Cash payments in the euro area

Payment behaviour in the euro area

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SUERF / DBB / Cash on Trial
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Euro banknote circulation and GDP annual growth
(in percentages, nominal GDP of euro area at market price)

- Value of euro banknotes in circulation is growing **in line with, but faster**, than the economic output
- Ratio of banknote circulation to nominal GDP increased from 7.9% to 10.5% over the past 10 years
4-2019: all banknotes in circulation amounted to EUR 1.2 trillion
Euro banknotes in circulation

- **Increasing annual growth rates for the 2-3 lowest denominations.**
- **This points to higher cash demand/holdings for payment purposes, as these denominations are (only/mainly) used for payment purposes.**
Estimated composition of the circulation

- Domestic transactions: 25%
- Domestic store of value: 45%
- Demand outside the euro area: 30%
Eurosystem’s 2016 study on the use of cash by households

Survey characteristics

- **Online panels** (18+), telephone (55+) and **face-to-face** interviews (MT and CY)
- **65,281 respondents** for the diary; **128,677 transactions**
- **3 waves:** November 2015 to July 2016
- **Fieldwork carried out** in 17 of the 19 euro area countries
- **Focus** on (physical) **Point-Of-Sale transactions**
- **Results for Germany** and the **Netherlands integrated** whenever possible, from their own surveys (DE 2014, NL 2016)
Eurosystem’s 2016 study on the use of cash by households

Market shares of different payment instruments at POS

Number of transactions

- Cards: 19.1%
- Cash: 78.8%
- Other: 2.1%

Value of transactions

- Cards: 39%
- Cash: 53.8%
- Other: 7.2%

Majority of day-to-day payments is in cash in the euro area

Source: ECB, BBK, DNB. (EA-19)
Country breakdown - Share of cash transactions at the POS

**Number of transactions**

- 11 countries > 75%
- 5 countries 50-75%
- 2 countries < 50%

**Value of transactions**

- 1 country > 75%
- 11 countries 50-75%
- 7 countries < 50%
Use of payment instruments at POS depending on amount payable

Number of transactions
(euro area, percentages)

<table>
<thead>
<tr>
<th>Amount Payable</th>
<th>Cash</th>
<th>Cards</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; €5</td>
<td>92%</td>
<td>13%</td>
<td>5%</td>
</tr>
<tr>
<td>from €5 to €9.99</td>
<td>86%</td>
<td>19%</td>
<td>1%</td>
</tr>
<tr>
<td>from €10 to €14.99</td>
<td>79%</td>
<td>26%</td>
<td>2%</td>
</tr>
<tr>
<td>from €15 to €19.99</td>
<td>71%</td>
<td>31%</td>
<td>3%</td>
</tr>
<tr>
<td>from €20 to €24.99</td>
<td>66%</td>
<td>39%</td>
<td>4%</td>
</tr>
<tr>
<td>from €25 to €29.99</td>
<td>57%</td>
<td>42%</td>
<td>4%</td>
</tr>
<tr>
<td>from €30 to €34.99</td>
<td>54%</td>
<td>46%</td>
<td>3%</td>
</tr>
<tr>
<td>from €35 to €39.99</td>
<td>51%</td>
<td>46%</td>
<td>3%</td>
</tr>
<tr>
<td>from €40 to €44.99</td>
<td>50%</td>
<td>46%</td>
<td>4%</td>
</tr>
<tr>
<td>from €45 to €49.99</td>
<td>44%</td>
<td>51%</td>
<td>4%</td>
</tr>
<tr>
<td>from €50 to €99.99</td>
<td>39%</td>
<td>56%</td>
<td>5%</td>
</tr>
<tr>
<td>&gt; €100</td>
<td>32%</td>
<td>56%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Source: ECB, DBB, DNB. (EA-19)
## Use of payment instruments at POS depending on amount payable

**Value of transactions**

*(euro area, percentages)*

<table>
<thead>
<tr>
<th>Value of transactions (euro area, percentages)</th>
<th>% from total POS</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; €5</td>
<td>5%</td>
</tr>
<tr>
<td>from €5 to €9.99</td>
<td>7%</td>
</tr>
<tr>
<td>from €10 to €14.99</td>
<td>8%</td>
</tr>
<tr>
<td>from €15 to €19.99</td>
<td>7%</td>
</tr>
<tr>
<td>from €20 to €24.99</td>
<td>8%</td>
</tr>
<tr>
<td>from €25 to €29.99</td>
<td>5%</td>
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<tr>
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</tr>
<tr>
<td>from €45 to €49.99</td>
<td>4%</td>
</tr>
<tr>
<td>from €50 to €99.99</td>
<td>21%</td>
</tr>
<tr>
<td>&gt; €100</td>
<td>22%</td>
</tr>
</tbody>
</table>

