



EUROPEAN CENTRAL BANK

EUROSYSTEM

Henk Esselink
Head of Section
Directorate Banknotes
European Central Bank

Cash & Payment Studies - ECB Update –

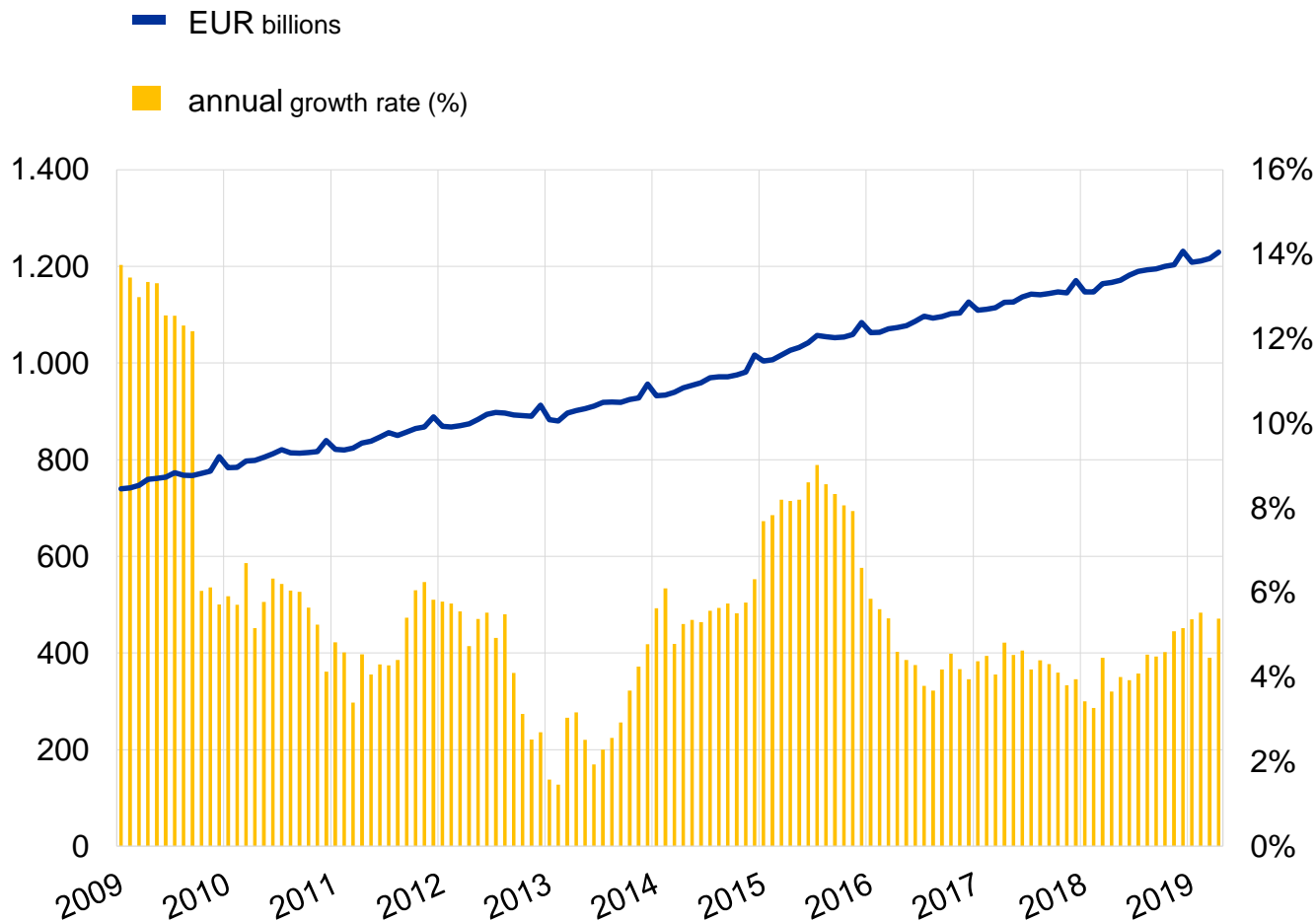
ESTA Conference

Vienna, Austria 19 - 21 May 2019

Overview

- 1 Development of the euro banknote circulation**
- 2 Trends in the euro cash cycle
- 3 Qualitative survey among stakeholders in the cash cycle
- 4 Regulatory aspects
- 5 Concluding remarks

