



The Future of Cash
ESTA - Valencia 15 May 2006
Guillaume Lepecq



БАНК

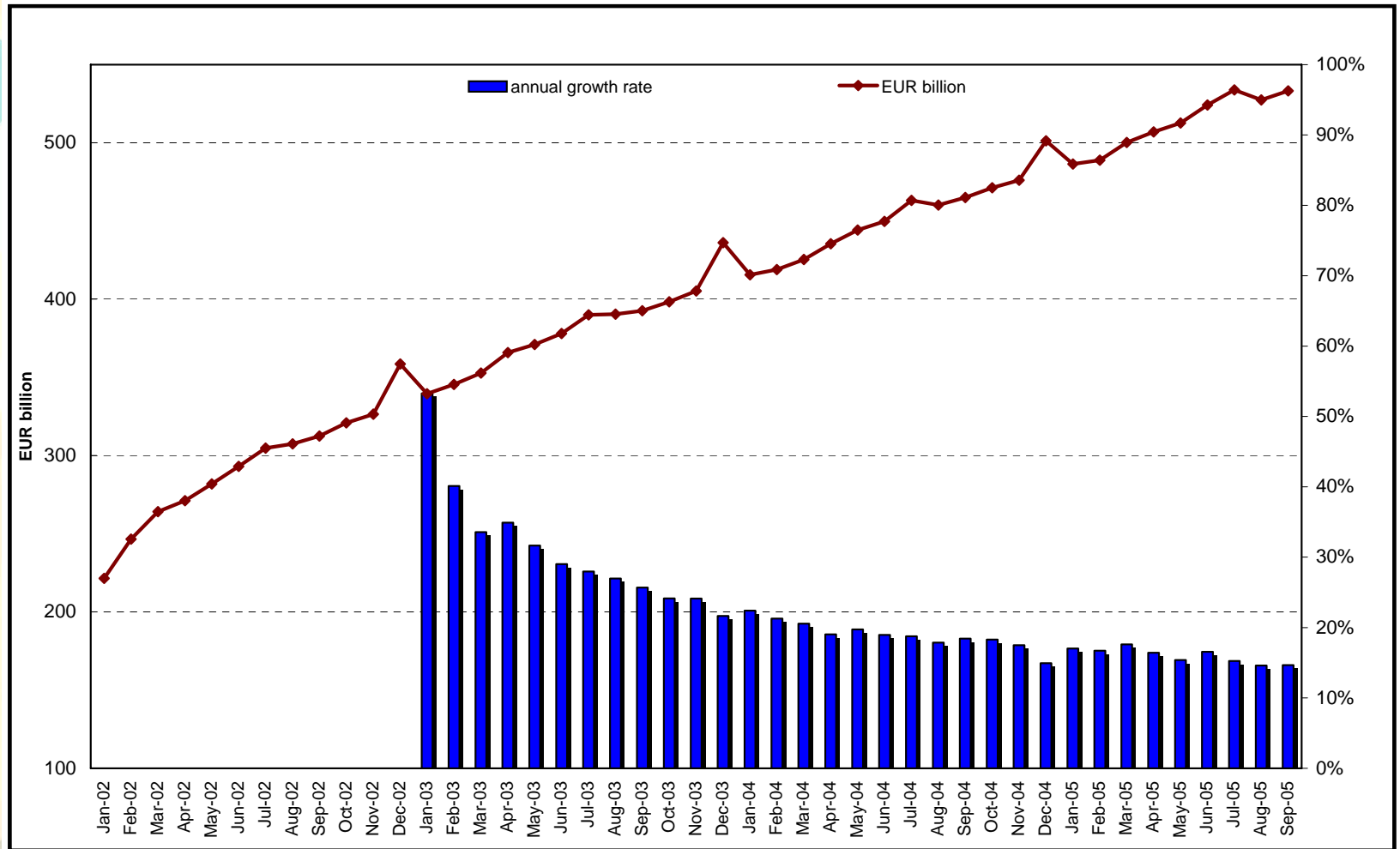




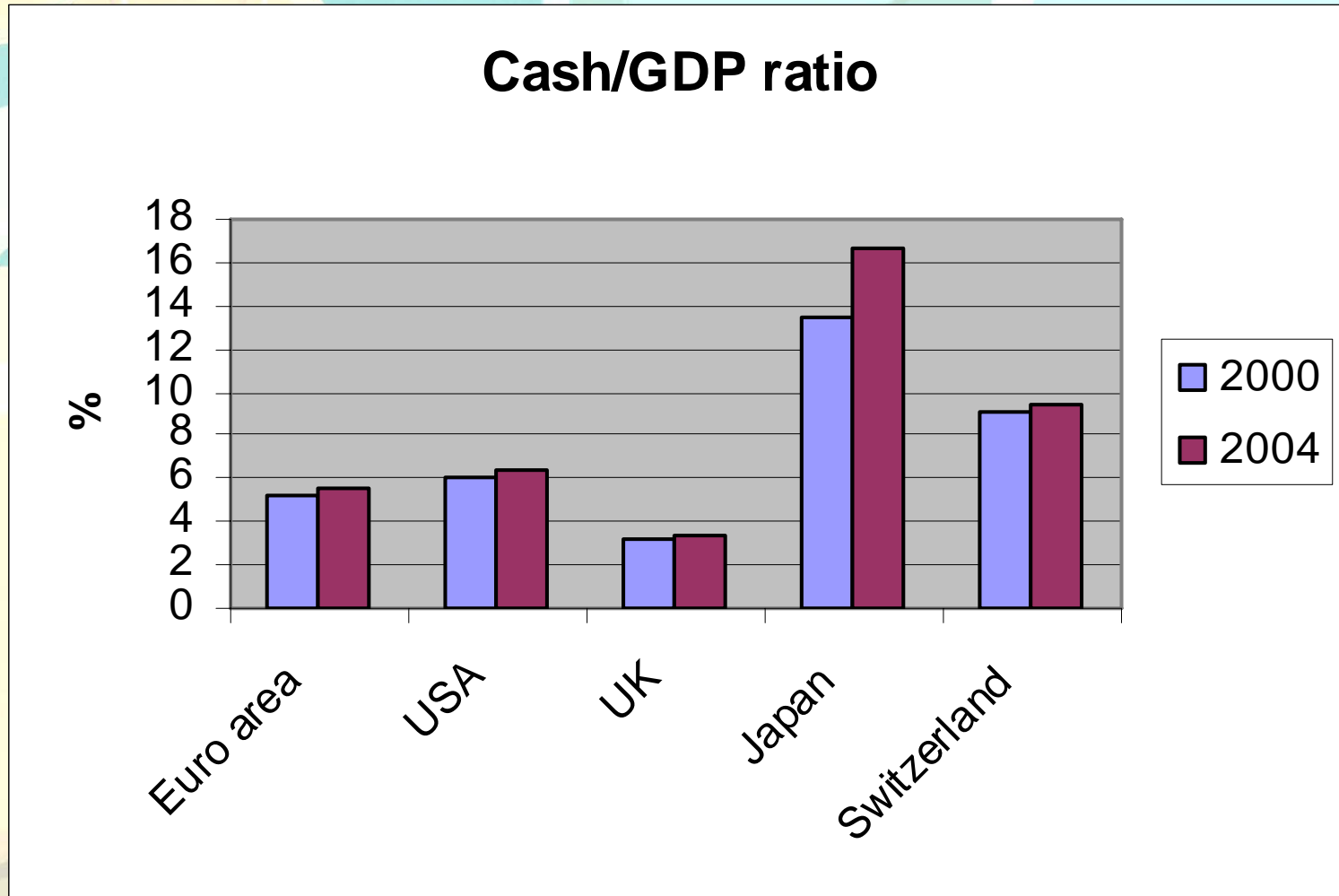
Agenda

- **Cash in the economy**
- **The euro cash cycle**
- **Banks and cash**

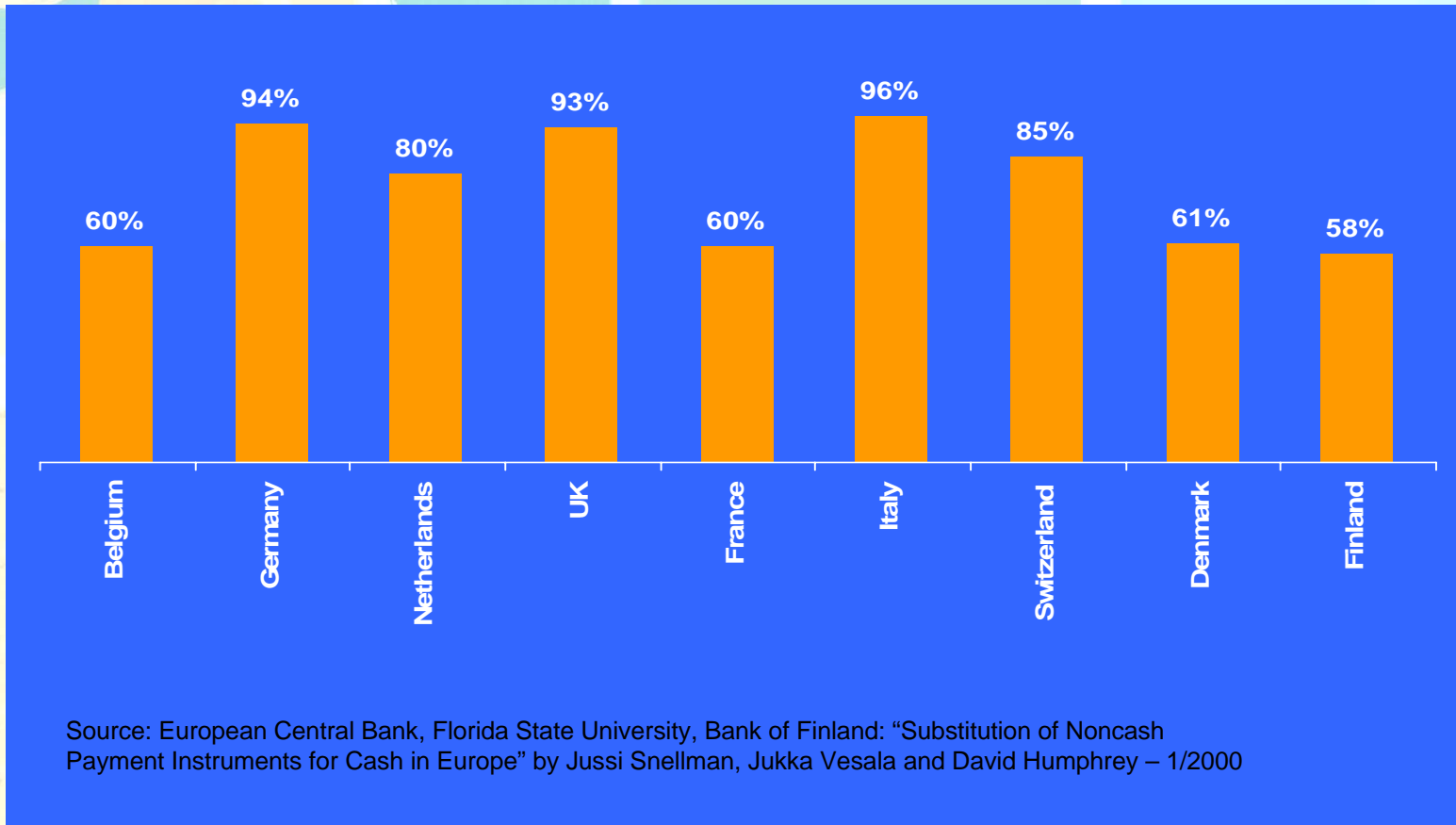
The weight of cash in the economy



The weight of cash in the economy



The weight of cash in the economy



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Central banks are reducing their involvement in the cash cycle

New models are emerging.

Centralized	Laisser-faire	NHTO	Privatized
<p>Controls the full cash cycle</p> <p>Sets rules & processes</p> <p>Majority of cash recounted</p>	<p>Controls parts of the cash cycle</p> <p>Part of cash recounted</p>	<p>Focus on monetary policy – stays out of the cash cycle except for note issuing & shredding</p> <p>Monitoring function</p>	<p>Controls parts of the cash cycle</p> <p>Part of cash recounted</p>
<p>Germany</p> <p>France</p> <p>Belgium</p>	<p>Spain</p> <p>Portugal</p> <p>Italy</p>	<p>UK</p> <p>Ireland</p> <p>The Netherlands</p> <p>Greece</p>	<p>Austria</p> <p>Sweden</p> <p>Norway</p>

Recycling will act as a catalyst

Recycling is expected to

- Further reduce the role of central banks
- Increase the automation of processing
- Accelerate the transfer of cash handling to the private sector

