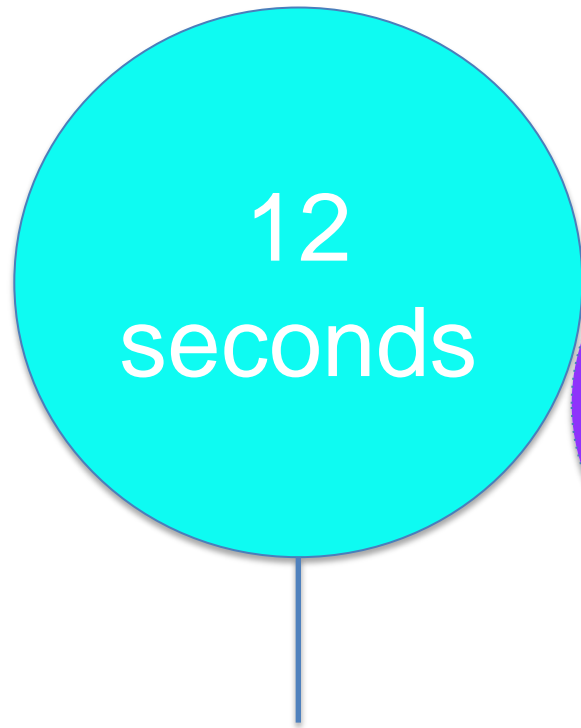


# Pay more, talk less.

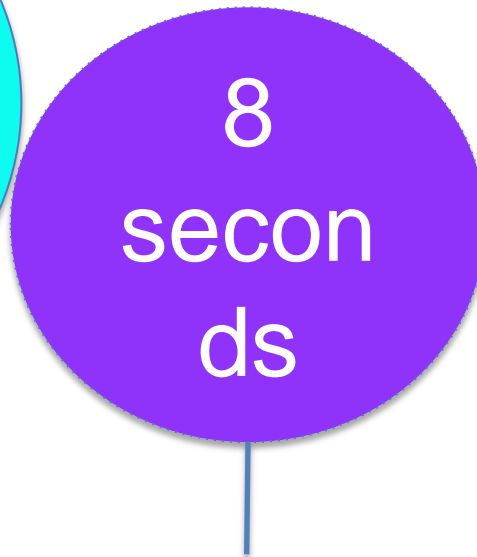
Guillaume Lepecq

ESTA – Berlin – 1 June 2015

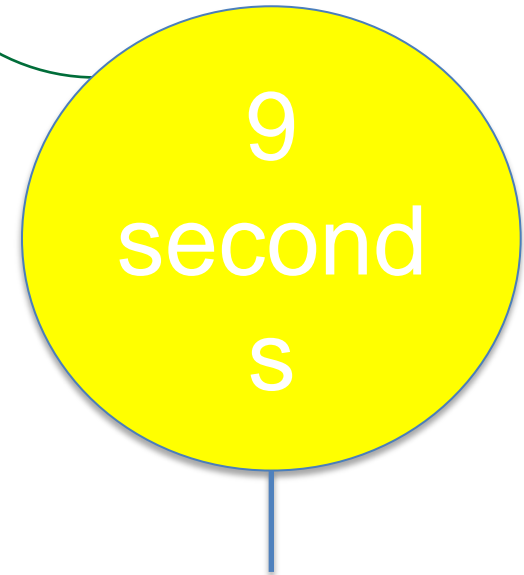
# Speaking of digitization...