The banknote circulation nearly doubled in 10 years

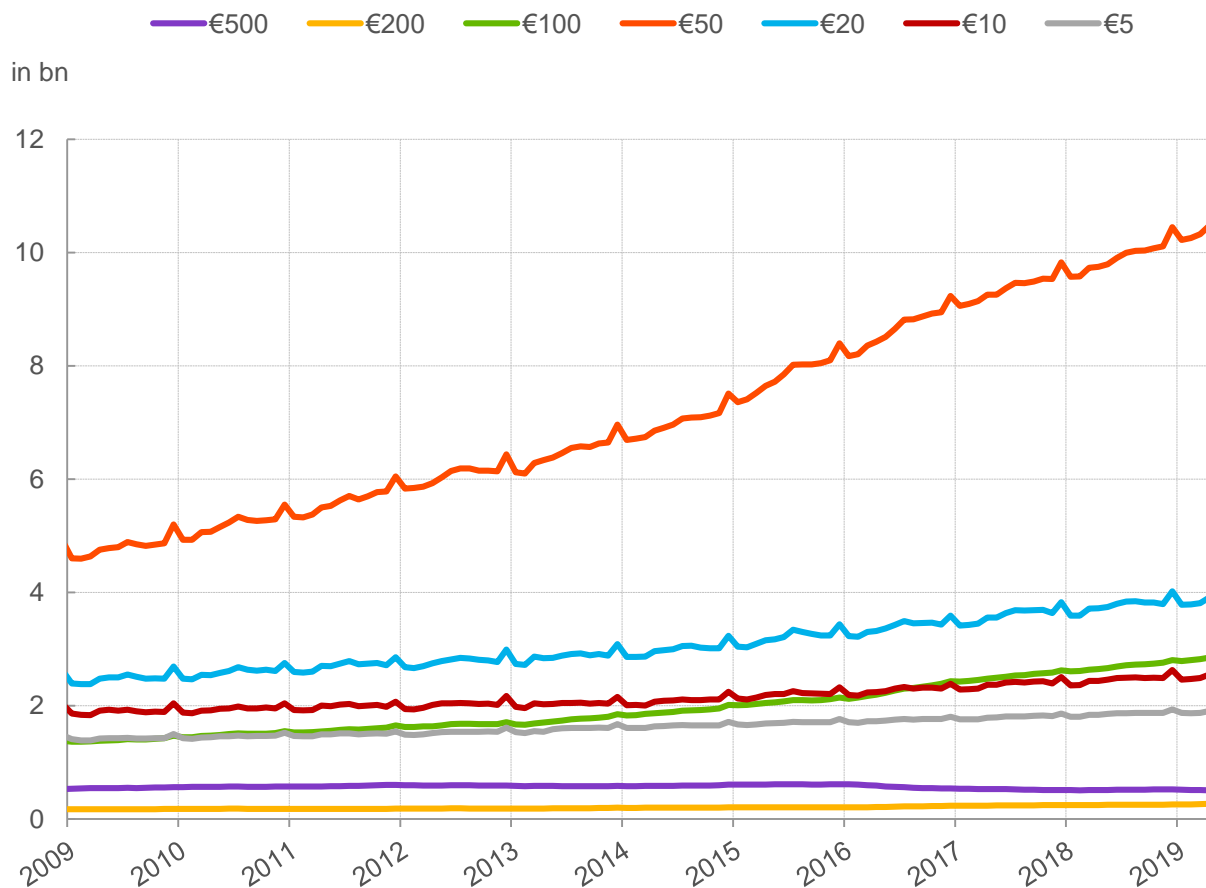


5.4% Annual growth rate circulation value end-April

22.4 billion banknotes in circulation

€ 1,229 billion total value of BN in circulation

Circulation development per denomination (number of banknotes)

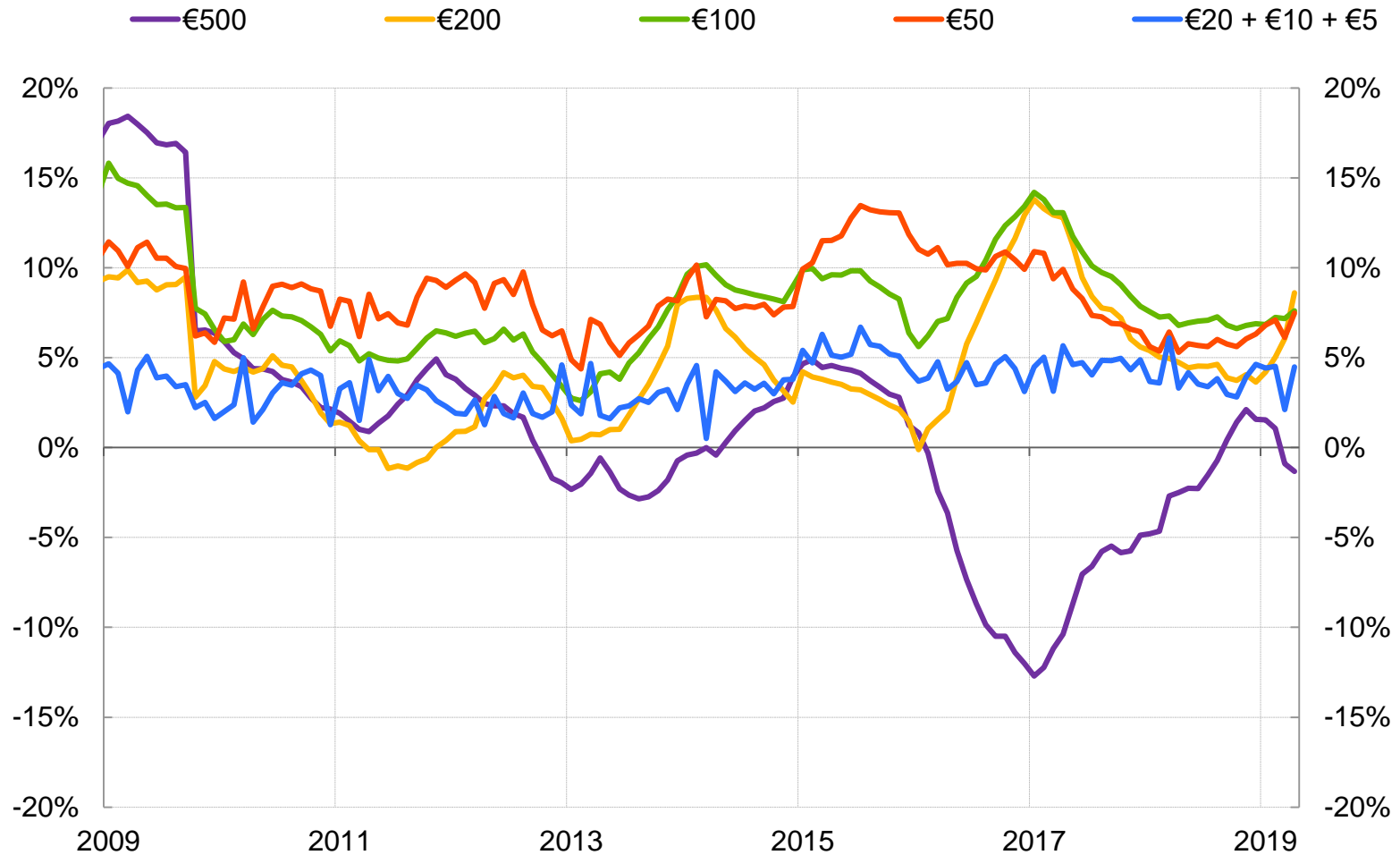


47% of the circulation consists of €50

17% of the circulation consists of €20

€100 is the 3rd most important denomination

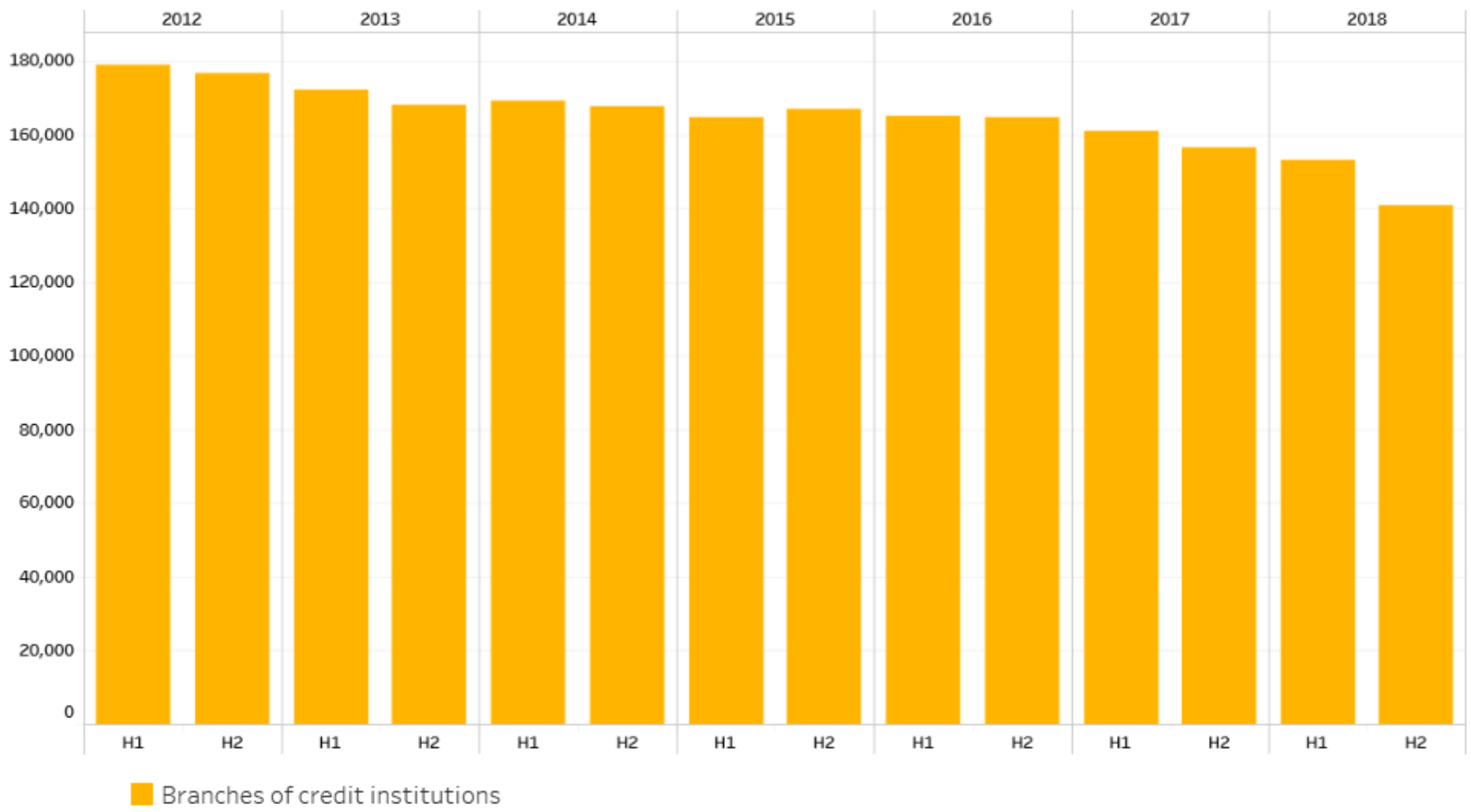
Growth rates per denomination (percentage)



