



Sharing Key Messages on Cash

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Thank you for helping to spread the positive messages about cash in your key markets.

Key Facts About Cash

1. Cash circulates.
2. Cash is always valuable.
3. Cash provides full and final settlement of a transaction.
4. Cash is anonymous.
5. Cash is regarded as a public good by its users.
6. Cash is one of the most successful technologies ever invented, being history's longest-lasting, most resilient form of money.
7. Cash is 27 centuries old, gets mentioned in the Bible, has survived several assassination attempts (e.g. cheques, credit cards, regulations) and has recently been reinvented as a popular household budgeting tool to help people get through the global credit crisis and recession.

European Commission's Recommendation on Legal Tender of Euro Banknotes and Coins

In March 2010 the European Commission adopted a recommendation on the scope and effects of legal tender of euro banknotes and coins. This recommendation lays down ten guiding principles:

- **The concept of legal tender** should rely on three main elements: a mandatory acceptance of banknotes and coins, for their full face value, with a power to discharge debts.
- **The acceptance of payments in cash** should be the rule: a refusal is only possible if grounded on reasons related to the 'good faith' principle (for example, if the retailer does not have enough change).
- Similarly, **the acceptance of high denomination banknotes** should also be the rule.
- **No surcharges** should be imposed on payments in cash.
- Member States should refrain from adopting **new rounding rules** to the nearest five cent.
- Member States should take all appropriate measures to prevent **euro collector coins** from being used as means of payments.
- **Stained banknotes** should be brought back to the National Central Banks as they might be the product of a theft.
- **Total destruction of banknotes and coins by individuals** in small quantities should not be prohibited.
- **Mutilation of banknotes and coins for artistic purposes** should be tolerated.
- **The competence to destroy fit euro coins** should not belong to national authorities in isolation anymore.

For further information please visit:

http://ec.europa.eu/economy_finance/articles/euro/2010-03-22-legal-tender-euro_en.htm

The European Foundation for Financial Inclusion

The European Foundation for Financial Inclusion is working with members of the European Parliament to persuade the European Commission to make this recommendation a directive for the euro zone areas of the European Union. For more information on the Foundation, please visit: www.euffi.org

Some Key European Statistics on Cash

- 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)
- Cash accounted for 78% of retail payments in Europe in 2008. (Source: RBR, 2010)
- 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 accounted for 93% of retail payment in Central and Eastern Europe. (Source: RBR, 2010)
- 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)
- 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)
- The 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)

Some Key UK Statistics on Cash

- 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.
- Friday 30th April 2010 was busiest day ever for Link in the UK with a new record of over 1.1 million withdrawals in one hour and a record of £590 million withdrawn in one day.
- In 2008 98% of the UK's adult population used 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.
- About 20% of adults in the UK rely exclusively on cash. (Source: UK Payments Council)

Some Global Statistics on Cash

- 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)
- Cash continues to be a highly competitive retail payment tool, especially in recessionary times. Both customers and merchants find it cost-effective and fast to use. The popularity of cash in the retail sector is global. (Source: Mike Lee, ATMIA)
- Cash will remain the global king of smaller consumer-to-business payments for the foreseeable future (Source: Mike Lee, ATMIA)
- Cash along with debit cards will remain the leading methods of payments of consumer choice for the foreseeable future (Source: Mike Lee, ATMIA)
- Cash continued to dominate payments in the US, accounting for 59% of all payments (Source: McKinsey & Co)

- There is virtually zero chance that cash will be withdrawn from society within the next generation, i.e. 25 years. (Source: Mike Lee, ATMIA)
- Between 1990 and 2009 the average annual percentage increase of U.S. dollar banknotes in circulation was 6.8%. The comparative figure for annual GDP in this period was 2.7%
- The value of banknotes on issue in Australia increased by 14.3% in 2009.
- In January 2011, following two consumer surveys and extensive research on cash usage, AITE Group in the US stated that "despite the forecasts of a cashless society, the US is nowhere near the realisation of this vision". They stated the fact "that if cash usage was to decline by 17% ever five years, the use of cash in the US wouldn't fall below \$1billion before the year 2205 – almost 200 years from now. Source: www.aitegroup.com

Updated on June 3rd 2011 by Flora Hamilton, Executive Director, ATMIA Europe