



The Global Cash Digest by ATMIA

Version 1, 2012

Have you seen the "Cash Connects Us" video on YouTube at http://www.youtube.com/watch?v=J-8_JoNGrvU?

Key Facts and Benefits of Cash

- Cash is one of the most successful social technologies ever invented, being the longest-lasting, most resilient and most popular form of money: "Despite the rise of plastic cards and electronic money transfers, cash is still the most important kind of money in the world." *Money: A History* (2nd edition) by the British Museum Press (2007).
- Cash is the global payment method of choice, accounting for at least 8 of every 10 payment transactions.
- Cash is regarded as a public good by its users and is produced and managed as "public money", usually by central banks.
- Cash is 27 centuries old and still growing in demand; it has survived all attempts to substitute it, including checks/cheques, plastic cards, online payments and, more recently, mobile payments.
- Cash is a physical form of money which can be used for payment without any technological systems; it is resistant to power outages and disruptions caused by natural disasters.

- Cash is the best form of money for household budgeting, especially in recessions. It is easier than other forms of money to allocate to children as part of on-going education on personal money matters.
- Cash supports small businesses all over the world much more than electronic payments do. Most trades and services charge less for work done when paid in cash.
- Cash provides full and final settlement of a payment.
- Cash is always accepted, whereas there is still uncertainty at retail locations as to which cards are accepted.
- Cash is anonymous.
- Cash is the main form of payment in the informal economy which is reported to be growing in both developed and developing nations across the world. It is impossible to stamp out the informal sector as this would result in immeasurable levels of poverty.
- Cash is the preferred option when travelling.
- Cash is free for consumers to use.
- Cash provides for fast, instant payments for both consumers and merchants.

Global Statistics and Principles about Cash

- In 2010, \$14.413 trillion in consumer payments was made with cash worldwide, compared to consumer payment card transaction value (excluding commercial payments) at \$9.582 trillion. (Euromonitor International, May 2011, www.euromonitor.com)
- A total of 62 billion ATM cash withdrawals worldwide in 2009 is forecast to rise to 94 billion cash withdrawals in 2015. (Source: "China to become world's largest ATM market by 2015", RBR Research press release, October 2010)

- It is forecast that there could be 8.6 billion cash withdrawals per month by 2015 if there are about 3 million ATMs by then as predicted by RBR. (This forecast by ATMIA was based on the average number of cash withdrawals per ATM per month in Western Europe between 1994-2015, namely 2877, multiplied by the number of forecasted ATMs taken from "Global ATM Market and Forecasts to 2015", RBR Research)
- "During the last seven years the banknote market has been increasing in volume, in some countries much more than others; overall the global rate of growth has averaged about 6% per year. Two key growth factors have been the increasing availability of cash through the use of ATMs, and world economic growth." (Source: *Currency News*, May 2011 Issue, Currency Research Ltd.)
- "Strong demand for ATM cash withdrawals will remain one of the major drivers of ATM growth in the next few years. RBR expects the global installed base of ATMs to increase by 42% to 3.2 million terminals by 2016." (Source: Retail Banking Research Press Release, London, 13th October 2011)
- The recession has changed behaviors. Consumers have lost both the desire and the ability to spend what they don't have. This has caused the use of cash around the globe to surge 20% to 25%, forcing banks to think of new ways to optimize their management of cash. (Source: Mark Frost, Ph.D., Fiserv)
- We are seeing more cash as a percentage of sales at our registers. Part of it is a conscious decision, but many customers don't have other options anymore. (Source: Mike Duke, CEO, Wal-Mart, Today Show, 16 April 2009. Wal-Mart = the world's biggest retailer)

- I believe the economic crisis has brought a fundamental shift in consumer attitudes and behaviour. There is a 'new normal' in which people want to save money and are getting smarter about saving money. (Source: Mike Duke, CEO, Wal-Mart, 5th June 2009)
- The 2008 financial crisis and ensuing debt crisis have demonstrated the fundamental contingency role of cash, illustrated by significant peaks in demand, as consumers reallocate their savings in times of instability and shift away from electronic payment instruments to cash in order to tighten their budget control. The crisis has reminded us that cash is far more than a payment instrument; it is the foundation of the modern financial system. (Source: 4th Edition of "The Future of Cash Report", 2012, Guillaume Lepecq, Agis Consulting)
- Cash is being processed closer to the point of sale. This has been driven by technology, as a range of new solutions has been emerging: smart safes, re-circulating ATMs, self check-out devices, end-to-end automated solutions... Lower interest rates have reduced the opportunity cost of holding cash and limited the need to transport cash back to the central bank. (Source: 4th Edition of "The Future of Cash Report", 2012, Guillaume Lepecq, Agis Consulting)
- Cash will remain the global king of smaller consumer-to-business payments for the foreseeable future (Source: Mike Lee, CEO of ATMIA and futurist blogger for the World Future Society)

