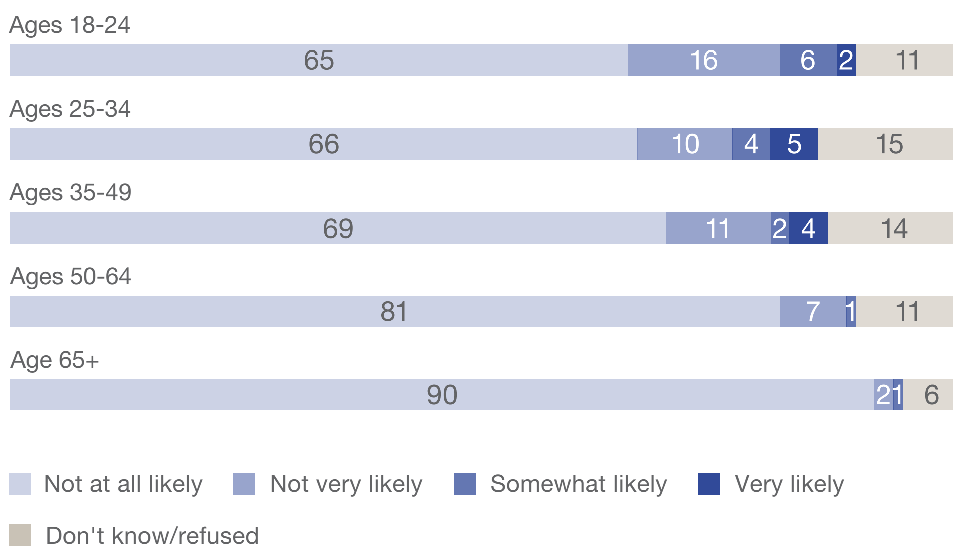
How likely are you to purchase a cryptocurrency such as bitcoin in the next year?



(Source: Survey conducted between Feb. 7-10, 2020, on the nationally representative Ipsos KnowledgePanel among 1,021 U.S. adults.)

...but younger Americans are the most likely to try them.

How likely are you to purchase a cryptocurrency such as bitcoin in the next year?



(Source: Survey conducted between Feb. 7-10, 2020, on the nationally representative Ipsos KnowledgePanel among 1,021 U.S. adults.)

Four ways to make cryptocurrency **more user-friendly**

A journalism startup called Civil tried a new way to finance the future: issuing crypto tokens. One major problem cropped up: the 44 steps needed to take part. To say the user experience was suboptimal is an understatement, and eventually the offering failed.

As financial technology and financial services consider more mainstream offerings of cryptocurrency and blockchain investment vehicles, the user experience needs improvement. Ipsos frames UX challenges using four key elements that ensure the user experience is easy, intuitive and enjoyable.

Learnability: Is it easy to understand?
Currently, many cryptocurrency sites lack the resources to help users quickly understand what cryptocurrency is and how it works. For example, Bitcoin.com and Bitcoin.org have cumbersome explanations of their cryptocurrency, which require a lot of reading by the user before they even begin to understand what it is and how to use it. To be successful, simple, concise language should be tested with consumers to ensure they understand the product offer. Once developed, content should be easily accessible.

Product fit: Does it have what I need?
Consumers need to understand how digital currencies like bitcoin or Ethereum address their needs and goals. The best way to do this is to show consumers common situations where cryptocurrency can be used and get their feedback on the value and relevance of the product. Those insights can help brands determine which features to prioritize.

Operability: Does it work well?
Consumers expect financial transactions to be easy. Mobile deposits, simple peer-to-peer transfer and digital wallets have become the norm, as more users expect one-click transactions that can be done on the go. Cryptocurrency transactions need the same, simple implementation or people will give up.

Inspiration: Does it inspire me?
People need to be motivated to make changes in their current routines. Does this product have benefits people want that will help them meet their goals? Include people in the product development to understand what drives their decisions about financial products and service providers.

Ultimately, businesses looking to create or expand cryptocurrency products must take people a little more into consideration to demystify their offerings and help them understand how and, just as importantly, why to use these new technologies.

***Yana Beranek** is a senior vice president of UX at Ipsos.*

What are the barriers to cryptocurrency adoption?

Why are you not likely to purchase a cryptocurrency in the next year?

(Source: Survey conducted between Feb. 7-10, 2020, on the nationally representative Ipsos KnowledgePanel among 882 U.S. adults who reported being unlikely to acquire cryptocurrency in a previous question.)

