

In February 2022, the government of Canada invoked the Emergencies Act and ordered financial institutions to freeze the accounts of individuals who were involved in the “Freedom Convoy” protests, without any judicial order (Reuters, 2022). This episode, which took place in a constitutional democracy with an independent judiciary and a Charter of Rights, exposed the corruptive influence a centralised financial system creates - the very thing the efficiency-minded view of digital payments leaves in the dark. This demonstrates that a cashless society is not the thing to be afraid of in totality; cashless governance is (Achord et al., 2017). Financial privacy is not an optional extra to liberal order; it's a cornerstone of it, and the surveillance regime that would replace it is so seamless and so irreversible that only the watchful will notice.

In short, we should fear cashless governance, not because digital payments are inferior or because the transition offers nothing to gain, but because the architecture that supersedes cash is a surveillance architecture, an unfortunate reality of Zuboff's (2019) ‘Surveillance Capitalism’. But complacency cannot be confused with sophistication; to think of being alarmed by this transformation as the purview of the technophobe or the criminally inclined is intellectually careless, and it is politically perilous.

The case for cashlessness - and its limits

The opposing argument deserves its due respect; it is not without merit. The shift from paper to digital transactions has been a rapid process all over Europe. In Sweden, the Netherlands, and Germany, as shown in Figure 1, the development of cashless transactions is on a clear upward trend. In nations such as China, already 90% of the population use online payment methods (CEICdata, 2026). The efficiency benefits of this elimination are tangible: cashless transactions cost less, taxes are less open to evasion, and organized financial crime is more easily traced. The strongest version of this case goes further; it is cash's very anonymity that lubricates money laundering, tax evasion and terrorist financing, which is why Rogoff (2016) argues for retiring high-denomination notes. Where physical cash is scarce, the once bank-robber must rationally weigh up their expected return from their activities, increasingly finding a net loss payoff in areas with severe punishments.

Furthermore, in certain institutional configurations, access to financial services becomes more readily available to groups that physical currency has structurally and historically excluded. When it comes to cash handling, the costs in the eurozone can reach around 0.5% of GDP each year for logistics, security, and administration, according to the

European Central Bank estimates (Meyer & Teppa, 2024). Yet efficiency is a quality of an instrument, but it does not provide a meaning or purpose. To focus on the issue at hand, while the increased efficiency of cashless infrastructure has net positives on GDP, what is the purpose of this efficiency? How is it used by those in power, and does it promote democratic values? The system's efficiency in processing transactions is undeniable; but the architecture it creates is left without a defined purpose, reducing one's freedom with no end goal, with the potentiality to cause more harm than good.

Figure 1: The Rise of Cashless Transactions Across Selected European Economies, 2015 - 2023

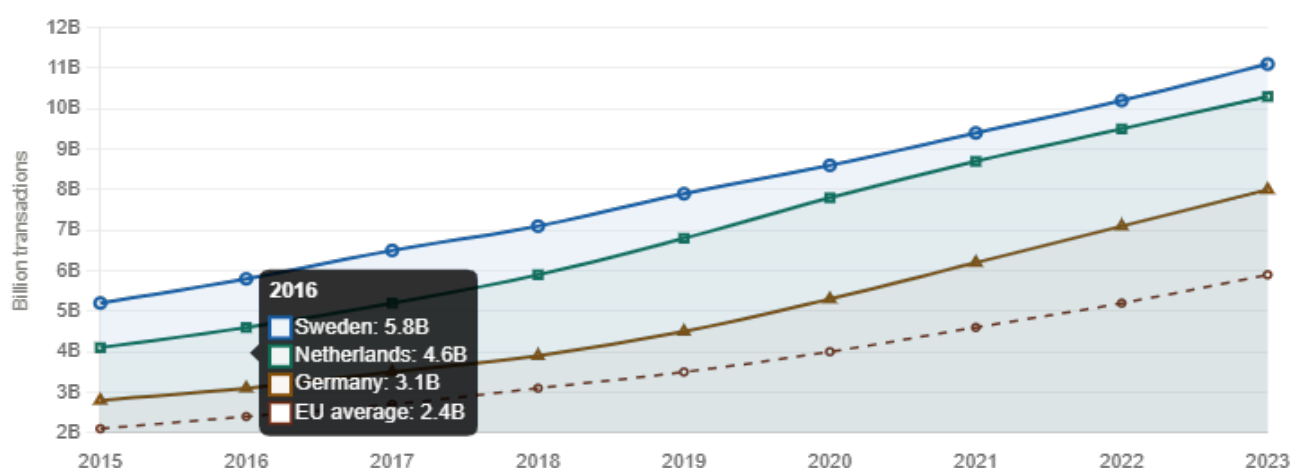


Figure 1: Created by the author based on data from the European Central Bank Statistical Data Warehouse (2023) and the Bank for International Settlements Committee on Payments and Market Infrastructures (2023).

