



21st

Century Cash

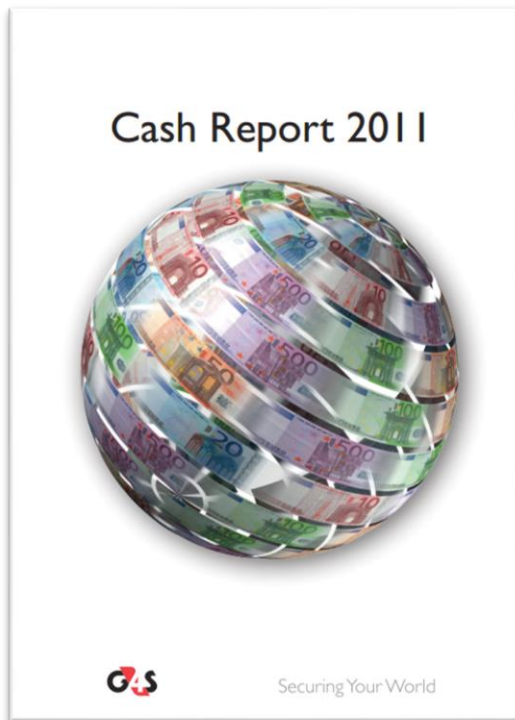
European Cash Report 2016

Modernising Cash

European research

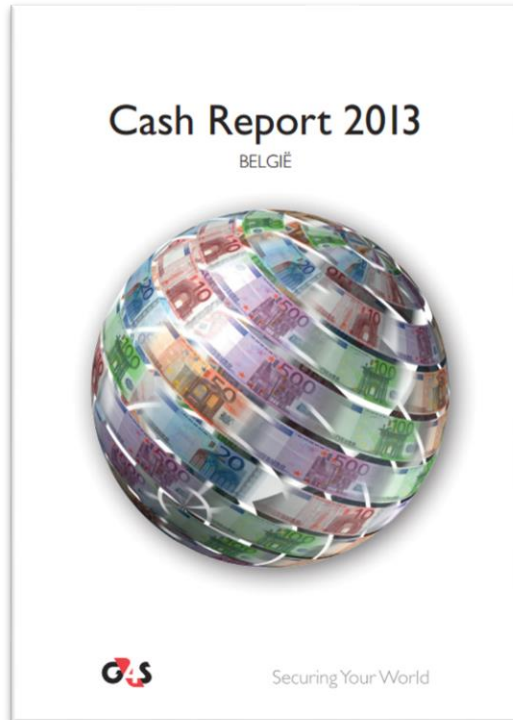
5 years tracking the state of cash

2011



2013

"Future Scenario" Report
Netherlands



2016 "European Cash Report"



Why undertake a Cash Study?

Understand & share

Role of cash in
a changing
landscape

What makes cash
special (or not)

Range of cash
cycles across
Europe

Cross-country
trends

Encourage dialogue

Promote supply chain collaboration

Cash report structure

28 EU countries



Report Format

1. EU Trends, Objectives & Key Themes
2. EU Statistics
3. Cross Country Comparisons
4. Observations
5. Future Scenarios
6. Key findings & Closing remarks
7. 28 Country Pages

The State of Cash in Europe

Key Findings

Cash is growing
ATM withdrawals and CIC

Electronic payments are
growing faster

New payment methods
and new ways to buy

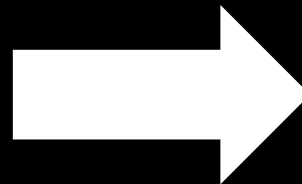
A multi-pace Europe,
with faster expectations

But there has been a paradigm shift in thinking

FROM

*“Cash will disappear...
it has a definite
Shelf Life”*

“Cashless”



TO

*“Cash will remain:
Europe cannot do
without cash”*

“Less-Cash”

The volume of cash transactions is increasing

Figure 8 Cash in circulation (Value, Eur, per denomination, 2002 - 2015)