Question: How will people participate in an increasingly digital financial world?

Lisa Servon

Professor of City Planning University of Pennsylvania, Author, "The Unbanking of America"

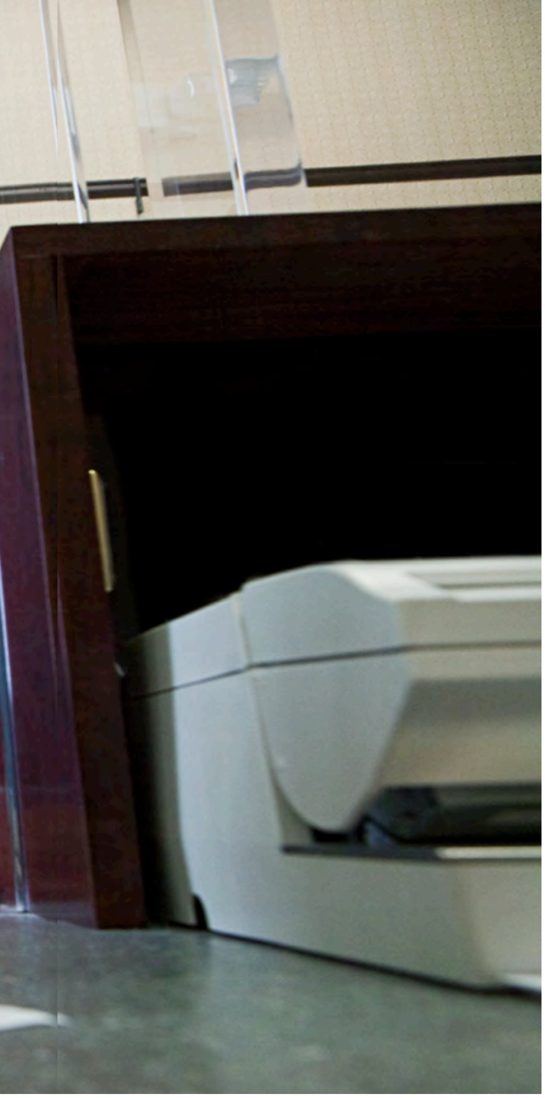
Professor Lisa Servon wanted to research Americans who don't use or have access to the traditional banking system.

In order to get closer to the community, she took a job at a check-cashing service. The result was a powerful book about the financial system and how it serves, or doesn't, at-risk communities. When she thinks **What the Future**, she's wondering how people can participate in an increasingly digital financial world.

36%

of Americans have never used a bank for wiring money.

(Source: Survey conducted between Feb. 7-10, 2020, on the nationally representative Ipsos KnowledgePanel among 1,021 U.S. adults.)



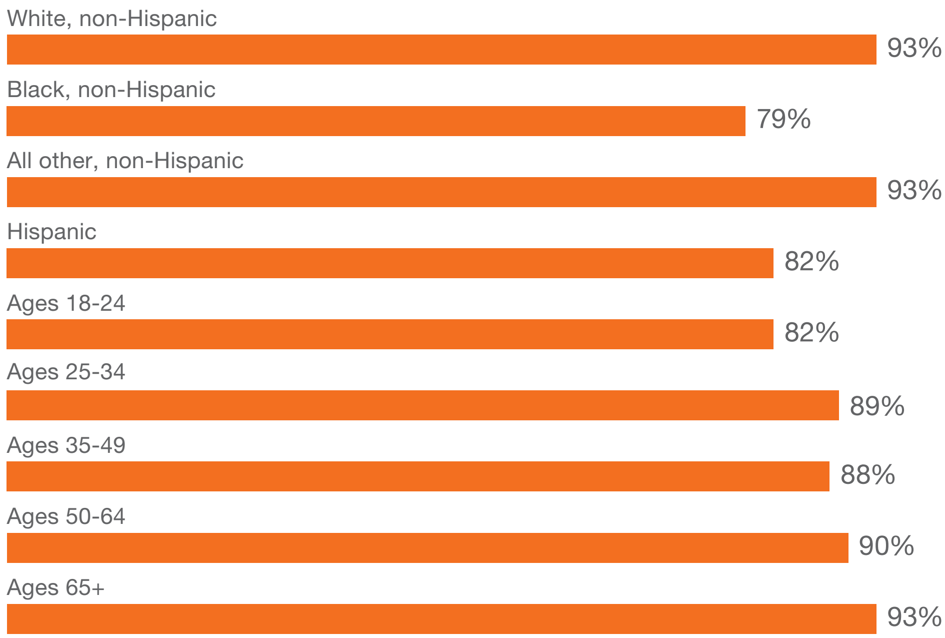
The vast majority of Americans are ‘banked.’

