Consumer and Worker Protection

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Guidance for Food Stores and Retail Establishments Regarding Telephone and Internet-based Transaction Exceptions to the Cashless Establishment Ban

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In light of the rapid evolution of marketplace practices and payment technologies, the Department now clarifies the application of the City's Cashless Ban to certain business models. While prior interpretations may have treated some app-based transaction models as exempt from the Cashless Ban, the Department has determined that such interpretations no longer reflect the intended scope and reach of the Cashless Ban as enacted by the New York City Council.

What is the Cashless Ban?

The New York City Cashless Ban is a consumer protection law that prohibits food stores and retail establishments from refusing to accept payment in cash for in-person transactions. *See* New York City Administrative Code ("NYC Code") § 20-840. The law is intended to ensure that all New Yorkers can participate in the marketplace on equal and fair terms. It also bars businesses from charging higher prices to customers who choose to pay in cash and establishes limited exceptions.

What Telephone and Internet-based Transactions are Exempt?

Under NYC Code § 20-840(b)(2), food stores and retail establishments may refuse to accept payment "[i]n cash for any telephone, mail, or internet-based transaction, unless the payment for such transaction takes place on the premises of such food store or retail establishment."

Where a business offers goods or services to consumers at a physical location, and facilitates or requires payment through a phone-based application as part of that in-person transaction, the transaction is not considered off premises as exempted under NYC Code § 20-840(b)(2). For example:

- Where a coffee shop requires customers that come into its premises to complete purchases exclusively through a mobile application, and does not accept cash payment, that business violates the Cashless Ban.
- Where a parking garage requires payment exclusively through a mobile application, even when the consumer is in the parking garage or approaching it, without previously paying online, that business is violating the Cashless Ban.

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Any retail establishment or food store engaging in in-person transactions must accept cash. The use of app-based ordering or payment systems does not relieve a business of its obligation to accept cash where payment for the transaction may occur on premises.

The Department encourages all food stores and retail establishments subject to the Cashless Ban to review this guidance carefully and make any necessary changes to their payment practices. Businesses that fail to comply with the Cashless Ban may be subject to enforcement action. Violations of NYC Code § 20-840(b) carry a penalty of up to $1,000 for the first violation and $1,500 for each subsequent violation.

For more information on the Cashless Ban, please visit the Department's website: https://www.nyc.gov/site/dca/consumers/Prohibition-of-Cashless-Establishments.page.