- During the past decade, cash in circulation has been growing at exceptional rates in the four markets of Brazil, the euro-zone, South Africa and the USA. In Brazil and South Africa, this has been driven primarily by transactional cash, fuelled by sustained GDP growth and consumer expenditure. In the euro-zone and the US, growth results essentially from hoarding, at domestic and international levels; nonetheless, transactional cash has been growing as well. (Source: 4th Edition of "The Future of Cash Report", 2012, Guillaume Lepecq, Agis Consulting)
- Cash continued to dominate payments in the US, accounting for 59% of all payments (Source: McKinsey & Co)
- "Many older people appear to have a strong preference for cash with over 70 per cent of people aged 80+ using it to pay for food, compared to just over half of people in their 50s, therefore easy access to a safe source of cash is vital. Preference for cash is driven by perceived advantages for budgeting, control of payments and near universal acceptance." (Source: "The Way We Pay: Payment systems and financial inclusion" 11 June 2011- Age UK - <http://www.ageuk.org.uk>)

Long-Term Prospects for Cash

- The overall volume of payments will increase in the future. The evolution towards knowledge-intensive societies will change traditional ways of doing business and create new business models, new distribution channels, more tailored and segmented products and services. The fundamental attributes of cash – universality, trust and anonymity – remain unchallenged. (Source: 4th Edition of "The Future of Cash Report", 2012, Guillaume Lepecq, Agis Consulting)

- There is virtually zero chance that cash will be withdrawn from society within the next generation, i.e. 25 years. There could easily be another hundred years of cash. This will be probable unless there are some dramatic, unexpected changes to the deeply entrenched conditions favoring the continuation of cash. (Source: "Another Hundred Years of Cash" By Mike Lee, CEO of the ATM Industry Association and futurist blogger for the World Future Society, 9 May, 2008)
- "Despite forecasts of a cashless society, the United States is nowhere near the realization of this vision. In fact, if the use of cash were to decline by 17% every five years - what our forecast for 2015 calls for - then the use of cash in the United State wouldn't fall below US\$1 billion before the year 2205, roughly 200 years from now." (Source: Ron Shevlin, Senior Analyst , Aite Group, "The Less-Cash Society: Forecasting Cash Usage in the United States" , January 2011, <http://www.aitegroup.com/Reports>)

Cash in the USA & Canada

- Cash adoption among U.S. adults is near 100 percent. (Source: Federal Reserve Bank's "Survey of Consumer Payment Choice")
- There is an average of 18.4 monthly cash purchases per consumer in the USA (Source: Federal Reserve Bank's "Survey of Consumer Payment Choice")
- "From 1980 to 2009, U.S. currency in circulation increased an average of 7.0 percent per year from \$124.8 billion to \$888.3 billion." (Source: "The state of U.S. coins and currency" FRB testimony before the Subcommittee on Domestic Monetary Policy and Technology, Committee on Financial Services, U.S. House of Representatives, Washington, D.C. July 20, 2010 - <http://www.federalreserve.gov/newsevents/testimony/roseman20100720a.htm>)

- According to the U.S. Treasury Department, about \$978 billion in cash was in circulation in 2010, compared to about \$829 billion in 2007. (Source: *Digital Transactions Magazine*, May 2011)
- The growth rates of currency in circulation in the USA, measured by the number of notes averaged 3% for the years 2007-2009 but then doubled to 6% in 2011 (Source: "Evolution of the Cash Cycle and Cash Usage in the US", EFMA Conference on the Future of Cash, 17 November 2011, Federal Reserve System)
- "In recent years, just over \$50 billion in notes has been in circulation [in Canada] at any given time...The Bank's net interest revenue has varied around \$2.0 billion (\$1.7 billion in 2009) per year. A portion of this revenue – \$366 million in 2009 – is used to finance the Bank's general operating expenses (of which spending for the currency function represented 37 per cent, or \$137 million, in 2009). The remainder is paid to the Receiver General for Canada." (Source: Bank of Canada - <http://www.bankofcanada.ca/about/backgrounders/seigniorage/>)
- "Reports of the death of cash are greatly exaggerated. Our research shows that cash [in Canada] is used for more than half of all shopping transactions." (Source: Mark Carney, Bank of Canada Governor in "Bank of Canada puts plastic \$100 bill into circulation" by Grant Robertson, *The Globe and Mail*, 15 Nov. 2011 <http://m.theglobeandmail.com/report-on-business/economy/currencies/bank-of-canada-puts-plastic-100-bill-into-circulation/article2236089/?service=mobile>)