The average human  
attention span in  
**2000**

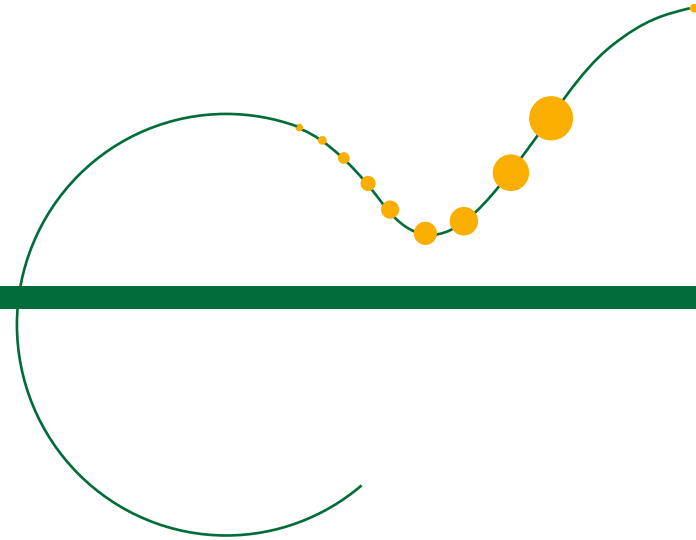


The average human  
attention span in  
**2013**



The average human  
attention span of a  
**goldfish**

Source: Microsoft, Spring 2015



# **PAYMENTS ARE EXPERIENCING DISRUPTIVE INNOVATION**

# Payments



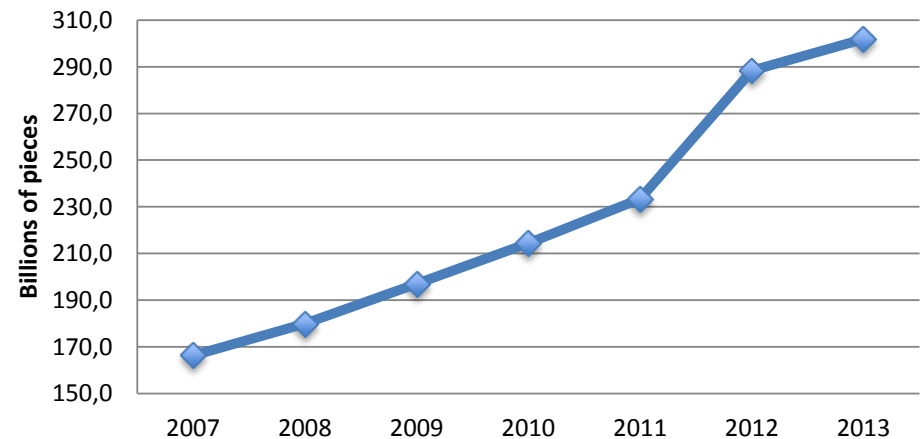
- An important industry: € 750 bn worldwide
- About the same size as the airline industry
- Important systemic dimension: 'oil in the engine of the economy'
- Highly regulated industry: AML, KYC, SEPA, FATF
- Disruptive innovation is taking place.



# China Union Pay

- 1st Global card brand
  - CUP 3.53 billion
  - Visa 2.12 billion
  - MasterCard 1.15
- Transactions
  - \$2.5 trillion 1H2013 vs \$4.6 trillion to Visa
- Reach
  - Accepted in 141 markets
  - Issued in 17
- Other Brands
  - RuPay in India
  - Russian scheme