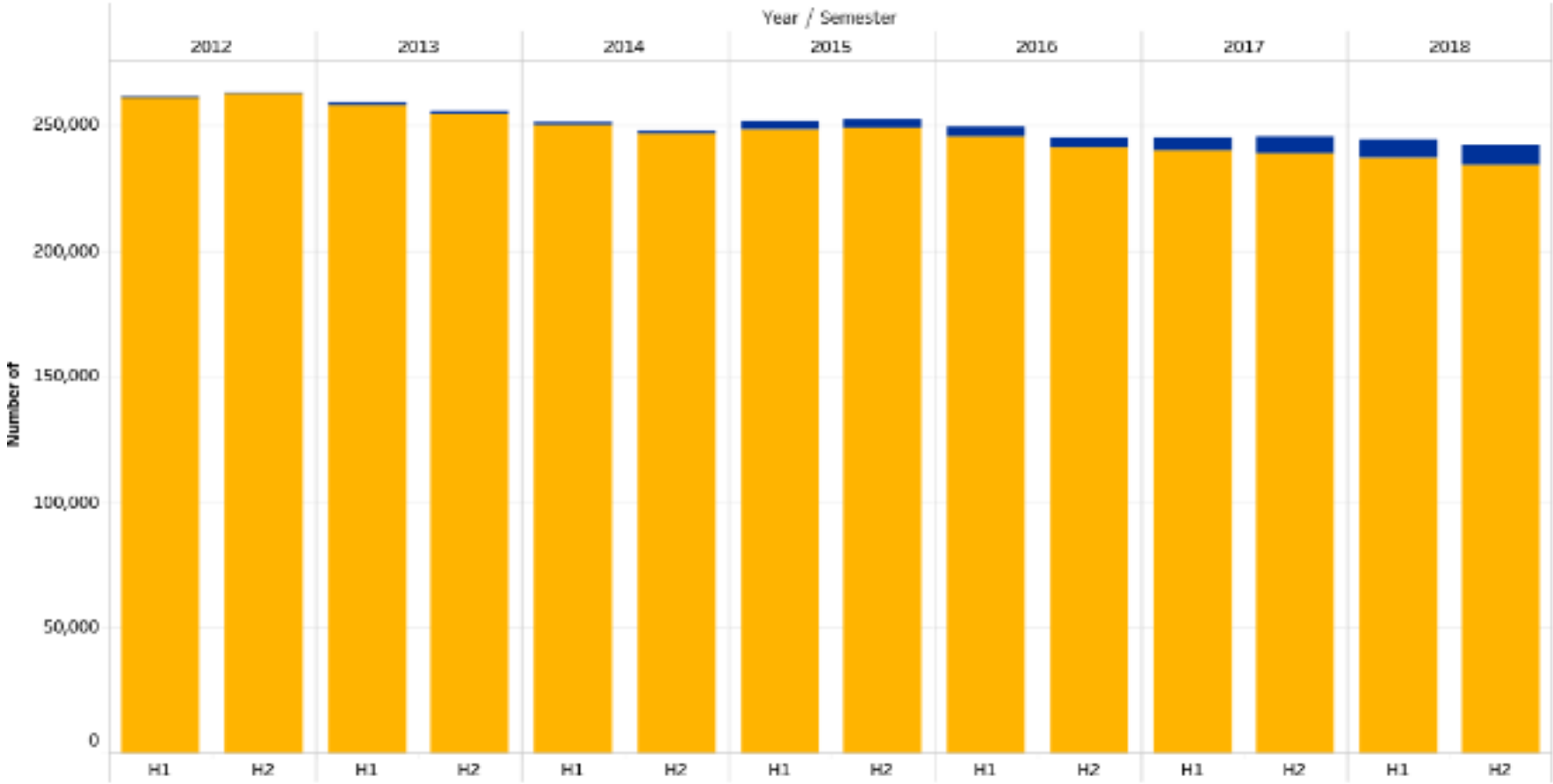
Overview

- 1 Development of the euro banknote circulation
- 2 Trends in the euro cash cycle**
- 3 Results of a qualitative survey among stakeholders in the cash cycle
- 4 Regulatory aspects
- 5 Concluding remarks