89% **say they use a bank (in-person, by phone, or online) for a checking account.**

(Source: Survey conducted between Feb. 14-24, 2020, on the nationally representative Ipsos Government and Academic Omnibus among 1,050 U.S. adults.)

But less so among younger, and Black and Hispanic people.

Do you use a bank (in-person, by phone, or online) for any of the following: checking account?



(Source: Survey conducted between Feb. 14-24, 2020, on the nationally representative Ipsos Government and Academic Omnibus among 1,050 U.S. adults.)

What the Future: To what degree is being unbanked or underbanked a problem both for individual people and for society?

Lisa Servon: To start with, I don’t like those terms even though I use them, too. I think they imply a deficit on the part of the person who we’re talking about and because they tend to lead to a policy solution that involves moving people to bank accounts. “Unbanked” or “uneducated” means you need more education; you need more bank. Banks are not necessarily serving this population well.

WTF: From your research, what isn’t working?

Servon: People who [took part] in my research told me that banks were too expensive, they lacked transparency, and that they weren’t getting good service from banks. When they compared banks to the local check casher, the check cashers scored higher on those things. So, I think it’s a problem. The assumption that banks are providing safe and affordable financial services for everyone is wrong. Low income people are paying 90 percent of the $32 billion in overdraft fees that are levied on bank customers.

WTF: What are people doing as an alternative?

Servon: When people make the choices to use alternative financial services, they’re choosing the best of imperfect options. At the bottom of this unbanked/underbanked/banked debate is that people don’t have enough money, which is probably beyond the scope of this conversation. There isn’t a good, consistent source of safe, affordable financial services that enable people of all socioeconomic groups to achieve financial health.

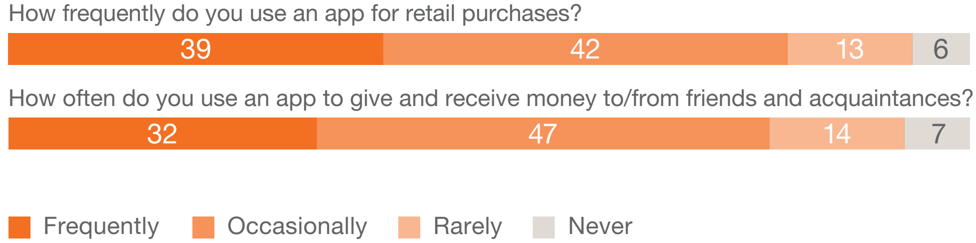
WTF: The subhead of your book calls out that we’re talking about the new middle class, which is a bit of a counternarrative that this is now a middle-class issue as well.

Servon: Absolutely. I think that was one of the biggest surprises for me in doing the research. I started out working at a check-cashing store in one of the poorest zip codes in the country in the South Bronx. Most of my customers there were low income, but particularly once I started working on the payday side of the industry —as a teller, as a loan collector, as someone manning a hotline—and then doing hundreds of interviews with payday borrowers, I realized it was a lot of people who had done “the right thing.” They had gone to college. They had a stable job, but things happened that really destabilized them financially.

WTF: To borrow a question from your book, can the free market solve these problems? For instance, banks and credit unions – they want more customers, right?

Servon: Yes and no. I think it’s possible for the private sector to make money and do well and do good, but I don’t really see that happening, except in the case of some banks that really have a more mission-driven strategy and model.