**Volume of banknotes in circulation in China**



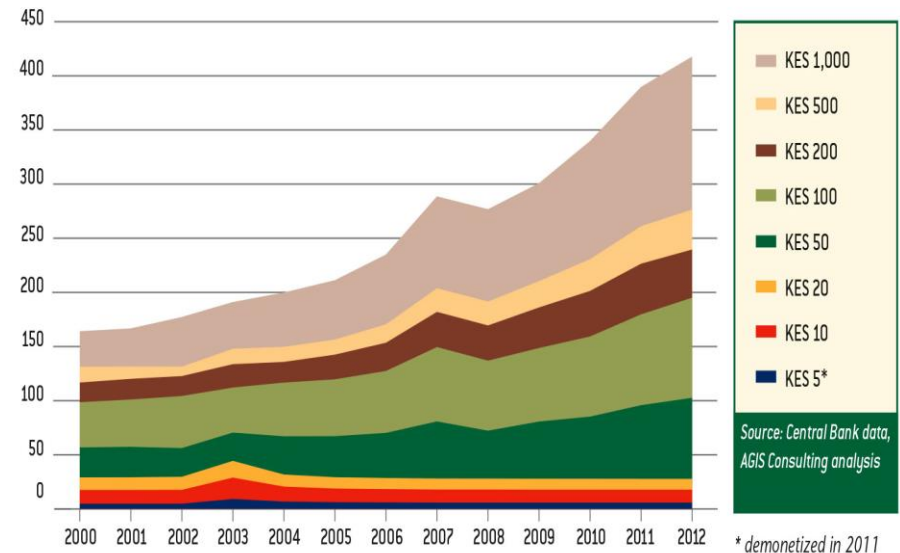
Source: People's Bank of China



# M-Pesa

- Launched in 2007 in Kenya by telco SafariComm.
  - Money transfer system
    - 21 million users
    - 527 million transactions
    - 75,000 agents
- (World Bank 2012)

CHART 2 - BANKNOTES IN CIRCULATION (In millions of pieces)



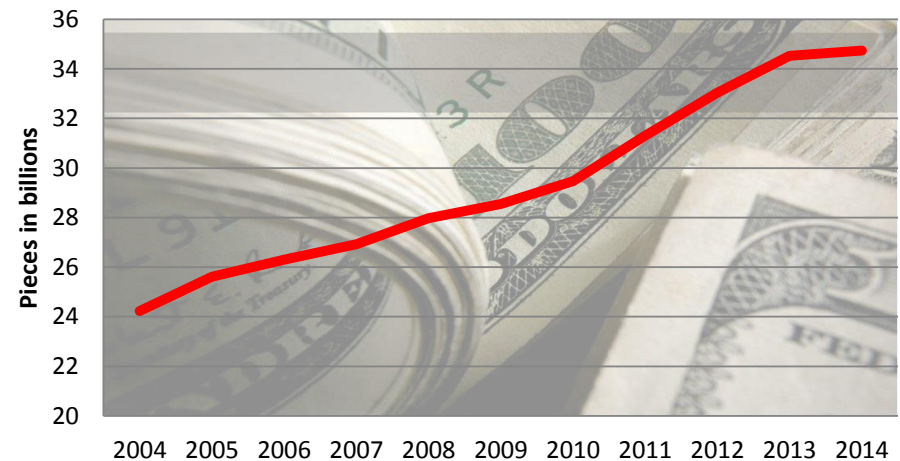


# Apple Pay

Launched in October 2014.

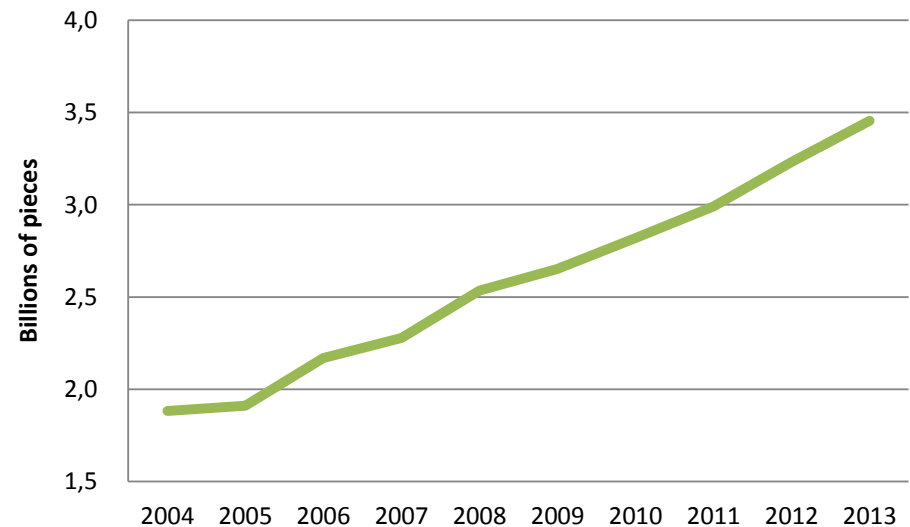
- Technology combines NFC + Secure element + TouchID.
- Business model: 0.15% of transaction
- «2015 will be the year of Apple Pay.» Tim Cook.
- 750 banks have signed up.
- Competition: CurrentC