Cash infrastructure: Bank branches

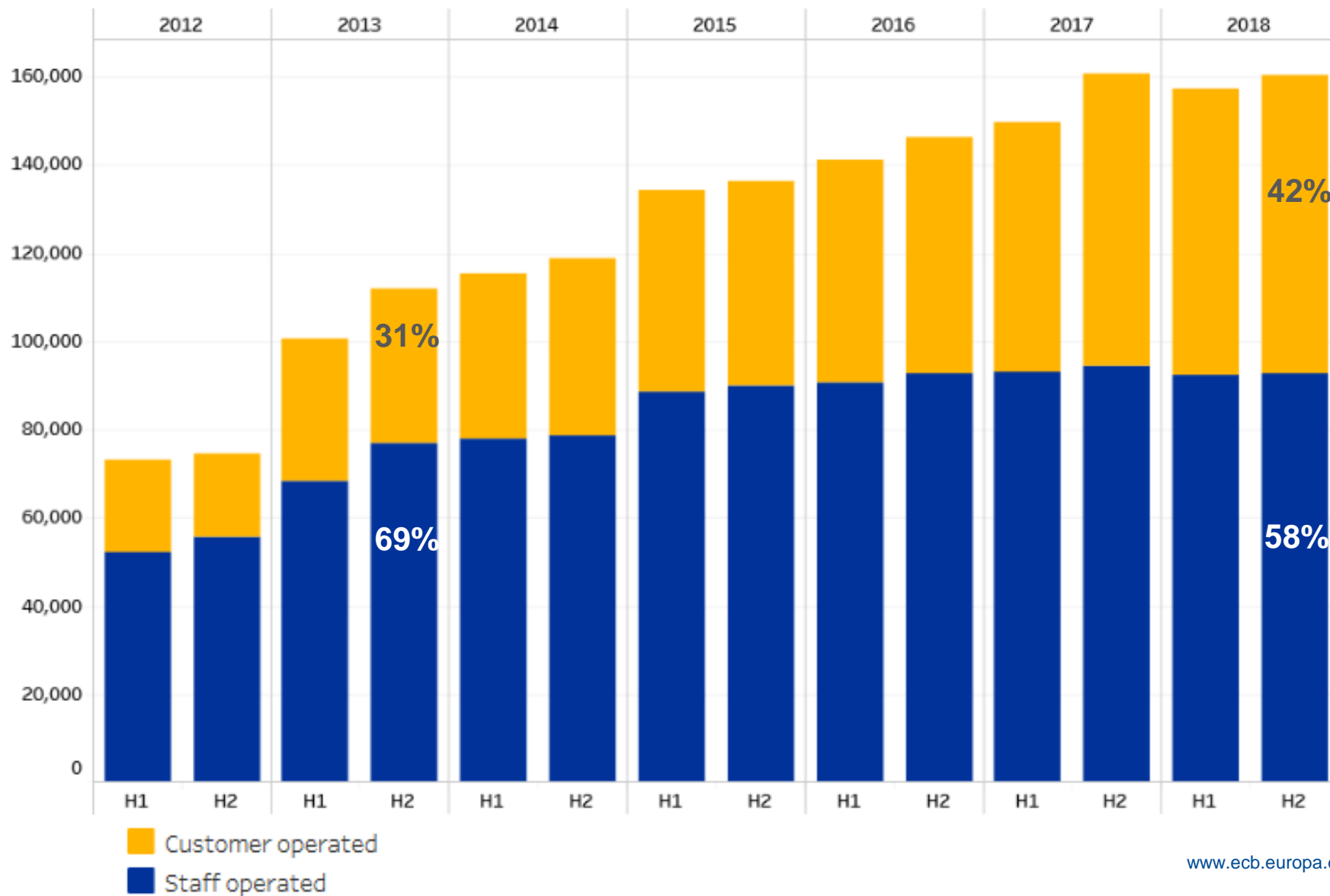


Cash infrastructure: ATMs



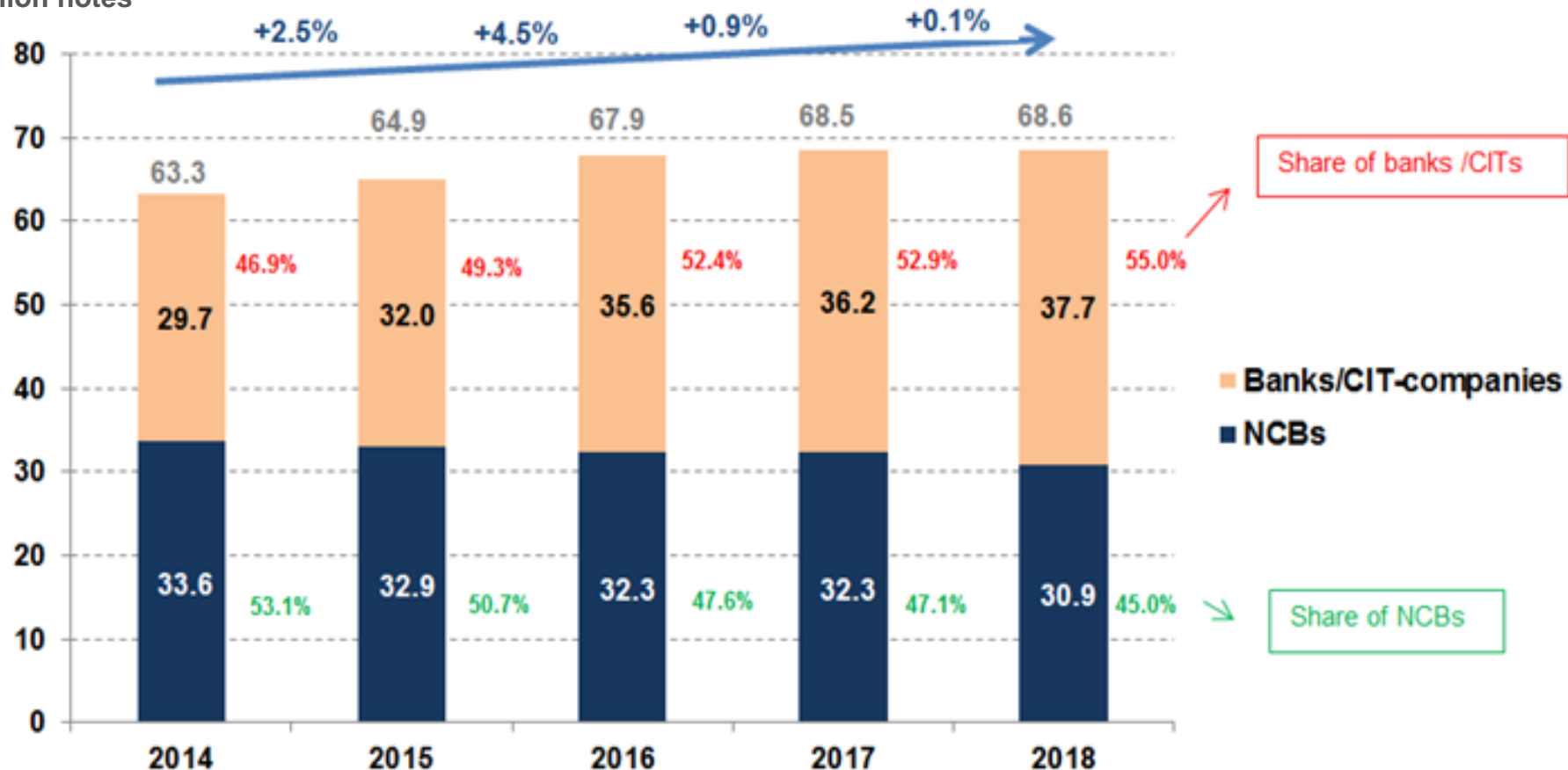
- ATMs operated by other cash handlers
- ATMs under responsibility of credit institutions
- Other cash dispensers