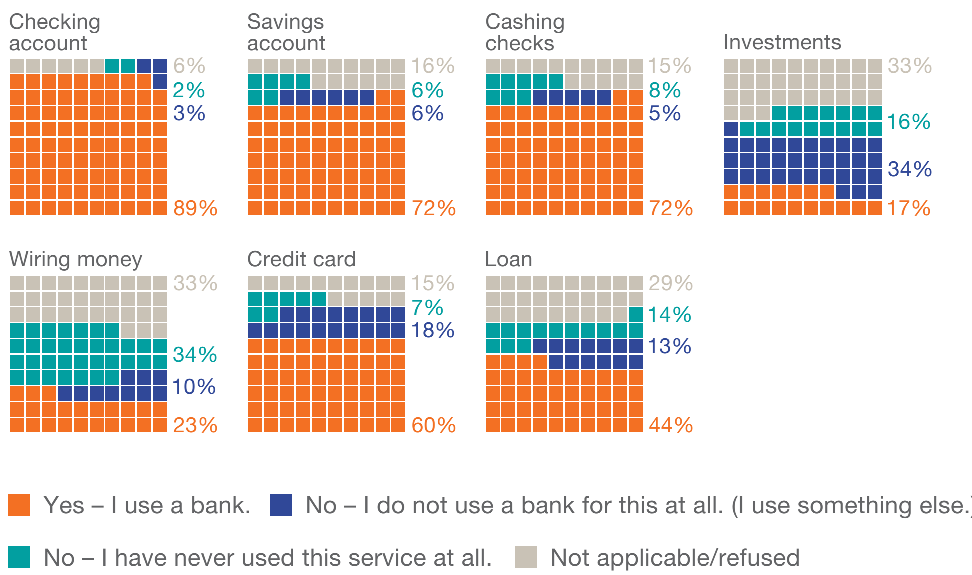
Most mobile wallet users make purchases and exchange money with peers through apps.



(Source: Ipsos Coronavirus Consumer Tracker conducted Aug. 4-5, 2020, among 290 U.S. adults who use a mobile wallet.)

Americans overwhelmingly rely on banks for everyday money transactions.

Do you use a bank (in-person, by phone, or online) for any of the following?



(Source: Survey conducted between Feb. 7-10, 2020, on the nationally representative Ipsos KnowledgePanel among 1,021 U.S. adults.)

WTF: What role do nonprofits and governments have in this? What does the public nonprofit sector need to do?

Servon: The requirements of the Community Reinvestment Act should be rethought. It should really be more specific about how banks need to serve the people in the communities in which they're located. I also think there is a role for fintech here. Some are helping people with economic instability. There are apps that help people get paid by the hour instead of every two weeks. It doesn't necessarily give people more money, but sometimes having access to all the money you're owed whenever you can get it can be useful. Credit scoring is also a place where government and the private sector could be looking. Your mortgage payments are factored into your credit score, but not on-time rent payments. And so, there are some simple fixes that would at least do things like make more people eligible for less expensive credit.

WTF: Are you seeing that you don't necessarily need to be tied to a traditional financial institution, that you can start using some of these fintech payment and loan services instead?

Servon: Things have become more driven by technology, and people do feel like they have less of a need for brick-and-mortar financial institutions. We've also seen an increase in the need for what Fred Wherry, a Princeton sociologist, called "financial citizenship"—things like having a credit score. Now, obviously, you don't have to have your bank account to get a credit score, but you need to be able to build credit. There's a bank behind Credit Karma. There's a bank behind Venmo. So, I don't know that we can say we're able to consider being in a cashless society or a bankless society.

WTF: Do you think that the rise of digital currencies and cryptocurrencies and blockchain will impact the unbanked population?

Servon: Some of the technology that underlies those cryptocurrencies has some really interesting potential usage. One of the companies that I profiled in my book was called Repl.it, which is a company that uses blockchain technology and is working on a system where payments from one entity to another could be free and immediate. That has potential to help people who are living on the edge in terms of having a check and not having to wait three or four days to cash it. That's a huge reason why people go to check cashers and pay two percent of their paycheck in order to get the money right away.

WTF: Millennials and iGen are coming of age with different relationships to banks and traditional financial institutions. The iGen, for instance, doesn't even see that there's much of a difference between a checking and savings account, because, at the moment, there really isn't, in terms of interest rates.

Servon: There's a generational shift in terms of the comfort with technology, for sure. The other thing that really has an effect on people's behavior is going back to employment stability and the changing nature of a middle class. I grew up in a world in which, if you work hard and you go to college, you can get a job that will allow you to have children, be able to afford them, buy a house and save for retirement. Now I see people trading those things off, thinking, "Well, I can do one of those things, but not the other."

Will our current circumstances **increase financial citizenship?**

A tale of two markets suggests clues for increasing financial inclusion in the U.S.

In the early part of the 2010s, Brazil made a concerted effort to increase participation in the financial system. It did this initially by expanding locations. Ultimately, the percentage of financial inclusion increased from 56% in 2011 to 70% in 2017, according to the World Bank's Global Findex Database. While Brazil's efforts were successful early on, the impact of more physical locations on inclusion waned in recent years. Kenya, by contrast, has taken a highly technology-driven approach, facilitating peer-to-peer transactions via mobile devices. Financial inclusion has increased from 42% in 2011 to 80% in 2017, according to the World Bank.