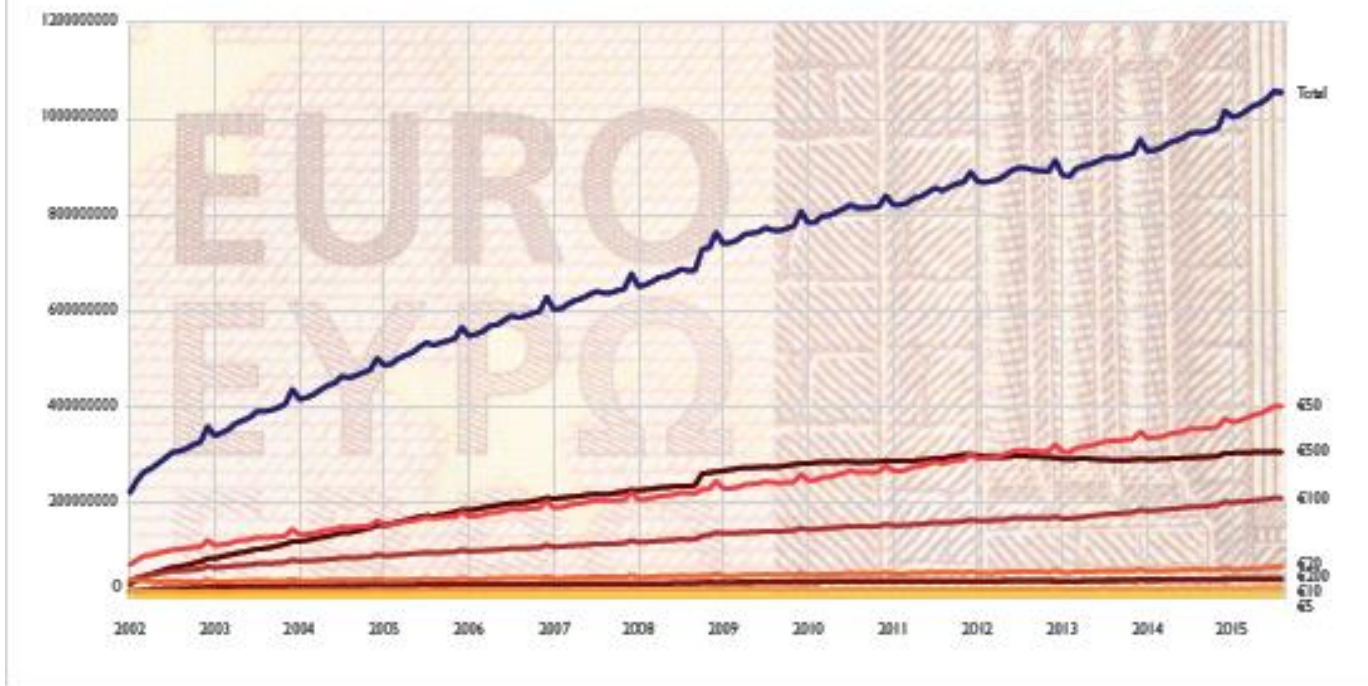


Figure 10 Cash in circulation (x MIO GDB, Value, 1996 - 2015)