Cash infrastructure: Banknote handling machines of banks/CITs



Number of BNs returned to banking sector and processed

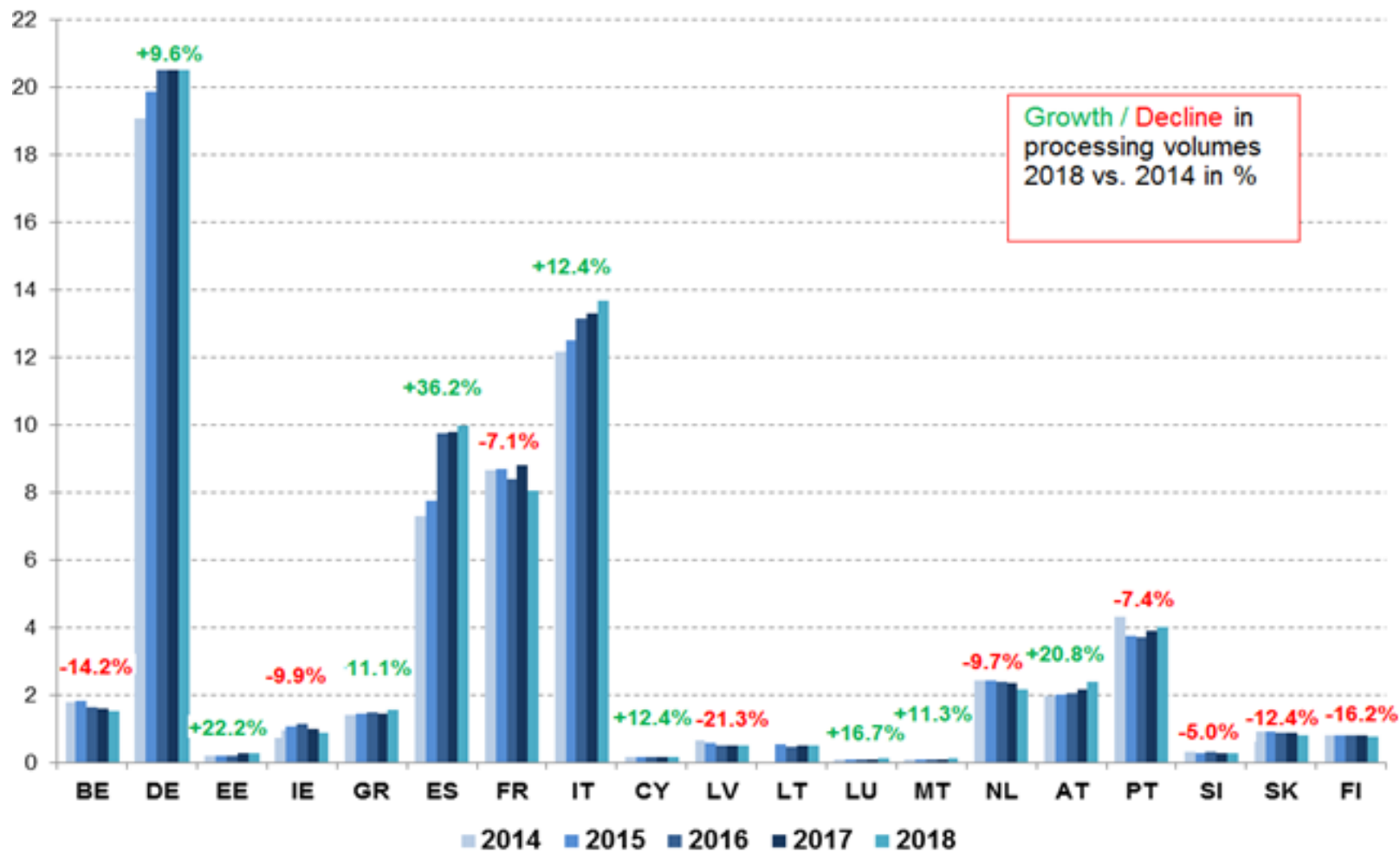
In billion notes



- Total processing volumes (banks and NCBs) is increasing
- NCBs' BN processing volume is decreasing

Number of BNs returned to banking sector and processed

In billion notes

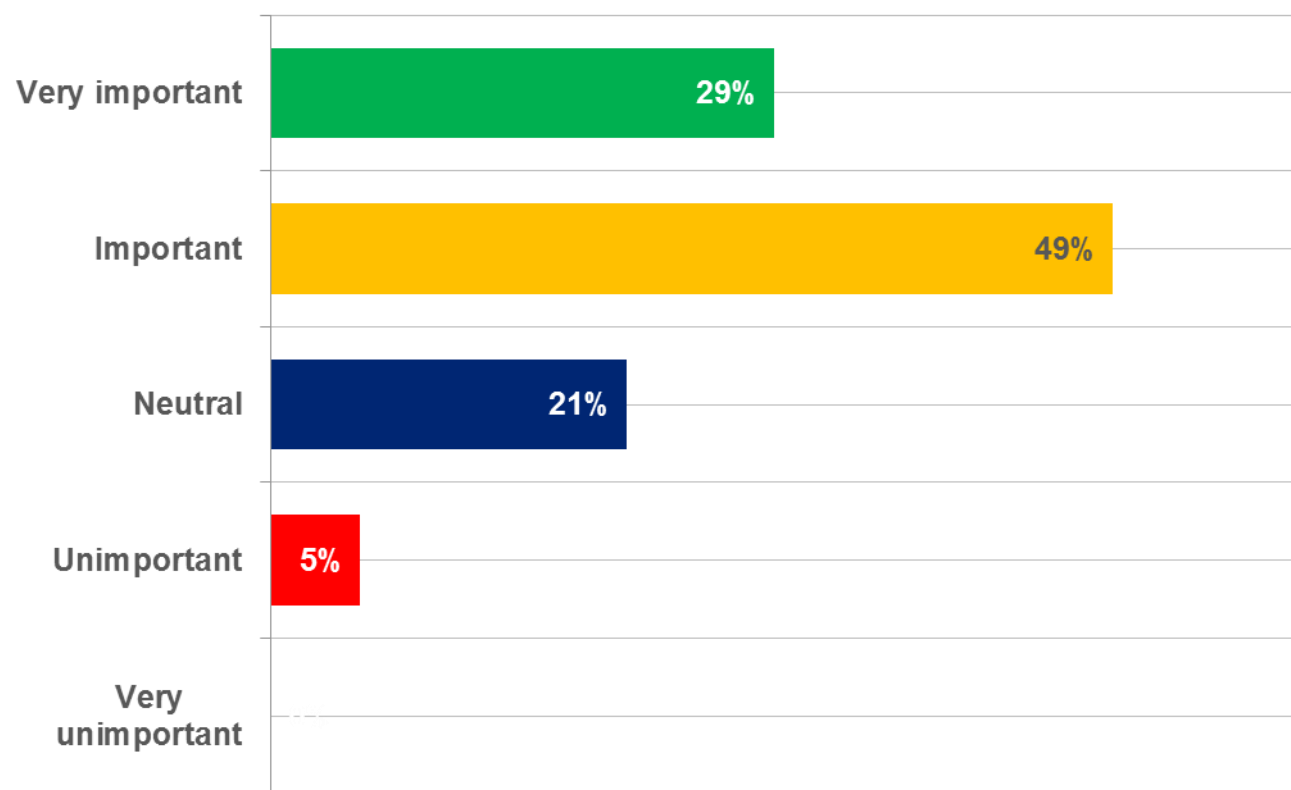


Overview

- 1 Development of banknote circulation
- 2 Trends in the euro cash cycle
- 3 Results of a qualitative survey among stakeholders in the cash cycle**
- 4 Regulatory aspects
- 5 Concluding remarks

Credit institutions (n=87)

How important are cash services for your institution?

