

# THE CASH CYCLE IN SPAIN

**Ángel Camarena**

Head of the Cash Division

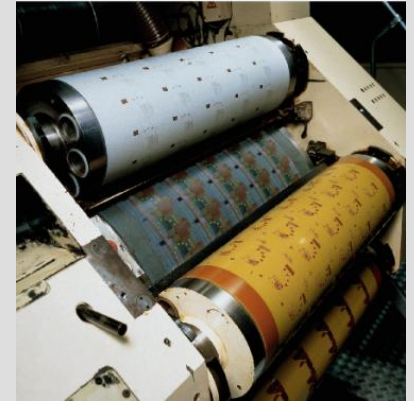
ESTA Annual Business Conference

Palma de Mallorca

22 – 24 May, 2011

# KEY POINTS

1. Introduction to the Cash Cycle
2. Some traditional particularities of the Spanish Cash Cycle:
  - i. Weight of the cash as means of payment
  - ii. Widespread opinion among the citizens in favour of the use of cash
  - iii. The strategy of the Spanish credit institutions
3. Position of the Banco de España
  - i. Ultimate aim (Common principles for the Eurosystem and more)
  - ii. Intermediate strategy
  - iii. Instrumental policies
4. Conclusions



# 1. INTRODUCTION TO THE CASH CYCLE



**Most differences between different cash cycles are due to historical, political, technical, geographical and sociological reasons.**



**Obviously, the role played by the National Central Bank has also a paramount influence on the cash cycle**

## 2. SOME TRADITIONAL PARTICULARITIES OF THE SPANISH CASH CYCLE (1)

### High weight of the cash as means of payment

#### ▪ Economic importance of cash

Country	Value of banknotes / GDP %
France	3.25
Germany	6.60
Italy	6.45
<b>Spain</b>	<b>9.40</b>
European Union	5.20

#### ▪ Intense use of cash

Country	Number of banknotes / per capita
France	24
Germany	33
Italy	59
<b>Spain</b>	<b>42</b>
European Union	37

Data: Value of banknotes issued by the NCB. Year 2000



## 2. SOME TRADITIONAL PARTICULARITIES OF THE SPANISH CASH CYCLE (2)



**Widespread opinion among the citizens in favour of the use of cash:**



✓ *The cash is the means of payment best valued by the citizens (more than 85 points out of 100):*

✓ *“It is comfortable, easy and secure to use”*

✓ *“It allows you to check on the money that you are really spending”*

✓ *81,8% of the public define the usage of cash as “very frequent”*

✓ *Only when the amount paid is above 100 euro, the percentage of people using cash is lower than using alternative means of payment.*

Source: “Spanish National Cash Survey. December 2009”. Banco de España

## 2. SOME PARTICULARITIES OF THE SPANISH CASH CYCLE (3)

- **The strategy of the credit institutions :**
  - ✓ **A dense branch network**
  - ✓ **Minimum staff per branch**
  - ✓ **High number of ATMs**
  - ✓ **Outsourcing of cash sorting activities: (Cash-in-Transit companies).**



Country	Number of branches 1	Number of ATMs 2	Cash distribution points 3=1+2	Cash distribution points / 1000 inhabitants 4
France	39,017	53,326	92,343	1.43
Germany	41,336	53,635	94,971	1.16
Italy	34,178	50,237	84,415	1,40
<b>Spain</b>	<b>44,754</b>	<b>62,121</b>	<b>106,875</b>	<b>2.32</b>

Data: December, 2009. Source: ECB & Eurostat.

### 3. POSITION OF THE BANCO DE ESPAÑA (1)

## I. Ultimate aim

To comply with the common principles for the Eurosystem:

1. To ensure **smooth and efficient supply**
2. To maintain the **integrity** of the euro banknotes

And besides...