Volume of notes in circulation  
United States

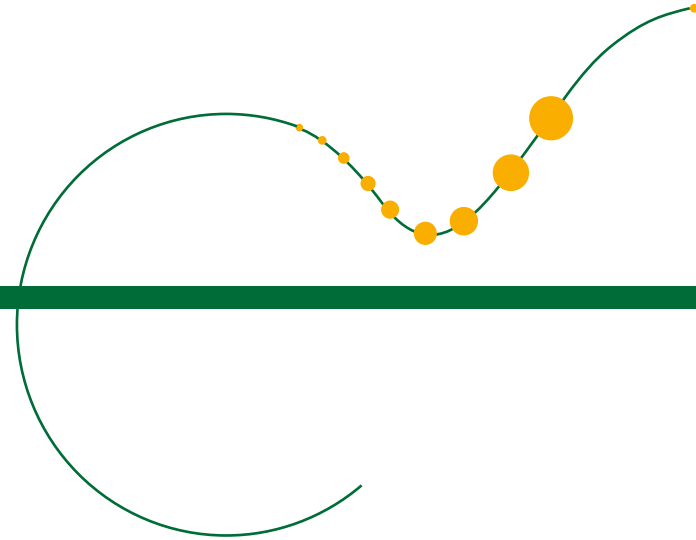


- Real-time payment system (< 1 minute)
- Operated by the Central Bank of Mexico
- 250 million trx/year
- Launched in 2004
- Equivalent systems: Zengin (Japan), Hofinet (Korea), SIC (Switzerland),