While Kenya's and Brazil's markets and technology penetration are very different from the U.S.'s, their greater progress suggests that the U.S. needs to facilitate financial technology adoption in order to increase inclusion, which is already at about 93% according to an Ipsos KnowledgePanel survey conducted in February 2020. This is roughly consistent with 2017 figures from the FDIC, suggesting little or no recent change.

During the pandemic, Ipsos has seen greater fintech banking app usage. But affluent consumers are five times more likely to be using these apps than households making under $50,000 a year. So, fintech efforts are largely underrepresenting the most in need.

This need for digital banking is underlined by the fact that the current crisis will almost certainly put more pressure on U.S. banks' real estate footprints. Banks do have a role in converting cash to digital accounts. Perhaps the increasing focus on inclusion will compel banks to open in communities where they are most needed.

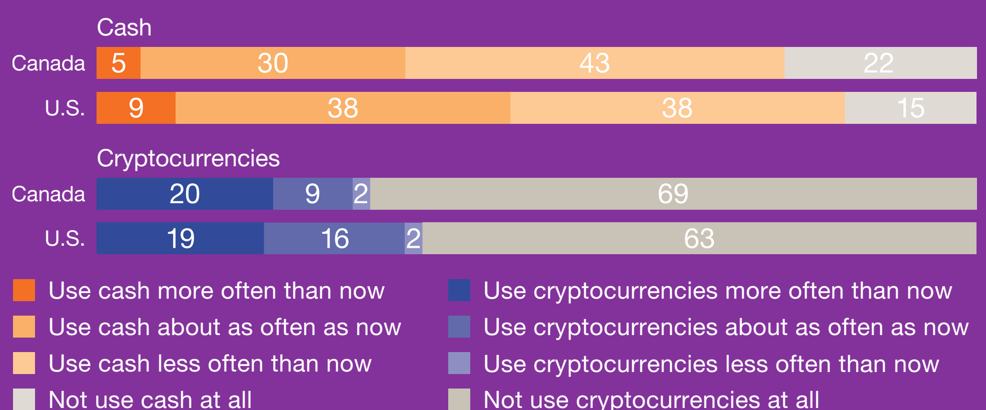
Even with an increase in technology solutions and physical proximity, there is still an issue in getting to 100% inclusion. Consumers are roughly split down the middle in terms of their outlook on using cash in the future. For the 47% who think they will use cash at least as much in the future, reluctance to move to digital is generally chalked up to a lack of trust on the consumer's part. Understanding these concerns with, and barriers to, digital adoption more granularly will be important in maximizing financial citizenship in the U.S.

The old goal of 100% inclusion in traditional banking might be the wrong marker with the acceleration of digital services. But fintech can likely bridge that to move us toward 100% inclusion in platforms that allow for all populations to save and grow wealth.

***Jason Brown** is a president and chief client officer at Ipsos.*

Cash will lose its cachet as cryptocurrencies slowly gain use.

Ten years from now, do you expect you will…



(Source: Ipsos Global Advisor, January 2020. Survey conducted between Dec. 20, 2019 to Jan. 3, 2020 among 500 adults in the U.S. and 500 in Canada. The cryptocurrency question was asked of 337 Canadian adults and 346 U.S. adults who indicated they had heard of cryptocurrencies in a previous question. For full dataset, visit www.ipsos.com/en-us.)

Question: What should the sharing economy of the future have in common with the Medieval Commons?

Douglas Rushkoff

Host, “Team Human” podcast and author, “Team Human”

Douglas Rushkoff is one of the most interesting writers of the last couple of decades.

His books have covered a broad range of topics, and his latest, “Team Human,” is a fast-paced 100-point manifesto. When he thinks **What the Future**, he’s wondering about the personal connections possible in a tech-driven economy.