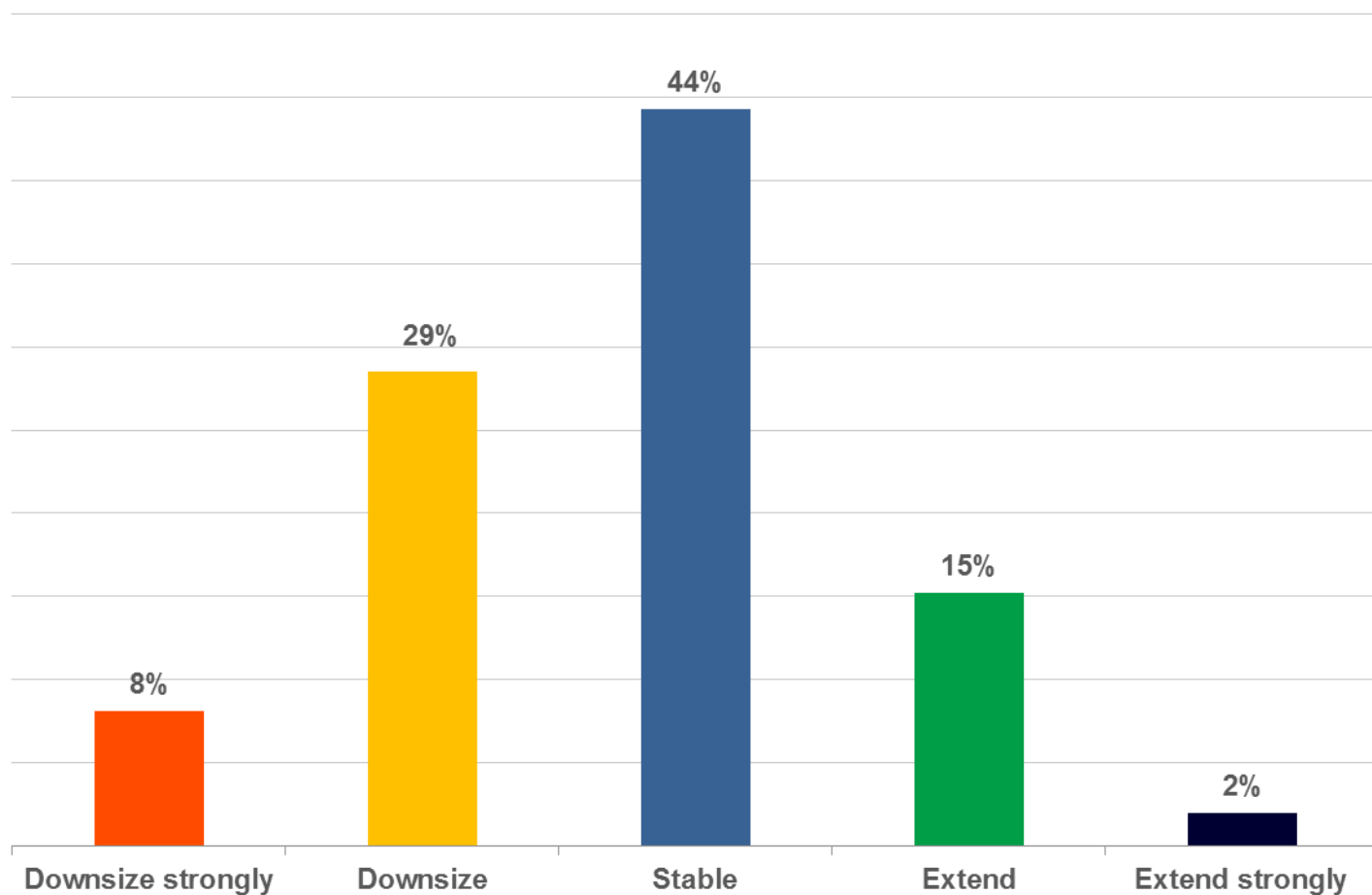


78% rate cash services as (very) important

5% rate cash services as unimportant

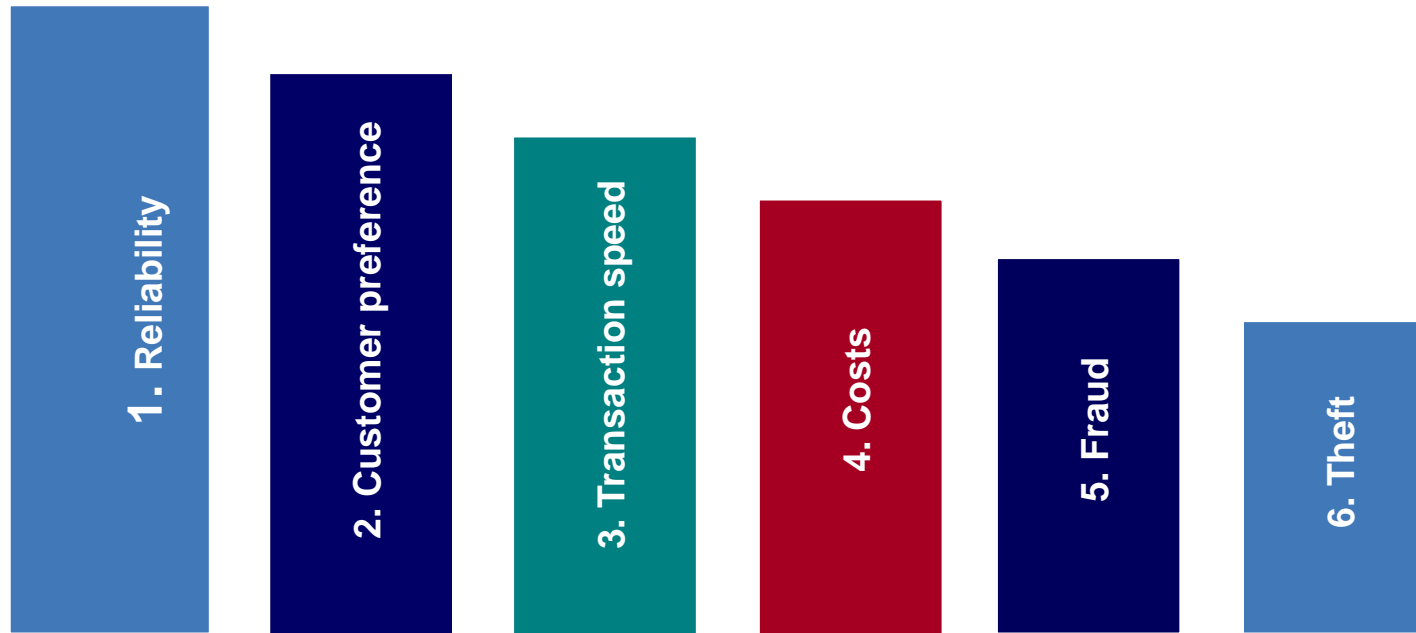
Credit institutions

What are your plans regarding your ATM network for the next 5-7 years?

