

# The Recurrent Negative Connotation of Cash

## ECUG Meeting

29 June 2017, Frankfurt am Main

Thierry Lebeaux

*Secretary General*

***“Cash is like Cinderella:***

***it has no mum or dad to  
watch over it -***

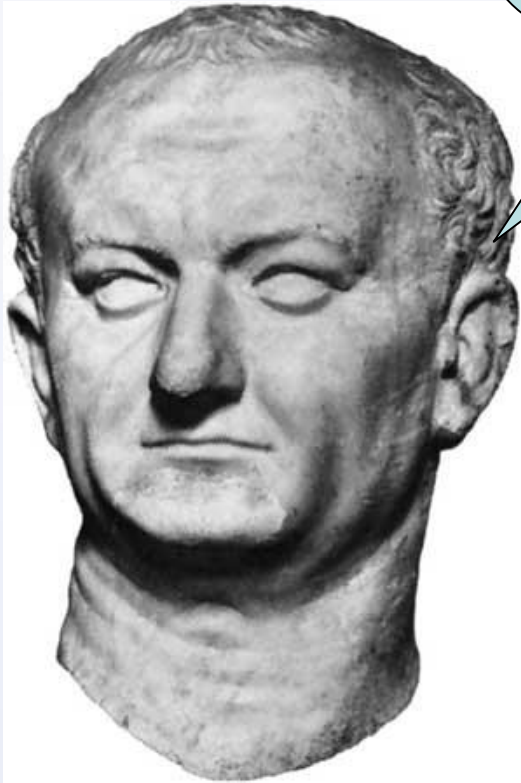
***only those horrible***

***stepsisters trying to convince***

***her she's ugly”***  
(Graham Levinsohn, G4S European CEO, Cash Report

2016)

## From Bad to Worse



(Vespasian, 69 AD)

Money has  
no smell

CASH  
STINKS.



FORGET CASH. PAY FOR ANY  
PURCHASES IN THIS STATION  
TODAY WITH YOUR MAESTRO®  
DEBIT CARD FOR A CHANCE  
TO WIN AN IPOD NANO.  
ONE TO BE WON EVERY HOUR.



THE NEW CASH.

# Europe-wide Study (2014)

2/3<sup>rd</sup> of people think handling money is unhygienic, only 1/5 wash their hands

More germs can be found on a £1 coin than on a toilet seat

Cash is dirty



Britons are the worst in Europe for not washing after handling coins or notes

People living in France and Hungary are among the most aware of how filthy money can be, but also more likely not to wash their hands

One psychologist thinks people find it hard to associate ill health with money, which is linked with an individual's success





**Cash is addictive**

*“It takes just two weeks for a new note to pick up the drug, either because it is handled by someone who has used cocaine recently or it is contaminated by contact with other currency.”*

**All notes contaminated: Police say cocaine can be found on every British bank note**

Source: <http://www.dailymail.co.uk/news/article-1241775/Every-British-bank-note-contaminated-cocaine-weeks-entering-circulation.html>

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## How can we reach a more efficient European cash process?

The cashless society, long awaited by many, is not there yet. The European Payments Council recommends to strive for:

1

### Reducing the use of cash

The EPC promotes electronic methods of payments, interoperable on a pan-European scale, in order to ensure a convenient and consistent user experience across Europe, in a cost-efficient way. This will truly make the euro a single currency in the Eurozone and broader Single Euro Payments Area.

### Reducing the cost of cash

This can be reached via the improvement and achievement of a Single Euro Cash Area, which will require:

- Harmonising National Central Banks operational conditions

2

The Future of C

## No perfect substitute to cash

Payment instruments designed to *substitute* for cash during the previous decade no longer exist





*“Although not all use of cash is criminal, all criminals use cash at some stage in the money laundering process.”*

*“Cash is still one of the most prevalent facilitators for money laundering across almost all criminal activities”*

*Highly conservative estimates based on records received by Europol indicate that in excess of **EUR 1.5 billion in cash is detected and/or seized by Competent Authorities each year.***



*“Clearer evidence is needed around legitimate uses [of cash]”*

## Cash and Crime (2)



- **Card fraud in 2015: \$21.84 bn (€19.85 bn)**  
(source: Nilson report)
- **\$11 trillion deposited in tax heavens in 2015**  
(source: Boston Consulting Group)

### “The alchemists”

- Want to overcome the ZLB

### “The law and order camp”

- wants to cancel the primary means of payment for illicit activities

### “The Fintech”

- Expects major business opportunities from the elimination of high storage, issuance and handling cost of cash

*“Negative interest rates did not trigger a flight to cash”*

*“Why punish a majority for the misbehaving of a minority?”*

*“Wouldn't it help the companies offering payment solutions first ?”*

*“There is one more major problem with the arguments for a cashless society:*

*most people, at least in the eurozone, don’t want it.”*

(Yves Mersch, 28 April 2017)

## **No silver bullet, but some initials steps :**

- **Anti-cash stance of most vocal stakeholders = self-serving commercial interest of some stakeholders ?**
- **From a neutral stance of (EU) institutions to a positive stance on plurality and consumers' choice ?**
- **Check neutral language on cash in all official documents ?**