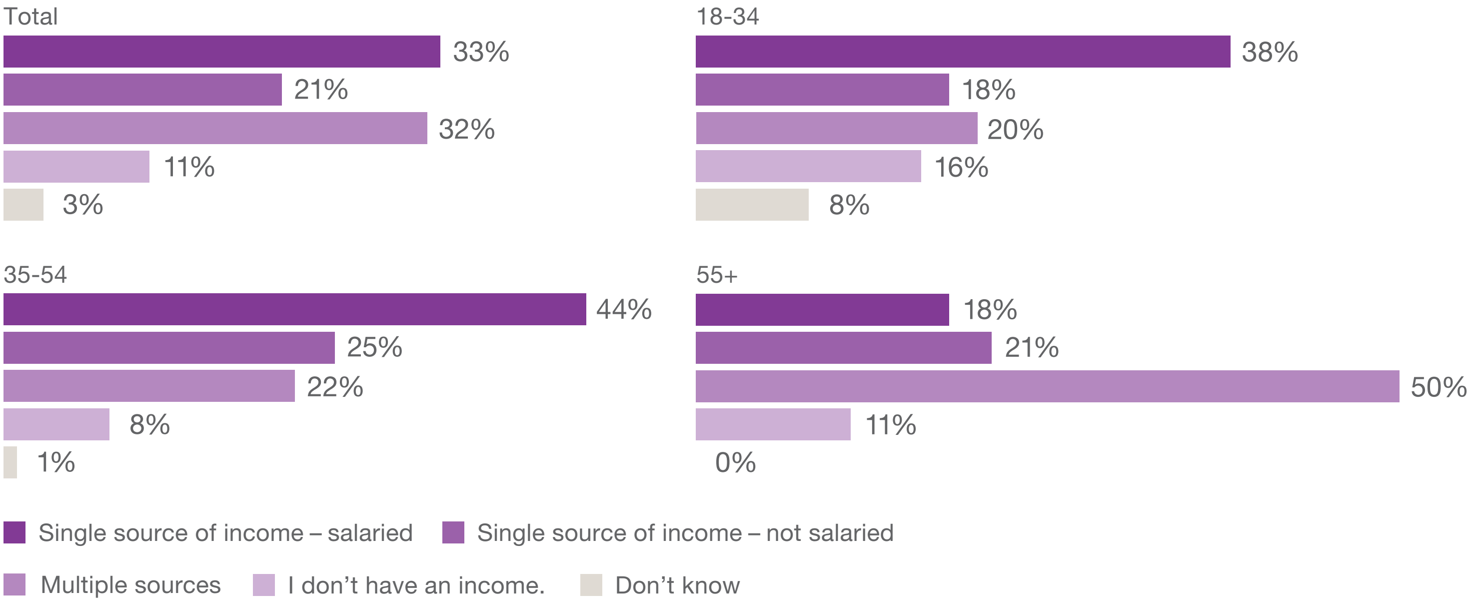
20%

of Americans who say they have an income outside of salaried work earn income by freelance or contract work.

(Source: Ipsos Coronavirus Consumer Tracker conducted Aug. 4-5, 2020, among 1,111 U.S. adults.)

Older workers are more likely to have multiple jobs.

Do you have a single source of income, or do you earn income in a few different ways or through different jobs?



(Source: Ipsos Coronavirus Consumer Tracker conducted Aug. 4-5, 2020, among 1,111 U.S. adults.)

WTF: What's your reaction to the popular use of the term "sharing economy"? A lot of this is really just recast traditional rental relationships, with some sort of app interface that somehow makes it seem like it's a whole new industry, right?

Douglas Rushkoff: Right. Many of the best platforms on the Internet in the '90s were simply doing the matchmaking between people with needs and people with surplus. And that was an interesting phenomenon. One of the most successful of those platforms was couchsurfing.org. It was really just, "I've got a couch. If you need a place to stay, you can stay with me." It wasn't about money or renting or anything. It was, quite literally, about sharing. There were lots of places where you could list stuff that you had that you didn't need anymore, and it engendered a culture of community sharing and value exchange.

WTF: There's still a couple of them. And then other people can come and get that stuff if they need it. That's more like sharing.

Rushkoff: A true sharing economy would be more of a situation where everybody on the block is going to chip in to buy one lawnmower or one snowblower, and then we'll create a schedule and actively share it. The 'net was really good for helping administrate or facilitate this sort of activity. Ever since "Web 2.0," as Tim O'Reilly called it, the temptation was always to find a way to become the landlord of those spaces and to charge something for allowing those exchanges to happen and encourage people to charge for the use of their stuff. And that's where it just gets kind of crazy and unfair.