**Volume of notes in circulation  
Mexico**

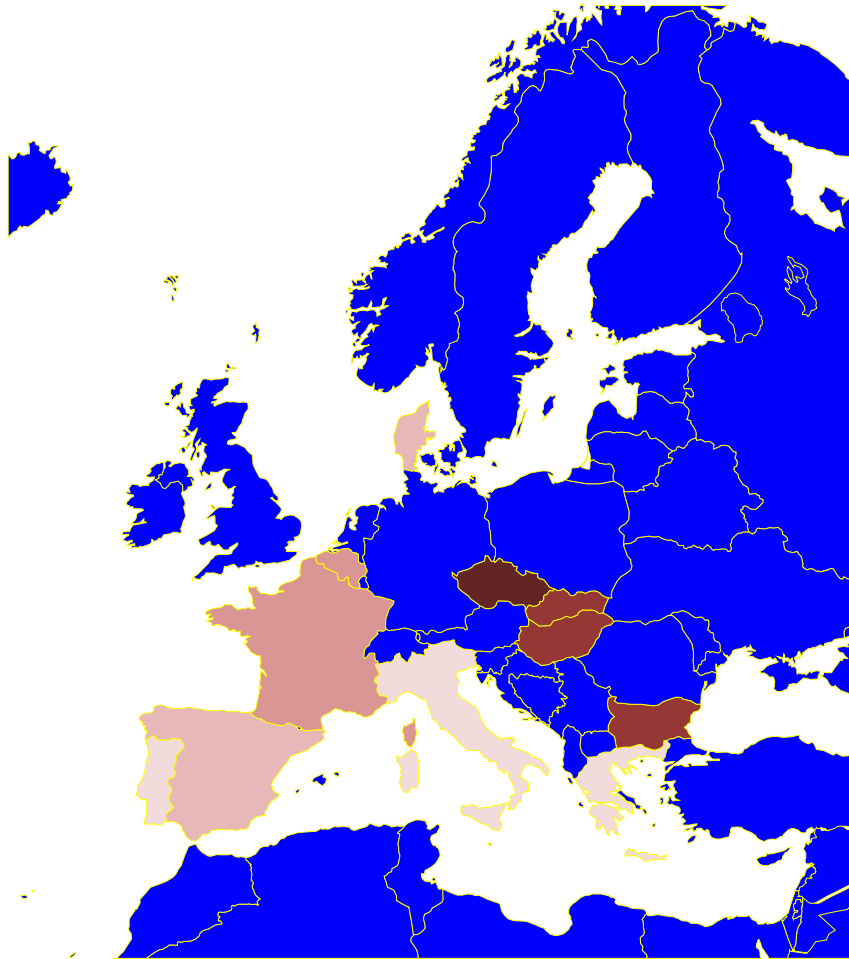






# EUROPEAN REGULATION

# Restrictions on Cash Payments



Source: The irreplaceability of cash and recent limitations on its use; why Europe is off track. Edoardo Beretta, September 2014

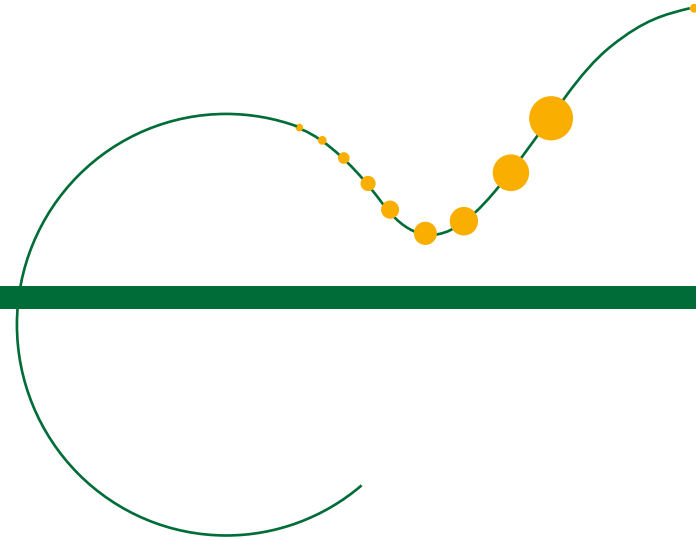
# Legal Tender



# Cost of Payment Studies

	Cash	Cards	Debit	Credit
Germany 2004	0.36		0.82	2.73
Belgium 1998	0.56	0.64		
Sweden 2009	0.78		0.42	1.15
Norway 2007	1.53	0.74		
Denmark 2009	0.78		0.36	3.86
Hungary 2009	0.39		0.33	3.59
Netherlands 2002	0.30		0.49	3.59
Netherlands 2009	0.39		0.32	
Italy 2009	0.33		0.74	1.91
EU 13	0.42	0.99	0.70	2.39

Source: Krüger, M. and Seitz, F. *Costs and Benefits of Cash and Cashless Payment Instruments - Module 1 : Overview and Initial Estimates*. Deutsche Bundesbank, Frankfurt-am-Main, March 2014.