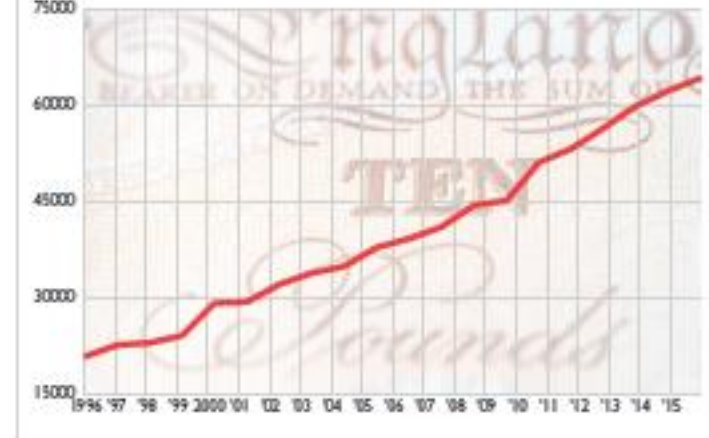
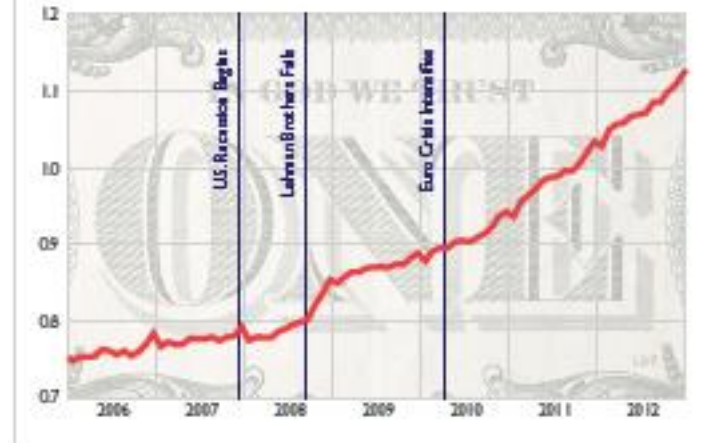


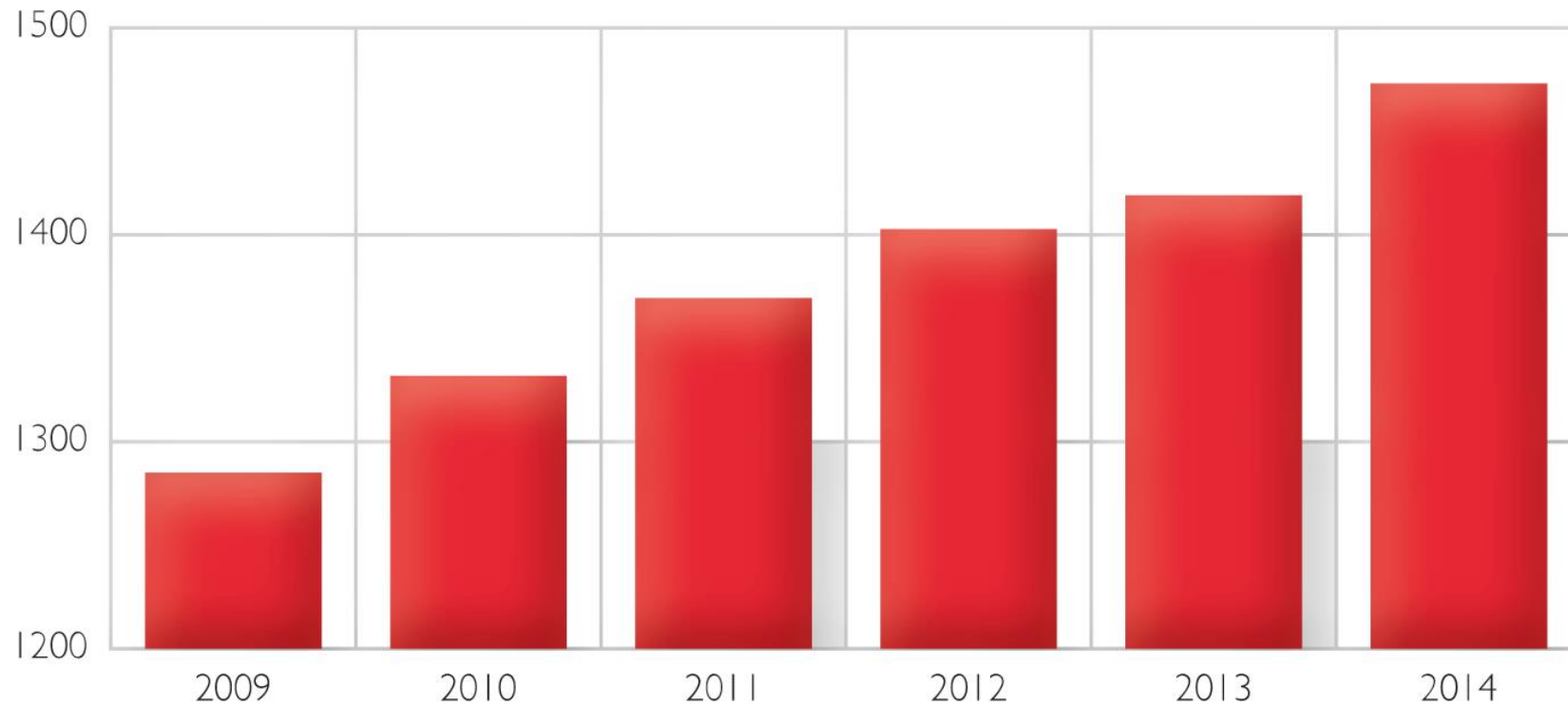
Figure 9 Currency in circulation (Value, USD, 2006 - 2012)