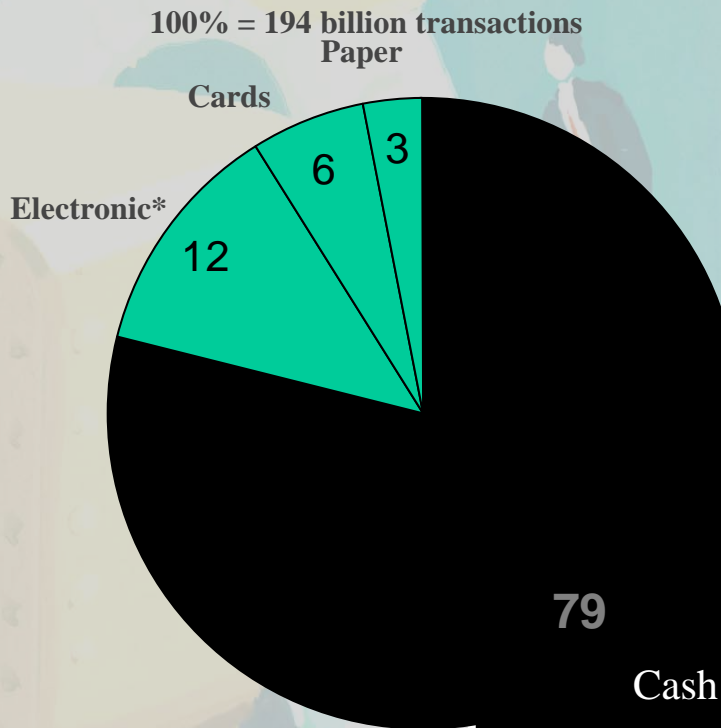
But where and when will recycling take place?

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The War on Cash

Cash share of number of retail transactions
Euro-zone**, 2002
Percent

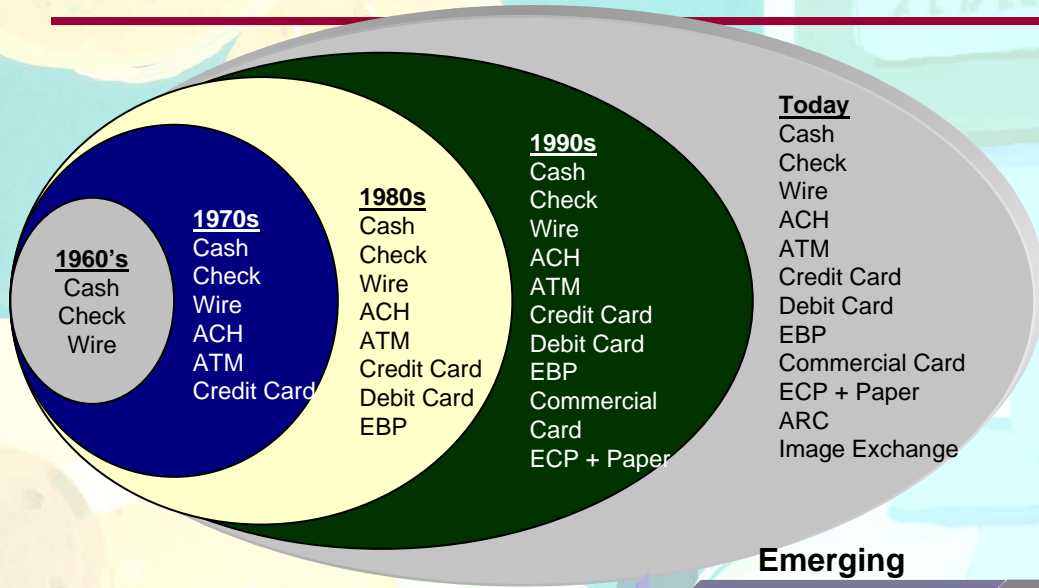


Cost of Cash over 50 Billion Euro per annum to Society

* Electronic includes direct debit, e-purse, credit transfer, and standing orders