- "...even though debit and credit cards account for close to 80 per cent of all transactions in terms of total value [in Canada], cash is still the predominant payment method in terms of volume, accounting for 54 per cent of all transactions. Using the payment records from the diaries, the authors estimate a simple model of choice between cash and other payment methods. The results suggest that the main reasons why cash is still a popular payment instrument in Canada, especially for small-value transactions, are its wide acceptance among merchants, high ease of use or speed, low handling costs, simplicity as a tool to control spending, and anonymity." (Source: Bank of Canada's 2009 Methods-of-Payment Survey- <http://www.bankofcanada.ca/2012/02/publications/research/discussion-paper-2012-2>)

Cash in Europe

- Cash is still the predominant retail payment in Europe based upon transaction volumes – even after the marked decline in usage over the last two decades in Western Europe. (Source: RBR, 2010)
- "Euro cash-in-circulation has sustained average growth of about 11% per year, almost doubling since the euro was introduced in 2002.. In 2008, the year-on-year expansion in cash-in-circulation was much higher than the increase in non-cash transactions per inhabitant...cash-in-circulation will continue to rise unless merchants and consumers are incentivized to switch." (Source: World Payment Report 2010, Cap Gemini, p.14)
- Cash accounted for 78% of retail payments in Europe in 2008. (Source: RBR, 2010)

- Cash accounted 93% of retail payments in Central and Eastern Europe in 2008. The value of euro cash in circulation grew by nearly 19% between January 2002 and December 2008. (Source: RBR, 2010)
- "Cash remains the predominant payment method in Europe" Source: May 2009, Banking Automation Bulletin Issue 264
- Cash will remain the predominant payment method for some years to come with predictions that it will account for 63% of retail payments in 2014. (Source: RBR)
- "Cash is still the preferred method of payment for consumers. Nevertheless, there has been a slow but steady decline over the past few years in the percentage of cash payments in German retail sales. The decline in the percentage share has, however, been offset by the absolute increase in the volume of transactions... Cash is the method of payment where the largest number of respondents deem the criteria under assessment to be fulfilled... cash is likely to remain the most commonly used payment instrument in future, even though its share of total payment transactions will decrease further in the medium to long term. The same important reasons for using cash as a means of payment will, however, remain." (Source: "Payment behaviour in Germany - Summary - Deutsche Bundesbank-2009)
- Cash is king in Germany. Cash is used in 82.9% of all retail transactions and accounts for 57.9% of the value of payments in Germany. (German Banking Association, 2011)
- There was a tenfold increase in currency in circulation in Russia between 2001-2010 (Source: Central Bank Surveys, Bank of Russia, 2001-2010)

- "The Russian economy can be characterized by a very large amount of currency in circulation." (Source: Sberbank, Russia, March 2011)
- The 2008 statistics for Europe show that the unit cost per cash payment at €0.28 per transaction was lower than the unit cost per cashless payment at €0.92 per transaction. (Source: RBR, 2010)
- The value of circulation at end-Q3 2011 reached EUR 857 billion and increased 5.4% compared to end-Q3 2010; Between end-2002 and end-2010 the total value of all euro banknotes in circulation increased by 134%, but the increase in circulation for transaction purposes was much less. (Source: The use of euro banknotes in the Eurosystem, EFMA conference, 17-18 November 2011, Ton Roos, European Central Bank)
- Despite the increasing popularity of debit cards and the rise of contactless and mobile payments, the amount of cash in circulation is constantly on the rise. European Central Bank figures which show that the number of banknotes in the Eurozone is growing by around nine per cent a year while there are over 40% more US dollar bills available than at the beginning of the millennium. (Source: Ovum, 2010)
- Circulation of Euro banknotes increased by 6% in 2009 (Source: European Central Bank)
- It is forecast that there will be a significant increase in the use of cashless payments in Europe between now and 2014, accompanied by a general decline in the number of cash payments. However, cash will remain the continent's main retail payment method even at the end of this period. (Source: *Banking Automation Bulletin*, January 2010)

- Currency in circulation has shown continued growth over the past decade. For the euro it is showing growth of 239% in the 11 years from January 2000 to January 2011. For UK sterling, it is showing growth of 190% for the same 11 year period. (Source: Paul Blond, The Blond Group)
- The level of card fraud in Europe is significantly higher than the level of cash-related crimes. In July 2012, the European Central Bank reported €1.26 billion in card fraud in the SEPA region (both euro and non-euro zones).

Cash in the UK

- Cash is still dominant in the UK and accounts for 58.3% of transactions (2010: 55.2%) – customer transactions using cash were up by 5.7% during 2011... Cash remains the most cost effective method for retailers to accept customer payment. (Source: “Cost of Payment Collection Survey 2011” by the British Retail Consortium)
- In 2009, 78% of all cash in the UK was sourced via ATMs. It is predicted that by 2015 80% of all cash in the UK will be supplied via ATMs.
- In 2008 98% of the UK’s adult population used cash. About 20% of adults in the UK rely exclusively on cash. (Source: UK Payments Council)
- In 2008 60% of UK purchases were made using cash. It is estimated the by 2018 42% of payments will be made using cash.

