

Securing the public's access to cash services in a rapidly transforming payment market – the case of Sweden

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Tryggad tillgång till kontanter



The Parliamentary Committee of Inquiry on the Riksbank

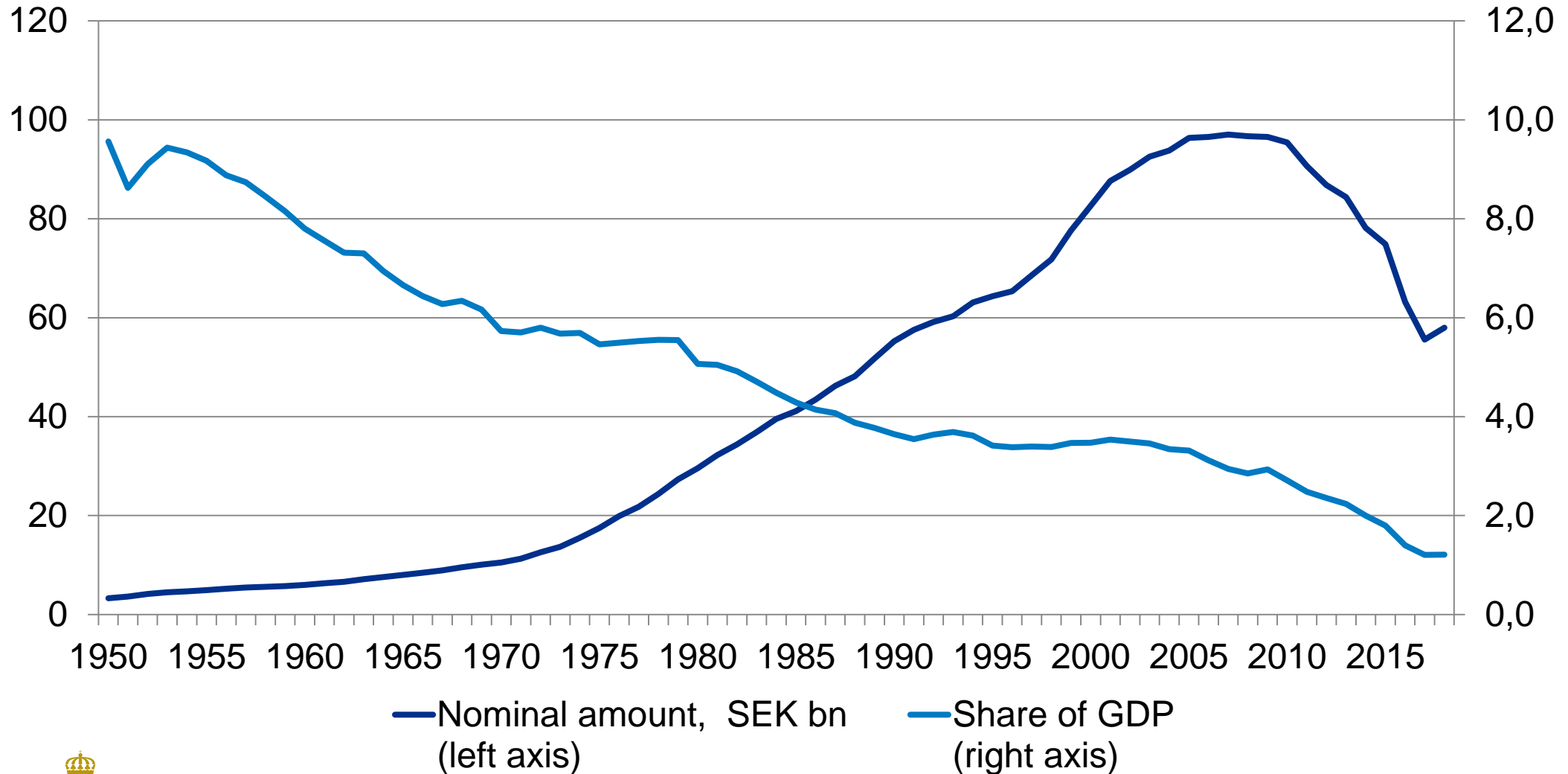
- 12 members representing all parties in the Swedish parliament
- Experts from the Central bank, relevant government agencies, ministries, universities etc.
- Meetings with 30+ stakeholders: Loomis AB, Nokas AB, banks, interest groups (retail, pensioners, consumers, etc.)

The Committee unanimously supported the proposals in the interim report from June 2018.

The Committee's proposals in short

- Legal requirements on large banks (deposits from general public > SEK 70 billions) and offering payment accounts to provide reasonable access to cash withdrawals and deposits throughout Sweden
- The central government shall intensify its current measures to support cash withdrawals and deposits
- The Riksbank's role in cash management, especially regarding cash depots, shall be clarified and strengthened.