Cash in Circulation is consistently increasing for many years across multiple currencies...

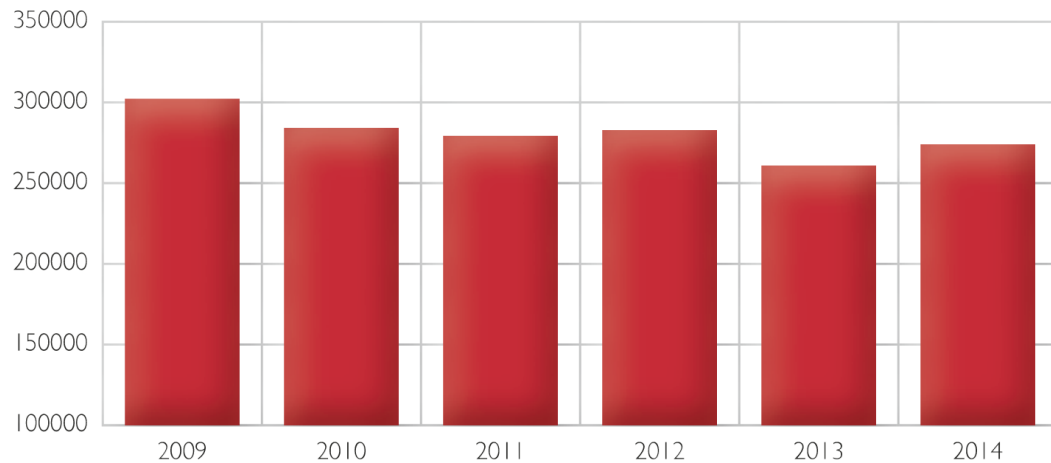
The volume of cash transactions is increasing

Figure 15 Value of ATM withdrawals (x Bio euro, 2009 - 2014)