3. To design a **national distribution map** for cash
4. To implement **effective and technologically advanced operational procedures**



### 3. POSITION OF THE BANCO DE ESPAÑA (2)



## II. Intermediate strategy

1. Overall project including all participating agents
2. “Agreed regulation” model
3. Information transparency. New role for agents
4. Medium-term goals. Adaptation schedules
5. Costs and incentives



### 3. POSITION OF THE BANCO DE ESPAÑA (3)



## III. Instrumental policies

1. Restructuring the BdE **branches network**
2. Creation a complementary private network
3. Bank branches: new **certified machinery**
4. **ATM**-European framework commitment
5. **Statistical base** of the cash cycle
6. **New applications – information – mechanisation – reduction in costs**



## 4. CONCLUSIONS



### ▪ **The Spanish Cash Cycle and the role played by the Banco de España**

- **Cash in Spain has an important weight in the economy and as a means of payment.**
- **The banking system provides a very dense cash distribution network.**
- **Distribution and sorting is based on An agreed regulation model, with both the public and private sector participating.**
- **There is a limited control by the Banco de España (participation in the sorting activity, quality control of circulation and fight against counterfeiting).**
- **Minimum costs.**



ÁNGEL CAMARENA

THANK YOU VERY MUCH FOR YOUR  
ATTENTION

BANCODE **ESPAÑA**  
Eurosistema



CASH AND ISSUE DEPARTMENT

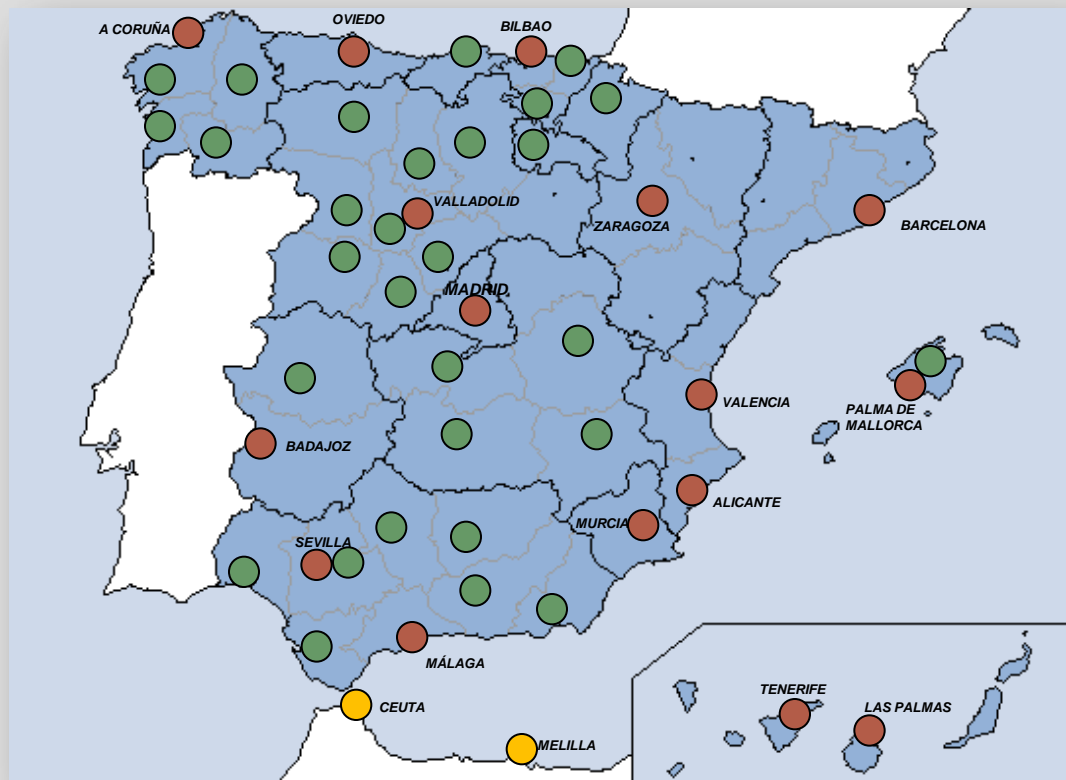
# Annex I - The BdE cash distribution points



**BdE branches (01.06.2011): 16**

**SDA Centres : 39  
(30 cities)**

	<b>Sucursales BdE</b>
	<b>Centros Operativos SDA</b>



# Annex II – Spanish Cash Cycle Scheme