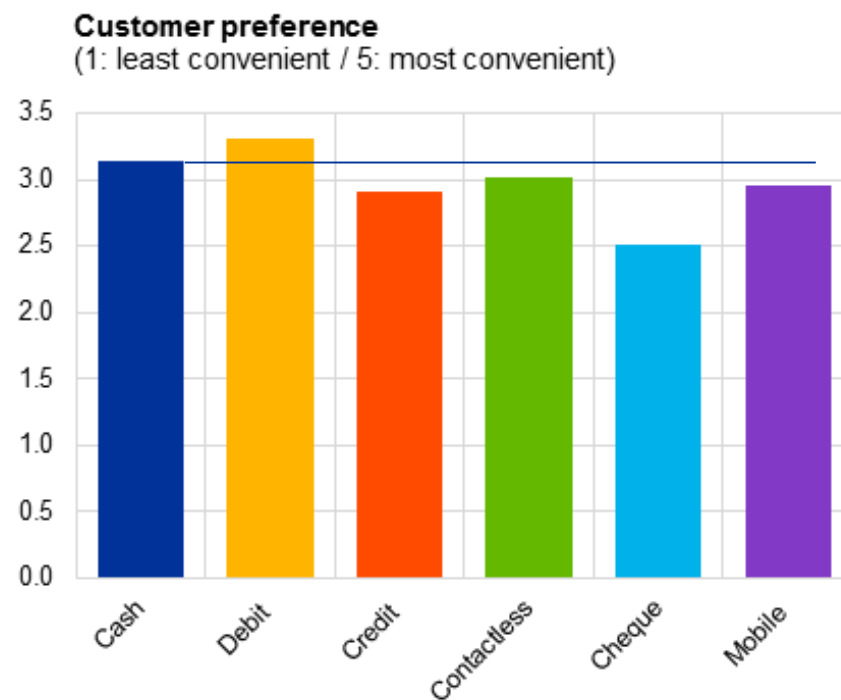
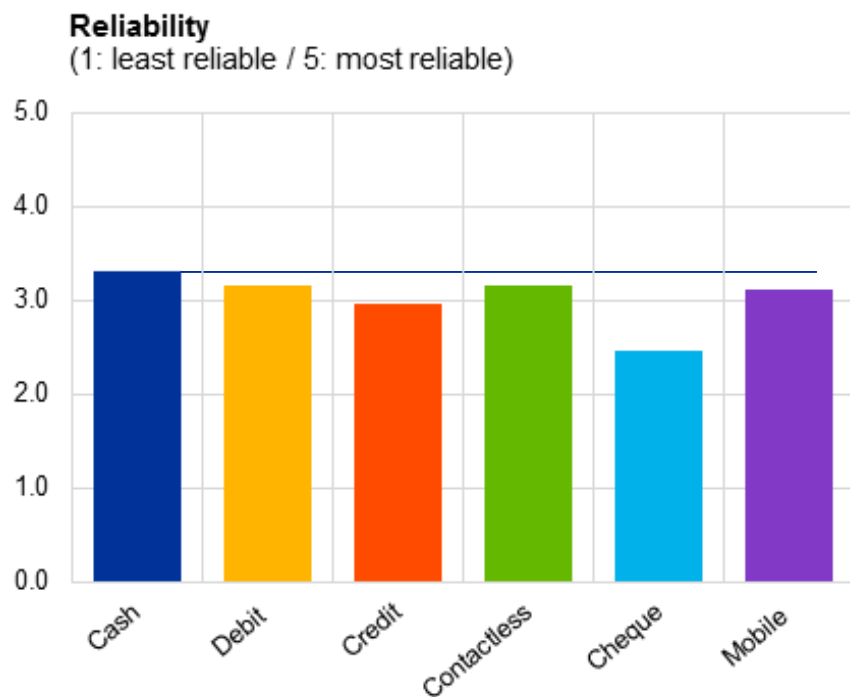


Retailers (n =157)

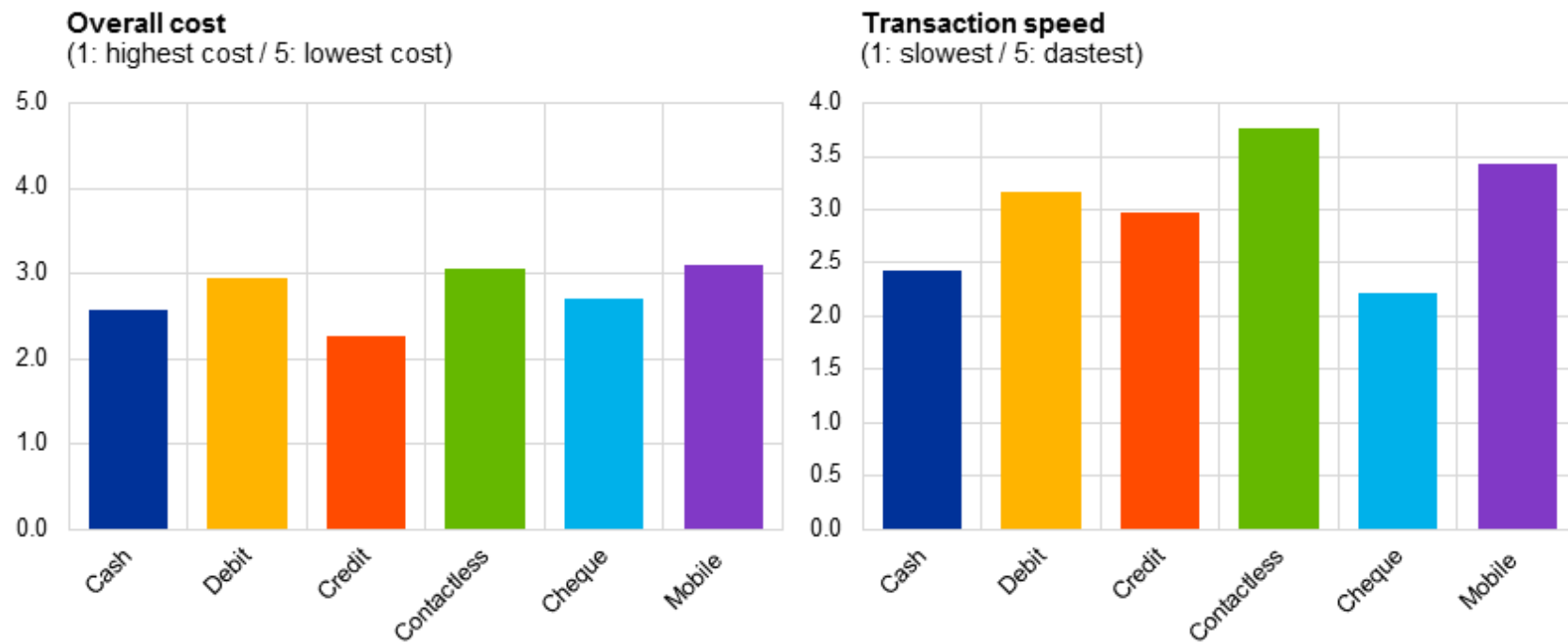
- Importance of main criteria against each other.