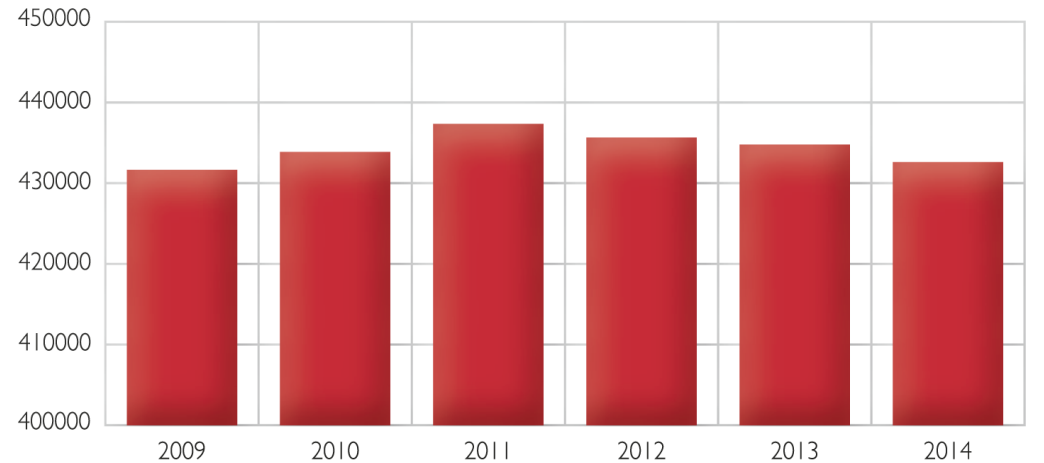
But Access is Shrinking

Figure 13 Number of branches of MFIs offering payment services (2009-2014)



Bank Branches Declining

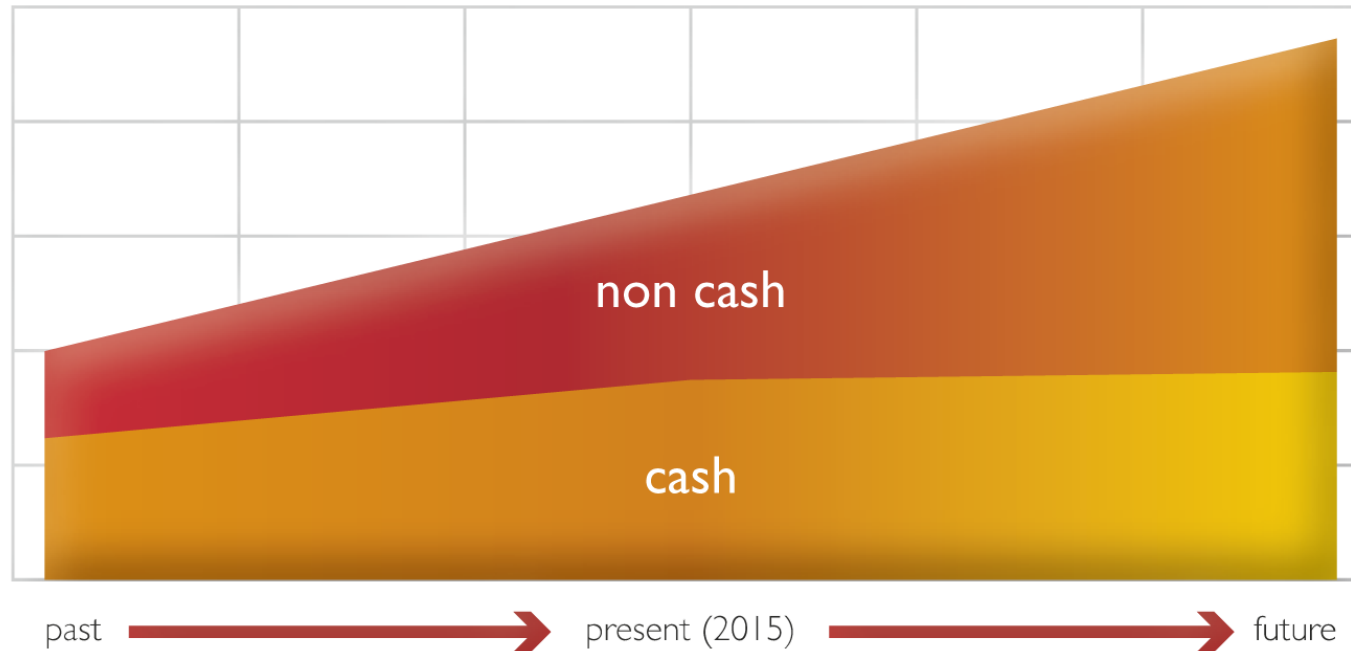
Figure 12 Number of ATM's (EU28, 2009-2014)