The privacy claim for cash is overstated when it comes to the average European citizen. Those who already manage their finances online, as most younger and middle-aged people in Northern and Western Europe do, lose little marginal privacy in a fully cashless world (Mathiesen, 2013). However, this is not an endorsement of a cashless system, the real question is not whether cashlessness works for its beneficiaries but whether those benefits come at an acceptable cost to the exposed.

The surveillance architecture and why it is not hypothetical

The fundamental issue with a cashless economy is architectural: it is not merely a transition from paper to digital, but a structural migration from financial infrastructure to surveillance infrastructure (Zuboff, 2019). As illustrated in Figure 2, this transformation is neither incidental nor accidental; it is the logical consequence of the system's design. In a cashless system, each transaction generates a trace time, Merchant category, a geolocated amount, and the sum of these data points over time tells much more than any single transaction. It builds a high-resolution behavioural profile of a spender - where a person sleeps, whom they meet, which causes they fund - any of which an institution may deem "suspicious". With over 70% of transactions through just Visa and Mastercard, it is apparent a huge risk comes through data security, not just through the commodification but also the abuse of such rich information (Nilson Report, 2023).

Notwithstanding, the decisive harm arrives before any account is activated. Once people know that every transaction is legible to an institution, they begin to police themselves: the donation quietly withheld, the book left unbought, the meeting unattended. This is the logic of the Panopticon forwarded by Bentham and Bigo (2006); the watched need never be punished, because the mere possibility of being watched is enough to secure obedience.

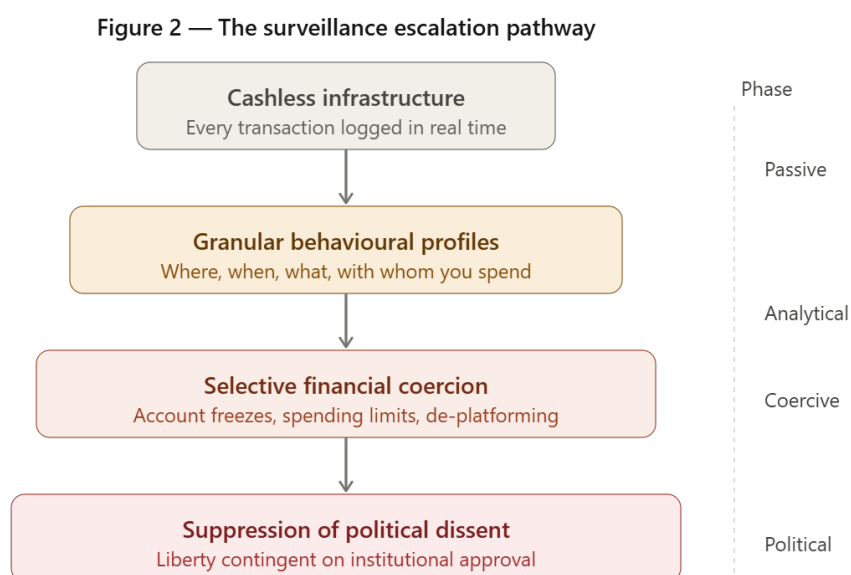


Figure 2: The surveillance escalation pathway in a cashless society. Authors own.

This is no idle worry. In Canada, a liberal government facing a minor political challenge turned financial infrastructure into a tool of suppression within days. In China, the emerging Central Bank Digital Currency, the "digital yuan," is being designed to have features that would allow the state to limit the recipients of these funds, effectively embedding ideological compliance into the currency itself (Chorzempa, 2021).

Programmability governs not only who may receive money but how it behaves: a unit that can carry an expiry date, a spending limit, or a negative interest rate hands its issuer a lever the bearer-instrument neutrality of cash never conceded. It is the same architecture that would let a central bank abolish the zero lower bound and tax idle savings directly (Rogoff, 2016). In Belarus, the Lukashenko regime froze the accounts of opposition supporters after the fraudulent 2020 election, a process that would have been structurally impossible in a cash-based economy (Mills, 2021). Nor need the state to be a gatekeeper at all; private payment networks and banks already withdraw service from lawful but disfavoured customers with no judicial order and no right of appeal. In a cashless economy a corporate risk assessment can carry the practical force of exile, and the citizen has no banknote to fall back on.