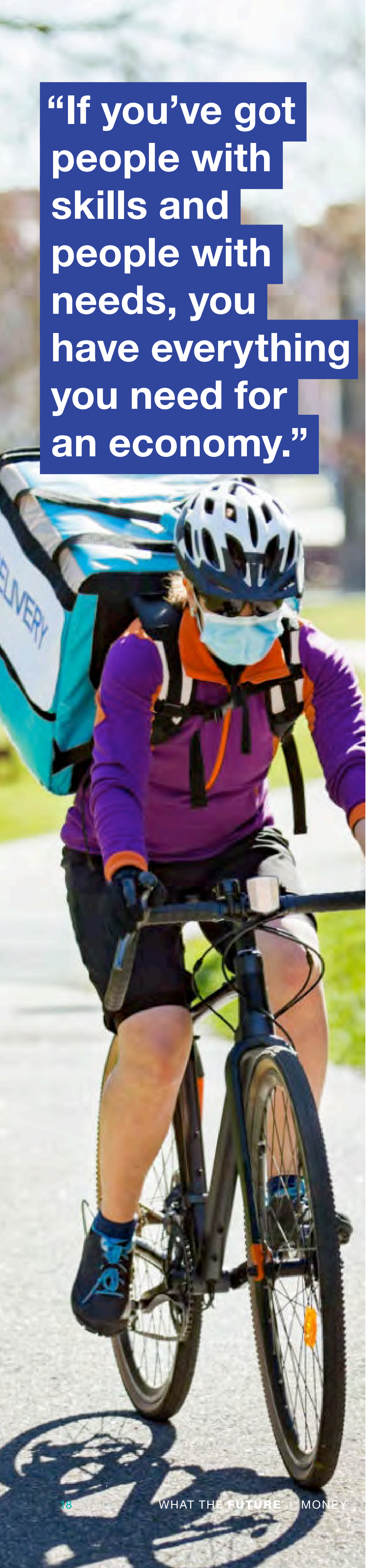
WTF: In your book you talk quite a bit about "the Commons."

Rushkoff: The Commons was a collective resource that was shared by a community. And there were strict rules put around it for how it could be shared. It might be a pasture for grazing cows. So, if you're part of the collective that is sharing this common resource, then there are rules: You can bring four cows per day, or you get 200 cow hours on this pasture per week. These rules were strictly enforced. If you broke the rules of the Commons, then you would lose your Commons privileges. All of this stuff we're talking about is from the Medieval Era.

WTF: So, when you talk about the Commons in the book, is that something we should be aspiring to get back to? To bring some of that human connection back to these things?

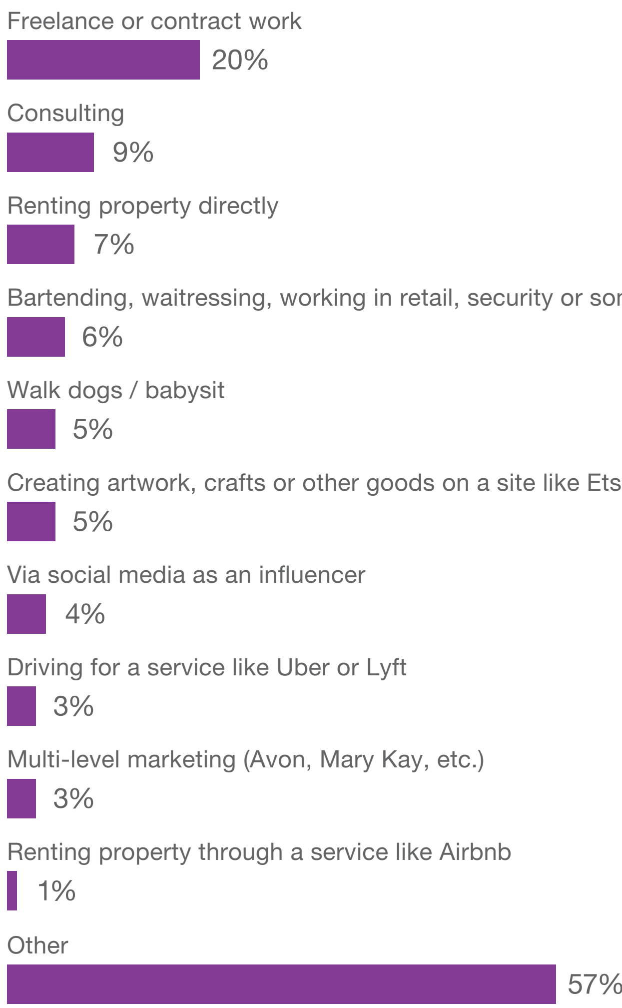
Rushkoff: There are really two main models that would help us. One is the co-op. If the platforms were owned by the constituencies that use them, you end up in a very different world. Then you're not an employee, so much as a stakeholder or an owner. Those kinds of businesses work differently. The other way is to look at certain things as Commons. This whole "tragedy of the Commons" is a fallacy. They're not talking about a Commons —they're talking about something that is neither owned nor supervised. A real Commons is governed by its users, who need it to stay viable. We're all depending on it, so together we create a way of governing this important shared resource. We monitor it in shifts. We protect it.