ATM Deployment Declining since 2011

Proportion of non-cash payments is increasing

Figure 24 Development of payment volumes, cash and non cash

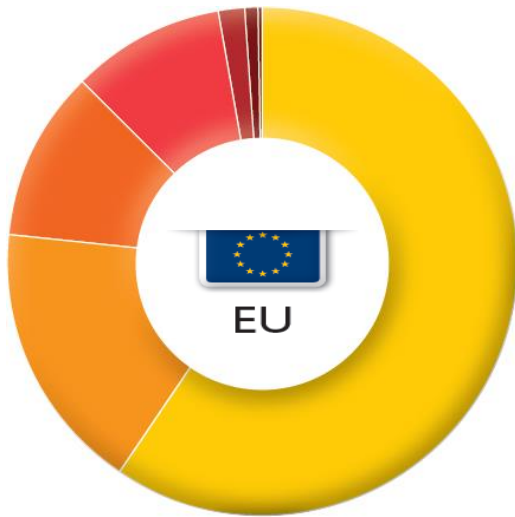


Yet cash remains predominant

60%

Of all payment transactions in Europe are cash

A two-speed cash Europe?



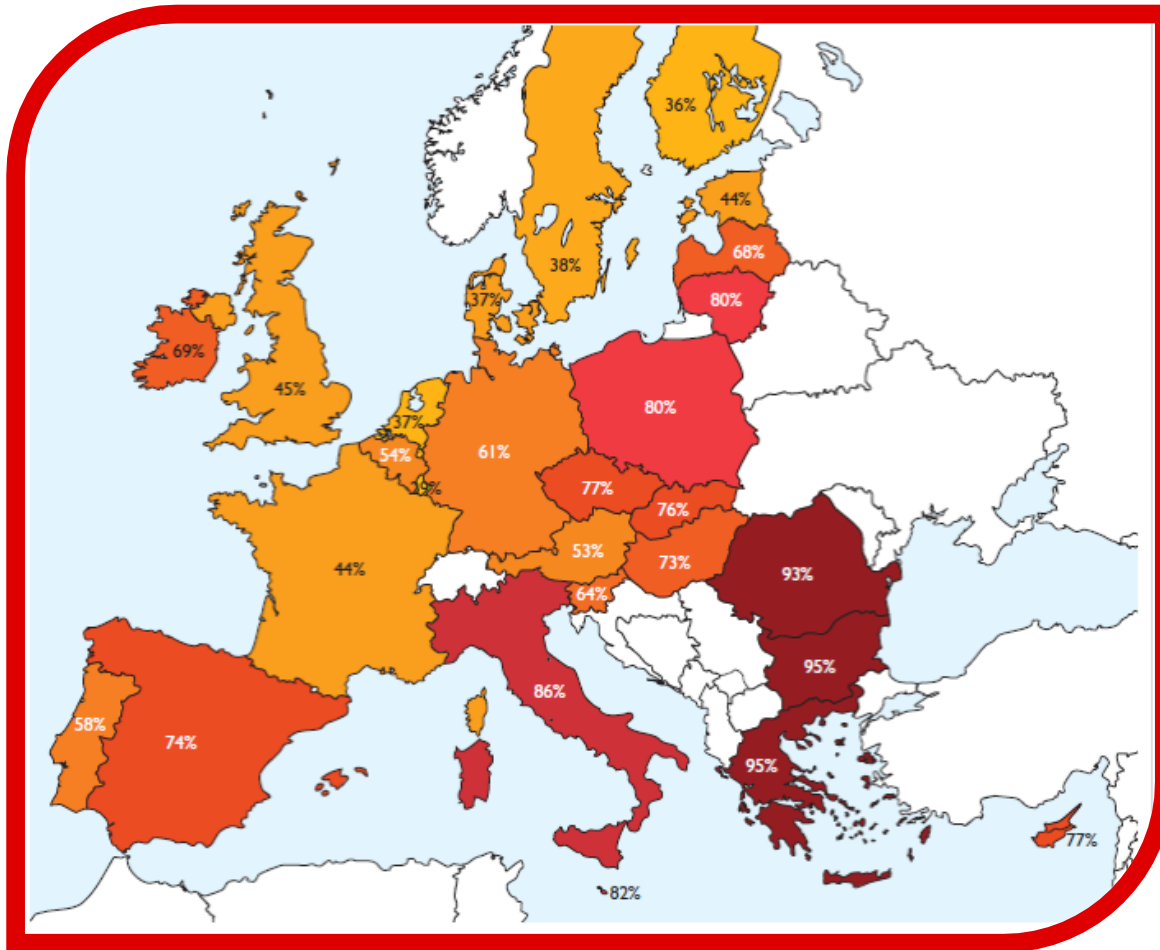
60% of all payments are in cash

20 out of 28 countries:
>50% of all payments are in cash

26 out of 28 countries: cash largest payment instrument in volume

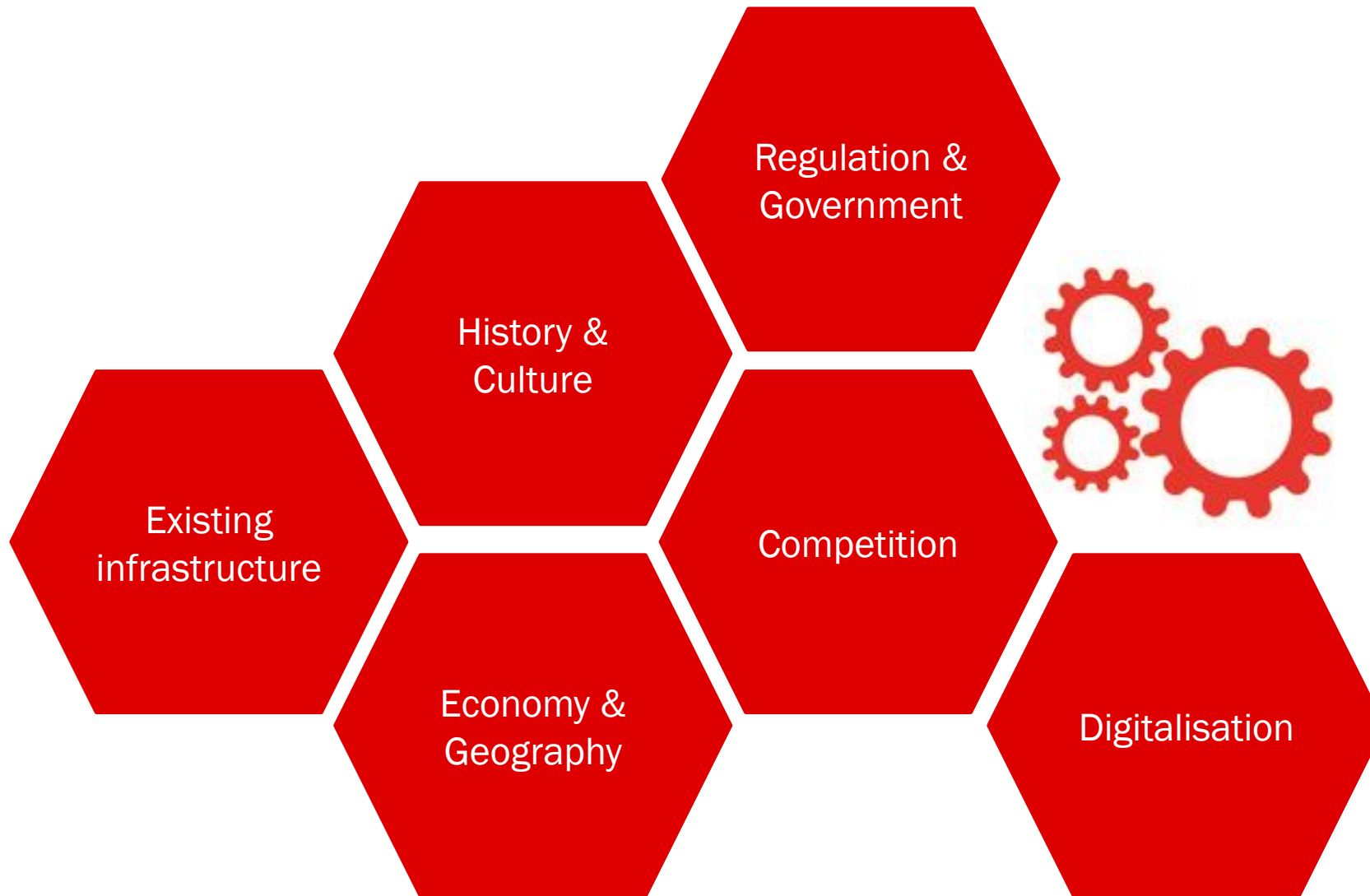


A mixed payment Europe



- Cash payments <50%
- Cash payments 50% - 60%
- Cash payments 70-80%
- Cash payments 80-90%
- Cash payments >90%

The drivers of change



Will cash disappear?

Key Attributes \ Payment methods	Anonymous	Legal Tender	Secure	Safe Haven/ Fall Back	Direct	Tangible/Budgeting	Remote payment	"Higher" value payment (>5000 EUR)	Availability	Reliability	Efficient	Safe	Convenience
1 Cash	+	+	+	+	+	+	-	-	+	+	+/-	+/-	+
Cards	-	-	+/-	-	-	-	+	+	+/-	+/-	+	+	+
Debit Card	-	-	+/-	-	-	-	+/-	+/-	+/-	+/-	+	+/-	+