Source: ECB, DBB, DNB. (EA-19)
### Eurosystem’s 2016 study on the use of cash by households

#### Goods/services purchased - Number of transactions

(euro area, percentages)

<table>
<thead>
<tr>
<th>Service Description</th>
<th>Market Share</th>
<th>Cash</th>
<th>Cards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Street or market (newspaper, florist, etc.)</td>
<td>5%</td>
<td>90%</td>
<td>7%</td>
</tr>
<tr>
<td>Restaurant, bar or cafe</td>
<td>21%</td>
<td>90%</td>
<td>9%</td>
</tr>
<tr>
<td>At a vending or ticketing machine</td>
<td>3%</td>
<td>84%</td>
<td>11%</td>
</tr>
<tr>
<td>Arts, entertainment &amp; recreation</td>
<td>2%</td>
<td>83%</td>
<td>13%</td>
</tr>
<tr>
<td>In a shop for day-to-day items (supermarket, etc.)</td>
<td>48%</td>
<td>80%</td>
<td>19%</td>
</tr>
<tr>
<td>Office of a public authority</td>
<td>1%</td>
<td>69%</td>
<td>22%</td>
</tr>
<tr>
<td>Other POS</td>
<td>5%</td>
<td>63%</td>
<td>23%</td>
</tr>
<tr>
<td>Petrol station</td>
<td>8%</td>
<td>60%</td>
<td>38%</td>
</tr>
<tr>
<td>In a shop for durable goods (clothing, electronics, etc.)</td>
<td>6%</td>
<td>56%</td>
<td>41%</td>
</tr>
<tr>
<td>Hotel, guest house or camping</td>
<td>0%</td>
<td>45%</td>
<td>37%</td>
</tr>
</tbody>
</table>

Sources: ECB, BBK, DNB. (EA-19)
Comparison with other studies – Trend of cash usage over years

(percentage of cash over all POS transactions)

Results of:

- **Germany** (over all transactions) for 2009, 2011, 2014 and 2017.
- **Netherlands** for 2010 to 2016.
- **Other years** inter-, or extrapolated.
- **Euro area** 2016 based on SUCH but corrected for interpolated results from Germany.

Source: ECB, BBK, DNB, Swedish Riksbank
Eurosysteem’s 2019 study on the use of cash by households - Outlook

Point of Sale (POS) payments

- Purchases made physically at point of sale
  
  E.g. Supermarket, petrol station, restaurants, hotels, ticket offices, newspaper stands, vending machine, ...

2016

Remote payments

Online shopping

- Purchases made via web shops by using computer, laptop, tablet, smartphone or other devices
  
  E.g. Amazon.com, Zalando.de, AboutYou.de, REWEOnline.de, Bahn.de, ...

Recurrent bill payments

- Purchases made regularly either online or physically by visiting a specific bank or branch of a company
  
  E.g. Rent/mortgage, utilities, insurance, taxes, subscriptions, ...

2019

- Inclusion of remote payments is expected, for obvious reasons, to lead to a lower share of cash payments in the upcoming 2019 payment survey
Results of Eurosystem’s qualitative survey in 2018 – retailers

Survey methodology – face-to-face interviews by NCB staff

1st part: What are the cost drivers of cash?

2nd part: Rating of efficiency of cash cycle and legal framework

3rd part: Own proposals to enhance cash efficiency

4th part: Future of cash in 10 year

Scope: 87 banks 65 CITs 157 retailers

Focus on how to make cash more cost efficient
Retailers rated the importance of the main criteria against each other.

- Highest rating were given to ‘Reliability of the payment’
- 2nd highest rating: the ‘Customers’ preference’
Summary findings

1. We see continuous growth of currency in circulation.

2. Pronounced circulation growth of smaller banknotes (€5, €10 and €20) points to an resilient demand for cash.

3. There are still multiple motives for people holding cash and paying in cash.

4. Cash is the referred means of payment at the POS in the Eurosystem.

5. Cash payments rate well in the views of retailers as cash is a reliable payment instrument.
Thank you for your attention!

find more under
ECB Occasional Paper Series; No 201 / November 2017; The use of cash by households in the euro area
ECB Economic Bulletin, Issue 6/2018; Trends and developments in the use of euro cash over the past ten years
ECB Annual Report 2018