- According to the British Retail Consortium (BRC), in 2010 cash accounted for 55% of transactions but only 12% of costs, compared to debit cards accounting for 34% of transactions and 38% of costs, with credit cards accounting for only 10% of transactions but 45% of costs. The 2010 BRC survey of 17,000 shops found cash was the most cost-effective way for retailers to accept payments. (Source: "Cost of Payment Collection Survey 2010", BRC)
- In 2011 almost all respondents agreed that UK's National Payments Plan should be based on the assumption that cash will remain a major payment method for the foreseeable future. (Payments Council's 2011 National Payments Plan)
- The UK's Payments Council "recognizes the importance of cash" and continues "to view cash as a major payment method and supports a principle of choice"
- "Hard-pressed customers are switching to cash and debit cards for the reassurance that they can't spend what they don't have. At the same time, use of credit cards has dropped sharply. Cash remains king [in the UK] – used for more than half of all retail payments." Stephen Robertson, BRC Director-General (Source: 'Cost of Payment Collection Survey 2010', British Retail Consortium)
- In the UK 6.5 million people rely on cash for day-to-day payments (Payments Council's 2011 National Payments Plan)
- Just over half of all UK payments were made using cash (55%) (Payments Council's 2011 National Payments Plan)

- Highest users of cash in the UK are the youngest (16 and 24) and the oldest (65 and over)- cash is every two of three payments that they make (Payments Council's 2011 National Payments Plan)
- In 2011 cash was used in 5.7 per cent more transactions in 2011, accounting for 58 per cent of all UK retail transactions. The British Retail Consortium comments that "now times are even tougher and overall card use is down by 10.5 per cent as people have switched to cash to better manage their spending." (British Retail Consortium)

Cash in South Africa

- There was an 9% avg. yearly growth in cash circulation in South Africa between 2003-2009 (Source: South African Reserve Bank Annual Reports: 2003-2009)
<http://www.sarb.co.gov>
- Between 2002-2011, the *value* of banknotes in circulation grew in South Africa at the Compound Annual Growth Rate (CAGR) of 9.5%, far above GDP levels. (Source: 4th Edition of "The Future of Cash Report", 2012, Guillaume Lepecq, Agis Consulting)
- Of the total banked population of South Africa, 83% withdraw money from an ATM on a monthly basis, proving that the use of ATMs is a critical financial service for the majority of South Africans, with the amount of cash withdrawn at ATMs a real-time indicator of cash availability and consumer spending. (Spark Cash Index, South Africa)
- The average value of cash withdrawals recorded a year-on-year growth of 7.21% for August 2012, the highest growth figure in over two years since the June-July 2010 FIFA World Cup period in South Africa (Spark Cash Index, South Africa)

- The average value of cash withdrawals at farm ATMs in South Africa enjoyed a year-on-year increase of 20.4% in August 2012 following increased production on South African farms as a result of the extreme drought in the USA and an expected shortage of grain being available for the world market (Spark Cash Index, South Africa)

Cash in Brazil

- Cash payments account for some 77% of payments carried out by individuals, according to a 2007 Banco Central do Brazil survey. (Source "Payment Instruments" Banco Central do Brasil)
- Between 2002-2011, the *value* of banknotes in circulation grew in Brazil at the Compound Annual Growth Rate (CAGR) of 14%. (Source: 4th Edition of "The Future of Cash Report", 2012, Guillaume Lepecq, Agis Consulting)

Cash in China

- "China is a cash-preferring society." (Source: Dr Huang Ping, Deputy Director, Payments Department, People's Bank of China, "China ATMs 2011", Beijing, China, 14 March, 2011)

Cash in Australia

- Cash remains payment of choice for small retail transactions & transfers of value between individuals; Cash payments make up 40% of value of all retail payments in Australia, but in food and convenience stores cash sales account for about 56% of sales (Source: Reserve Bank of Australia)
- Cash accounted for approximately 64% of all payment transactions in 2010. The use of cash is more prevalent for low value transactions. (Source: Source: RBA, Cash Use in Australia: New Survey Evidence September 2011)
- The value of banknotes on issue in Australia increased by 14.3% in 2009 alone.

Note: This Cash Digest is a living document that will be updated periodically. It will provide you with key messages on cash that you can include in your communications. Please use them in your presentations, brochures, website, blogs, press releases, etc as you find relevant. Where a source is given, please do remember to credit this source. If you have additional positive messages on cash that you would like to share with fellow ATMIA members, please send them to: mike@atmia.com or flora.hamilton@atmia.com. Thank you for helping to spread the positive messages about cash in your markets.