# BEYOND PAYMENTS

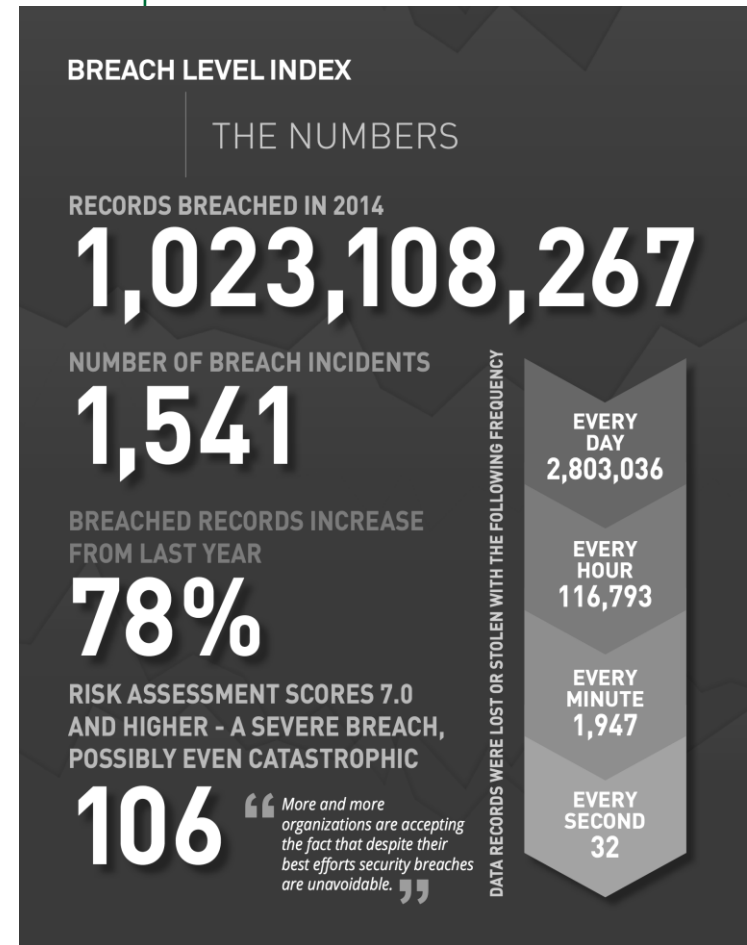
# Cash is Universal

- Cash is available to all users
- Cash covers a broad range of transactions
- Cash does not require a technology infrastructure



# Cash Generates Trust

- Cash provides a protection against identity theft and data breaches.
- Cash is a public good.
- Contingency and fall-back.
- Privacy and anonymity.



Source: Gemalto

# Cash Connects People


- Cash is the ultimate social network.
- It is the most widely used product: 700 bn notes circulate worldwide.
- Cash is a symbol of national sovereignty.
- Cash is an essential educational tool.

*The circulation of a one dollar note*



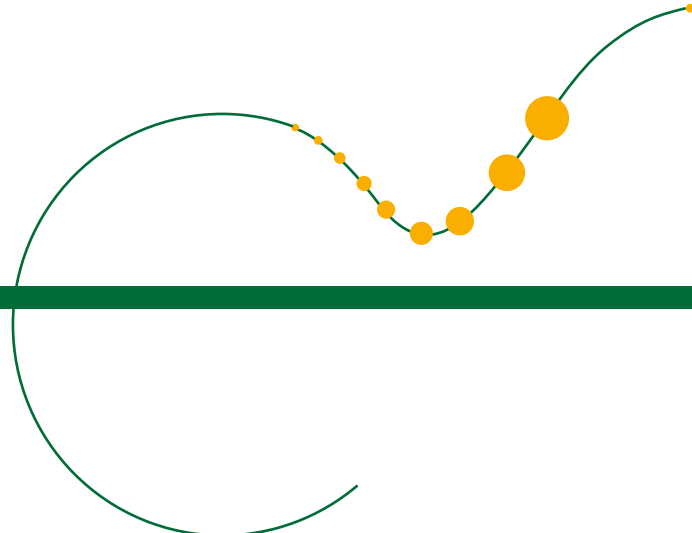
Source: [www.whereisgeorge.com](http://www.whereisgeorge.com)





Es ist nicht genug zu wissen, man muss auch  
anwenden; es ist nicht genug zu wollen,  
man muss auch tun.

Knowing is not enough, we must apply.  
Willing is not enough, we must do.  
Johann Wolfgang von Goethe



Guillaume Lepecq  
AGIS Consulting  
[guillaume.lepecq@agis-consulting.com](mailto:guillaume.lepecq@agis-consulting.com)

Tel. + 33 1 42 52 94 09  
Mob. +33 6 08 84 24 62