"If you've got people with skills and people with needs, you have everything you need for an economy."



Gig work varies widely.

Outside of any salaried work, how else do you earn income?



(Source: Ipsos Coronavirus Consumer Tracker conducted Aug. 4-5, 2020, among 581 Americans who have an income outside of salaried work.)

WTF: Some of the so-called sharing economy is really about sharing labor more than goods, isn't it?

Rushkoff: Right. I can have this person the first three hours, and you can get their second three hours. To them, sharing has to do with maximizing the utility and the time of the employee or the resource or the worker. That goes back to debt and [famed anthropologist David] Graeber's idea that we need to find a way to grow the economy by any means necessary, which has very little to do with getting people the goods and services they need and everything to do with how do we extract more money in the same amount of time.

WTF: So, how do we build an actual sharing economy?

Rushkoff: If you've got people with skills and people with needs, you have everything you need for an economy. You don't need a bank to lend money to a corporation to invest in a factory to provide jobs for people in your town building widgets that nobody needs. That's not how to fix an economy. If you've got someone with a broken refrigerator and someone who can fix a refrigerator that's the basis for value exchange. You just need a way of keeping track of favors, be it local currency or favor bank. It sounds like barter, but an economy shouldn't be strangled for lack of a means of exchange between all these people that have value and needs. And that's where some of the sharing economy apps have succeeded; at least they've opened people's eyes to the idea that we could transact directly with each other.

How financial services can evolve for **gig workers**

According to the IRS, the share of workers earning at least part of their income from independent contracting increased 22% between 2001 and 2016. Now, after months of living in social distance and business disruptions, the impact of the pandemic continues to financially burden Americans working in the so-called gig economy. That's forced many such workers to improvise and adapt to protect their financial health, say members of the Ipsos SMX US Syndicated online community, Fresh Lab.

While the gig economy can have flexible work terms that are beneficial to many workers, it can also have unpredictable income and leave workers especially subject to volatility in the economy. Looking forward, this has profound implications for the financial services market in relation to lending, credit and new services to help this class of workers can stability.

For now, most community members continue to have uncertainty when it comes to planning their future after the COVID-19 pandemic. In a survey of community members, 16% indicate that over half of their income relies on being a freelancer or independent employee as part of the gig/shared economy. Over a quarter of this group indicate that their income has decreased since March 2020, particularly among members between the prime earning ages of 35 to 44.

"I haven't been able to visit my regular customers and work for them because everybody is too afraid of COVID (myself included)," wrote one SMX community member. "This has forced me to not work for an unforeseen amount of time."

This is an example of the insights drawn from The Fresh Lab syndicated online community. Made up of more than 6,000 engaged consumers across the U.S., the community tracks a variety of consumer behaviors and sentiments on a weekly basis.

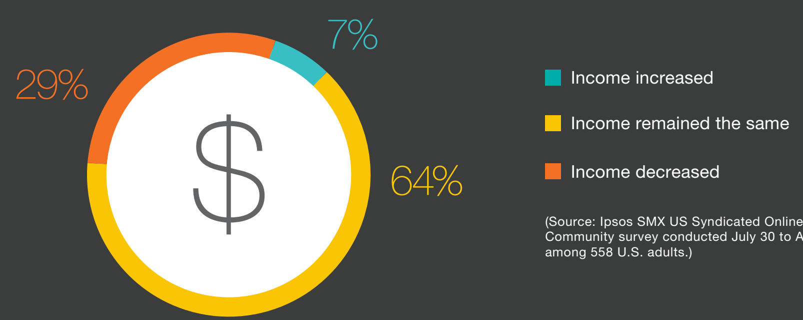
Like many gig workers, just over half of members are not able to do their jobs digitally/online. Many are doing what they can to replace the lost income, including working jobs for lower pay or relying on unemployment support from the government.

Still others are finding it difficult to find any type of employment and are relying on spending less and saving more. But some are trying to adapt to the current environment to maximize their employment opportunities.

"I have been reinventing myself, learning new skills to satisfy the work-from-home jobs available," wrote another community member.

***Amber Jawaid** is a vice president of SMX Online Communities at Ipsos.*

How financial services can evolve for gig workers.



(Source: Ipsos SMX US Syndicated Online Community survey conducted July 30 to Aug. 3, 2020, among 558 U.S. adults.)

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