Cash in circulation in Sweden



Development of cash services in Sweden

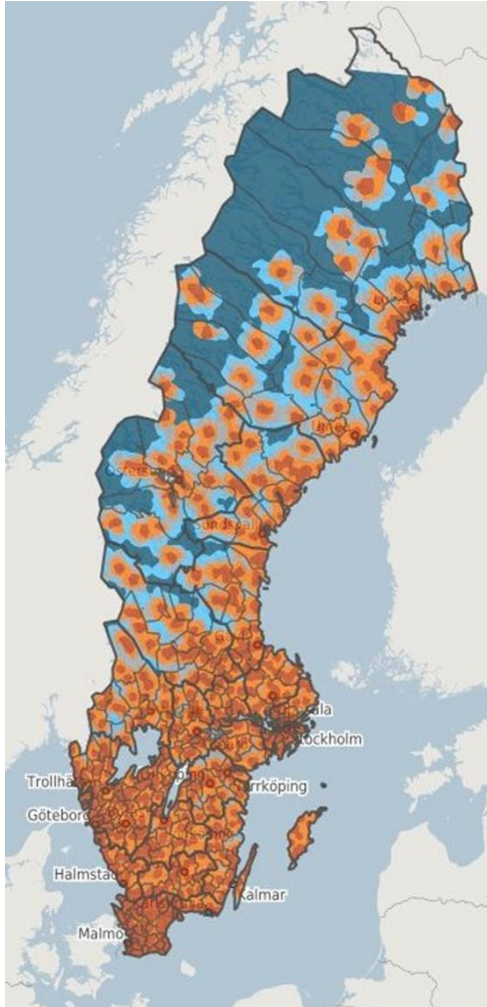
- Number of bank branches providing cash services dropped by 55 per cent 2011—2016.
- Number of ATM withdrawals and withdrawn amount has dropped by 50 per cent 2006—2016.
- The share of cash payments in retail dropped from around 40 per cent in 2010 to around 15 per cent in 2016. 25 per cent of retailers think they are cash free already in 2020. 50 per cent in 2025.

But....

- 29 per cent of the population state that they need cash in order to get by in society. 68 per cent want to keep cash as a means of payment.



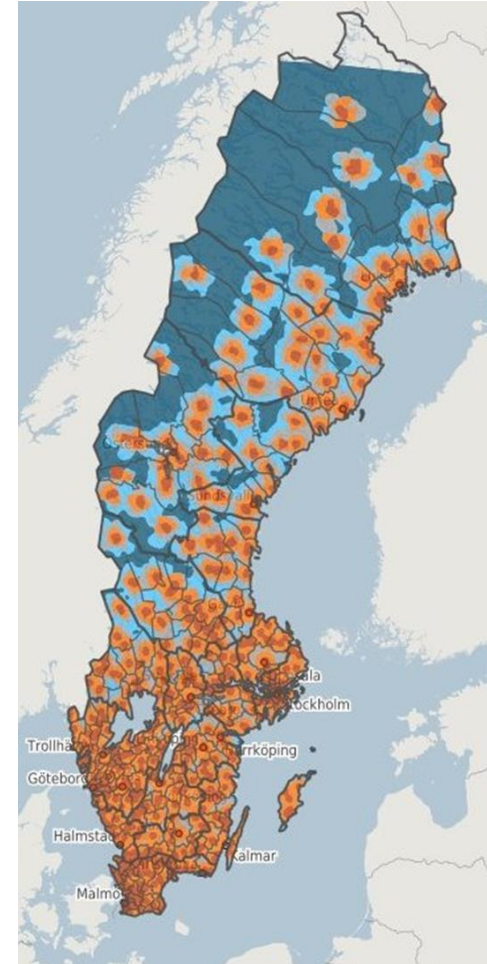
Access to cash services



Distance to locations for cash withdrawal



Distance to locations for cash deposit



Källa: Pupos Serviceanalys
(Tillväxtverket)



The Committee's starting points 1(2)

- The development of access to cash services (cash withdrawals and deposits) should be controlled to ensure that the cash needs of the general public and society are met.
- Enable government to determine democratically, and with sufficient information, the government's role in the payment system and which means of payment should be available in the future, particularly regarding means of payment provided by the Riksbank.



Committee's starting points 2(2)

- Initiatives should primarily target *rural areas*, where there is greatest risk that cash-in transit and cash services will disappear completely.
- Existing cash management infrastructure and access to cash services should be safeguarded for economic efficiency reasons. Cooperation on infrastructure and common solutions in the cash management chain should be encouraged.



Why requirements on larger banks?

Larger banks with national presence have a particular responsibility to provide access to cash services in society.

- Banks' central role in payment processing makes it unreasonable for banks to abdicate their responsibility to handle a certain means of payment as long as it is needed in society and is legal tender
- All bank customers, including those that are in need of cash, must be able to use their payment accounts.



How to specify "reasonable access"?

- Maximum of 0.3 per cent of the population (30 000 persons) having to travel more than 25 kilometres by public roads to a location to make cash withdrawals. (deposits 1.22 per cent).
 - Reduction of the number of people by 15 percent compared to current situation.
- Requirements on every individual bank (currently six). Strong incentives for the banks to cooperate to live up to the legal requirements.
- Substantial sanctions for banks not meeting the requirements
- Government agencies follow-up requirements annually through an existing database with all points for cash services road net and population

The role of the Riksbank?

- Responsibility for effective cash management throughout the country – in the form of cash depots, cash processing and cash-in-transit services – is unclear. No agency is “in charge”.
- Sweden’s model for cash management focuses primarily on efficiency and has been entrusted to the private market. Cash depots are currently a private monopoly in Sweden. The Riksbank one of most passive CBs
- The Riksbank should be given overall responsibility for cash management in Sweden. The Riksbank’s specific responsibility for cash depot operations should be clarified in law and help safeguard access to cash services throughout Sweden.

**Legal
proposal in
final report
November
2019**

Thank you for your attention!



Extra PP-slides



Consequences of the Committee's proposals

- The proposals benefit:
 - people and businesses in rural areas
 - certain elderly people,
 - newly arrived immigrants and
 - individuals with varying functional disabilities
- the vulnerability of the cash management chain will be reduced as a result of the requirements,
- The costs for the banks covered by the requirements concerning reasonable access are expected to increase by between SEK 8 and 15 million per year in total. Less room for additional savings on cash services in the future
- Central government expenditure is expected to increase by SEK 9–10 million per year

