

RollsPack Packaging, the impact of COVID-19 on the cash handling aspects of our economy

COVID-19 has highlighted the relationship between the uncertainties of reality and our reliance on cash.

MELBOURNE, VIC, AUSTRALIA, May 21, 2021 /EINPresswire.com/ -- The value of bank notes has risen dramatically since the start of COVID-19.

The COVID-19 Pandemic has had a significant influence on the world economy and how businesses have functioned in order to survive. One may be forgiven for believing that the value of currency in circulation would have declined considerably during this period (due to the necessity for sanitary and therefore cashless

transactions) - [RollsPack](#) provides cash handling packaging that presents indicators when tampered with ([Tamper-Evident Technology](#) both in Australia and in the [USA](#)) which may assist in preventing cash contamination. The fact, however, is that the reverse has occurred. According to the RBA (Reserve Bank of Australia), the arrival of COVID-19 significantly increased the value of

the physical banknotes in circulation. This is consistent with previous periods of economic uncertainty, when individuals sought to hoard cash as a precautionary store of wealth. This tendency was seen not just in Australia, but also in many other nations such as Japan, the United States, the United Kingdom, Canada, Israel, New Zealand, and others. Further details can be found here [1]

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We have seen the use of cash falling a lot in the last few years and with [COVID-19] we probably saw another 10 per cent taken off.”

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Digital technology sees little benefit relying on physical cash.



RollsPack Logo - RollsPack Australia



Image of respirator mask and cash

The use of cash as a preventive wealth reserve is not restricted to global pandemics. Recent

flooding catastrophes in New South Wales, which impacted a number of key services such as the region's electricity infrastructure, demonstrating yet another significant advantage of a cash-based economy - it is not leveraged, nor subject to the shortfalls of digital technology. As Reserve Bank Governor Philip Lowe put it, "cash does not require the internet to be up, electricity to be working and the banks' systems to be operational" This failsafe is critical in an age when our critical systems are getting more technologically advanced through the use of information technology and digital communication.

Such a requirement is obviously not limited to flooding, but applies to any event that has a significant impact on our digital systems infrastructure. The 2019-2020 bushfires, which destroyed more than 46 million acres and at least 3,500 homes, also had a significant impact on the country's digital networks.

The Australian Communications and Media Authority issued the following comments about our telecommunications and internet infrastructure:

- During the review period, the bushfires had an impact on 1,390 facilities, either directly or indirectly.
- During the evaluation period, 51% of the facilities impacted reported outages lasting four hours or more, while 26% experienced disruptions lasting less than four hours.
- The average duration of outage episodes was 3.5 days, with a median of 1.6 days.

Source: ACMA - Impacts of the 2019-20 bushfires on the telecommunications network. Learn more about this [2]

COVID-19 has established and dramatically heightened our fear of the unknown.

Returning to where we began with cash holdings and COVID-19, the RBA's study demonstrated the same concern about digitally leveraged systems potentially dictating behaviour during a pandemic. Cash holdings surpassed cash deposits in 2020, and the RBA's report indicates that, in addition to the generic anxiety that surrounded COVID-19, a specific anxiety was the 'possibility of disrupted electronic payment systems'. This was emphasised by a surge in cash withdrawals in March 2020, as the volatile year began to take shape. Reality looked a little different, with businesses declining cash as a precautionary measure for their employees and digital systems remaining operational, the issue was both legitimate and concerning.

There is widespread agreement that COVID-19 has left the world population with an underlying sense of unease. If someone had informed us at Christmas in 2019 that we would be experiencing a catastrophic disruption to life as we know it for the following 12 months (and, after everything is said and done, possibly the following 2-3 years). Flights would be grounded, masks would be required, and one could only leave the house for a short period of time to run or purchase groceries - we would have dismissed them as neurotic - Nonetheless, here we are. This incident will leave psychological wounds for the entire planet, as the economic environment around us continues to deteriorate, and the physical world repairs itself. When you combine the

now implanted and heightened fear of the unknown with the realisation that future calamities may be of the natural sort, destroying the physical infrastructure required for our digital systems, the concept of physical currency is likely to feel more like a hedge against the uncertain than ever before.

All of this means that, even in an age of technological innovation and digital reliance, cash remains a dependable and vital component of our economic architecture. As the vaccines are distributed around the world and the sun slowly rises on a post-COVID world, we must remember this time as a lesson on economic instability... and how to prepare for the unexpected.

The protection of cash is a key part of our business as Australia's only local tamper-evident manufacturer with decades of experience producing tamper-evident packaging solutions for the biggest financial institutions in the country.

Sources

- [1] <https://www.rba.gov.au/publications/bulletin/2021/mar/cash-demand-during-covid-19.html>
- [2] <https://www.acma.gov.au/publications/2020-04/report/impacts-2019-20-bushfires-telecommunications-network>

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