Source: EPC

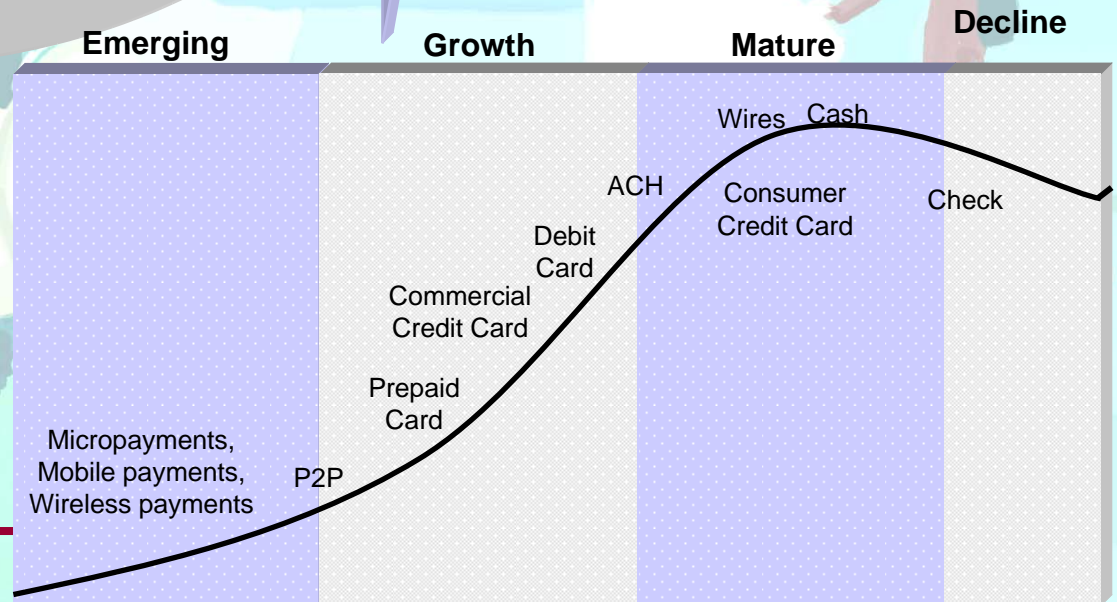
Changing Payment Landscape



Proliferation of payment options increases the difficulty of offering best in class solutions across all product sets...

... In addition, the aging of some payment options corresponds with thinning profit margins while new products require resources that don't

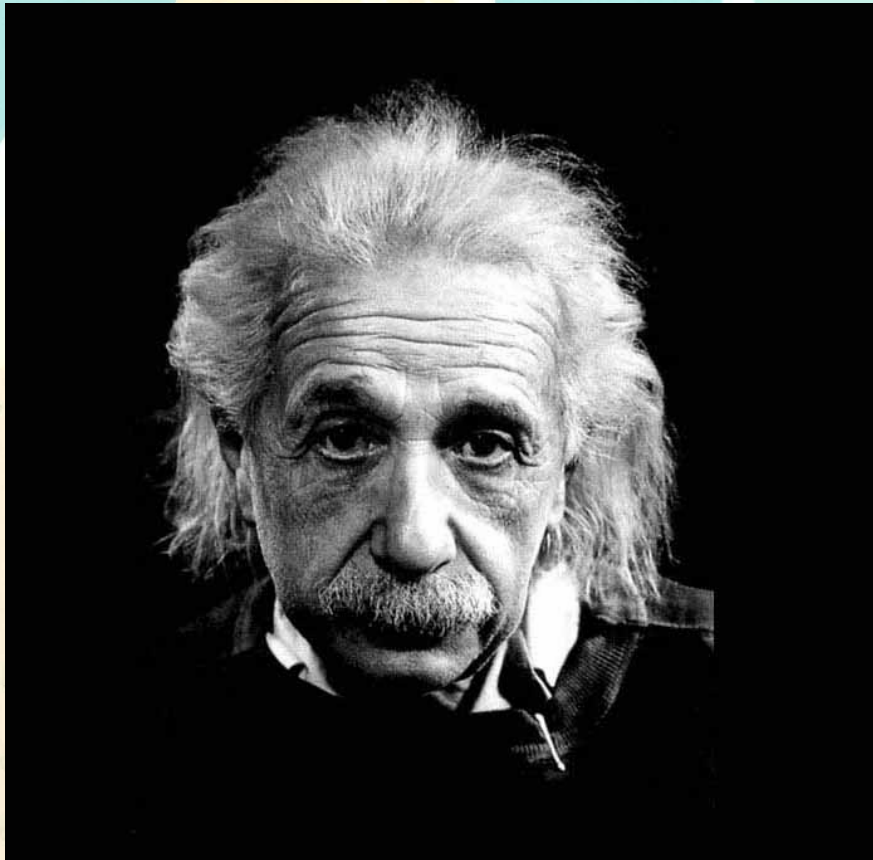
ROI



Cash is central to retail banking

- ❑ Cash is a core element of a global payments strategy
- ❑ Cash is the raw material of ATM networks
- ❑ Cash offers the unique opportunity to meet your customer.





**« Not everything that
can be counted
counts. And not
everything that counts
can be counted. »**

Albert Einstein