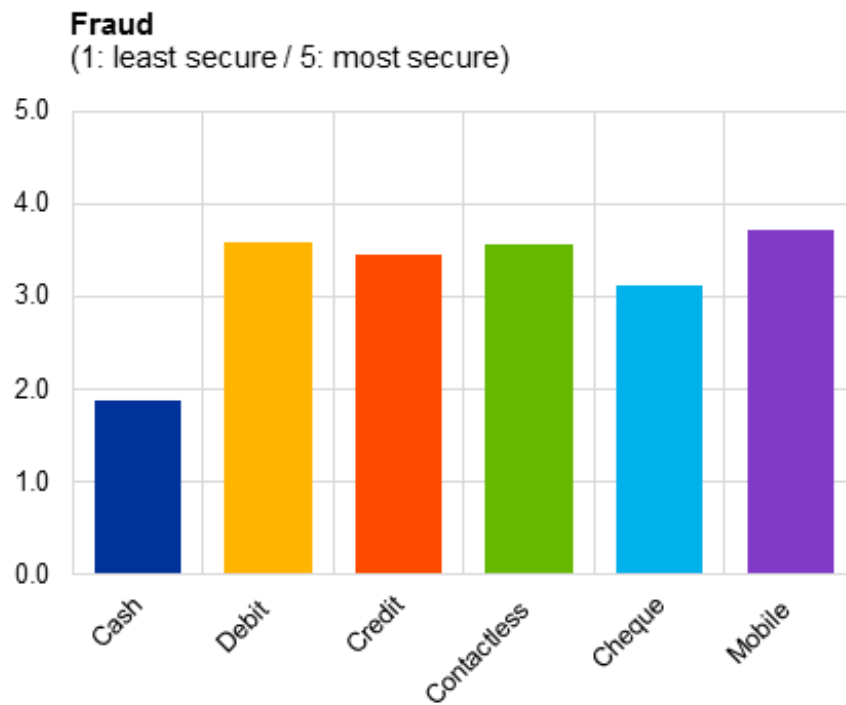
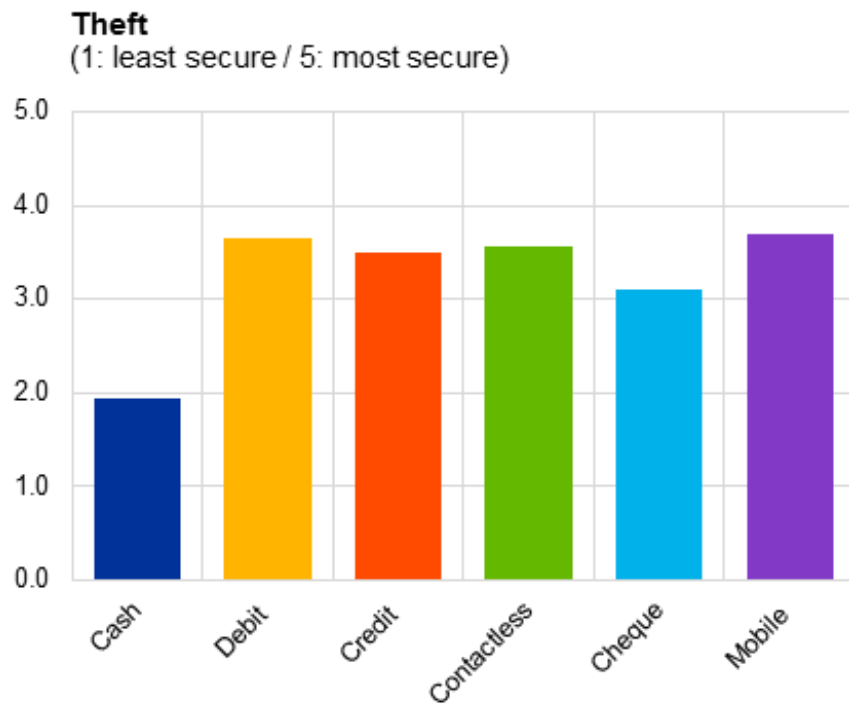
Assessment of different payment means against criteria – *Reliability and Customer preference*



Assessment of different payment means against criteria – *Overall cost and Transaction speed*



Assessment of different payment means against criteria – Theft and Fraud



Overview

- 1 Development of the euro banknote circulation
- 2 Trends in the euro cash cycle
- 3 Qualitative survey among stakeholders in the cash cycle
- 4 Regulatory aspects**
- 5 Concluding remarks

Retail deposit solutions / “Smart safes”

Compact smart safe for smaller business



Larger smart safe for back-office



- Authenticate and safely store banknotes
- Content regularly credited on bank account
- Banknotes collected by a CMC and processed
- Often leased from CMC

Retail cash automation is important to enhance cash efficiency and security

Are “smart safes” subject to Decision ECB/2010/14?

Proposal: Smart safes would not be under Decision ECB/2010/14 if:

1. Operated by a retailer at the retailer’s location.
2. The crediting to the retailer is provisional; pending the definitive check by a cash-handler (CMC that collects the banknotes).
3. The banknote authentication check is done by the CMC after collecting the banknotes. This check falls under the scope of Decision ECB/2010/14 and must be carried out with a listed banknote handling machine.
4. Smart safes shall not have a recycling function: do not dispense notes.

➔ They will be listed on the ECB website, after passing the test for devices:

<https://www.ecb.europa.eu/euro/cashprof/cashhand/devices/html/results.en.html>

Overview

- 1 Development of the euro banknote circulation
- 2 Trends in the euro cash cycle
- 3 Results of a qualitative survey among stakeholders in the cash cycle
- 4 Regulatory aspects
- 5 Concluding remarks**

- Euro banknote **circulation shows a robust growth**, even of the transaction denominations (€5, €10 and €20)
 - General trend towards more **self-service banking**;
 - Investments in BN **automation technology seem to stabilise**
 - Majority of banks seem to regard cash still important, but **1/3 said to reduce ATM network** in the future
 - Retailers appreciate cash because it is **reliable**, but non-cash payments (especially contactless) score better on other aspects
- ➔ There is a future for cash, but how bright it will be depends on whether we will be able to keep/make cash **convenient, efficient and safe.**

Don't forget ... 28 May 2019 !



www.euro.ecb.europa.eu