Credit Card	-	-	+/-	-	-	-	+	+	+/-	+/-	+/-	+/-	+
Pre paid cards	+	-	+/-	-	-	-	+/-	-	+/-	+/-	+/-	+/-	+
Credit Transfer	-	-	+/-	-	-	-	+	+	+	+	+	+	+
Direct Debit	-	-	+/-	-	-	-	+	+	+/-	+/-	+	+/-	+/-
Cheques	+/-	-	-	-	-	-	-	-	+/-	+/-	-	-	-
Mobile	-	-	+/-	-	-	-	+	-	-	+/-	+/-	+/-	+
Internet	-	-	+/-	-	-	-	+	+	-	+	+/-	+	+
Virtual Currency	-	-	-	+/-	+/-	-	+	-	-	+/-	+/-	-	+/-
Instant Payments	-	-	+/-	-	+	-	+	+	+/-	+/-	+/-	+	+

1. Cash covers many key attributes

2. Cash uniquely covers some key attributes

3. Non cash seems to cannibalise each other

A social role for cash



“The banks have been too quick to reduce cash handling.

....If the banks continue to set the pace, there is a high risk that the possibility of using cash will disappear before alternative means of payment have become widespread and generally accepted.

To restrain this development, the Riksdag (the Swedish parliament) should introduce a clear obligation for the banks to provide basic functions that meet customers’ needs.”



**The world cannot
do without cash...**

**But we do need
to talk about it**

Cash trends

Despite the multiple national factors...

- Shrinking NCB footprint / physical involvement - delegation to commercial banks
- Consolidation of retail banking infrastructure
- Investment in self-service cash transactions
- Increasing Interest in limiting use of high denomination banknotes &/or high value cash transactions

From the end user perspective

There should not be any competition between cash vs non-cash nor should it be in an either-/or proposition

There is just a need to make payments in all circumstances and this need can be fully fulfilled by both cash and non-cash payment instruments



Future of Cash
=
Future of Payments

A photograph of a modern building at night. The building has a large glass facade and a dark upper section. A logo consisting of the letters 'G4S' in white and red is illuminated on the upper right part of the building. The scene is lit with streetlights and building lights, creating a dark but visible environment.

Thank you

www.g4scashreport.com