And so, to suggest that such infrastructural abuses are limited to authoritarian regimes, and strong rule-of-law democracies are in some way structurally immune to such temptations, is challenged by The Canadian "Freedom Convoy" case. In turn, the Emergencies Act was struck down by a Federal Court (Torys LLP, 2024). The constitutional process ultimately worked, judicial review prevailed and the Act was struck down, but that vindication came too late for those whose accounts had already been frozen (Hayek, 2000). In the meantime, liberty had been suspended. If a fully cashless economy is implemented, then suspension of economic participation and suspension of civic participation are, for all intents and purposes, indistinguishable. Hayek (2000) warned decades ago that centralized knowledge is inseparable from centralized power, and in a cashless economy, where every transaction feeds a single institutional record, that warning assumes a precision he could not have anticipated.

The everyday harm: exclusion as structural violence

It would not be enough to pinpoint the risk only in the "theatrical" dimension of political opposition, because the everyday marginalization of the "cashless world" is also structural violence.

Figure 3 — Power and exposure: who gains surveillance capacity, who bears the cost

The cashless transition concentrates informational power upward while distributing risk downward

Actor	Surveillance capacity gained	Liberty exposure borne	Real-world precedent
Sovereign states	Full population transaction map	Minimal — holds the power	Canada, 2022; China CBDC
Payment duopolies	Cross-merchant spending profiles	Minimal — gatekeepers	Visa/Mastercard market share >90%
Affluent consumers	None — subject, not surveiller	Moderate — privacy erosion	Ad targeting, credit scoring
Political dissidents	None	Critical — de-platforming risk	Belarus; Hong Kong protests
Abuse survivors	None	Critical — traceable escape	UK domestic abuse research
Elderly & rural	None	High — structural exclusion	Sweden legal cash mandate

Figure 3: Distributional matrix of surveillance capacity and liberty exposure across stakeholder groups in a cashless transition. Authors own,

For many, cash anonymity is not a privacy preference but a means of physical safety - perhaps the only one - that a cashless society can strip away. Think of the roughly 13 million unbanked Europeans who cannot access digital finance without formal identification and a fixed address, the very things their circumstances often deny them (Demirguc-Kunt et al., 2022). It is precisely the marginalized populations, the elderly, disconnected, economically inactive, that are reliant still on cash. Eradication of such a means of participation guarantees a new angle to view inequality through, and one which is likely to persist if resistance to change is acute from these groups.

This feature, namely that the market, unconstrained by law does not provide for the inconvenient, is a feature that has been recognized with sufficient seriousness in Sweden, the paradigmatic cashless society, to introduce statute law that guarantees basic cash services (Larsson, 2025).

Why complacency is the real threat

The most alluring response is the managerial one: the risks are real but manageable, and stronger regulation and data-protection rules will contain them while preserving the gains. True, the intent is not bad, yet it places the burden of proof on those raising the alarm rather than on those building the system. It assumes the structure of surveillance as a status quo and the measures of protection as an exception to be explained (Bigo, 2006).

What is needed, however, is the opposite constitutional presumption that financial privacy is a precondition of political freedom, and that any system which compromises it must meet a far higher standard of justification than one which upholds it (Allen, 2010). The institutions that stand to gain the most from cashlessness, payment networks, and data-monetizing platforms are precisely those whose assurances about safeguards deserve the most rigorous and independent scrutiny.

In practice, this requires several things; the constitutional floor for legal tender protections to physical currency must be observed, for as long as universal, unconditional access to the digital form cannot be achieved. Central Bank Digital Currencies (CBDCs) should be built with privacy safeguards in the architecture from the start, rather than retrofitted on an opportunistic basis once the CBDC is in use and should be independently audited for programmability capabilities before being used by the public (Faloore, 2026). As the Visa-Mastercard duopoly has more impact on the functioning of daily life in Europe than any other private company, the issue of who has the power over whom should be addressed structurally through antitrust measures (Nilson Report, 2023).

Locke famously grounded property rights in the concept of natural liberty, the principle that individuals possess an inherent claim upon the world and one requiring no prior consent from any other party to be exercised (Locke, 1966). In a society where each interaction goes through an institutional mechanism and is recorded and, in some cases, blocked, there is a society where the basics of individuality have been discreetly, step-by-step, and perhaps permanently taken away from the individual and into the domain of the institution (Elster, 1982). We should be afraid of that. The history of liberty is not the history of threats that were clearly theatrical; it is the story of the encroachments that, at the time, appeared as perfectly reasonable options.

Conclusion

Should we be concerned about a cashless society? Yes, but with discrimination. The fear that is owed is not the fear of technology or progress or the digitalisation itself, but the fear of the systems, power distributions, and perverse incentives it creates. John Locke knew that freedom is not just “freedom from the law”, it is freedom which can never be taken away by any institution.

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