



EUROPEAN CENTRAL BANK

EUROSYSTEM

Update on strategic cash topics

ESTA “Round Table”
28 October 2020

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Testing of survivability of virus on cash



ECB commissioned 3 labs to quantify/analyse the possibility of euro banknotes and coins contributing to the spread of COVID-19 (as of April 2020, ongoing)

- SARS-Cov-2 **virus viability** tests on banknotes, coins, plastic and steel shows the virus decays **slightly faster on banknotes than other materials**
After 6 hours the decay is similar on all substrates
- Testing of level of **virus transfer** possible from contaminated banknotes to human fingers has shown that **once dried (<30 minutes) transfer of the virus is almost ZERO**

The missing key parameter worldwide is the **quantity of virus needed to be dangerous!**

Testing of survivability of virus on cash



Main conclusion: When touching banknotes, the amount of the virus potentially transferred is so low that the risk of infection is insignificant.

See: <https://www.ecb.europa.eu/press/blog/date/2020/html/ecb.blog200428~328d7ca065.en.html>

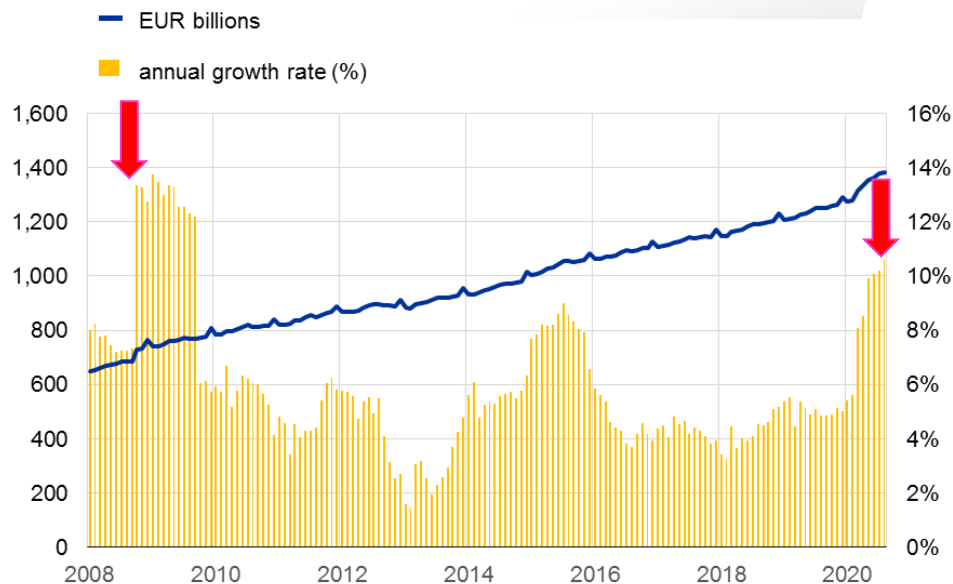
THE ECB BLOG

Beyond monetary policy – protecting the continuity and safety of payments during the coronavirus crisis

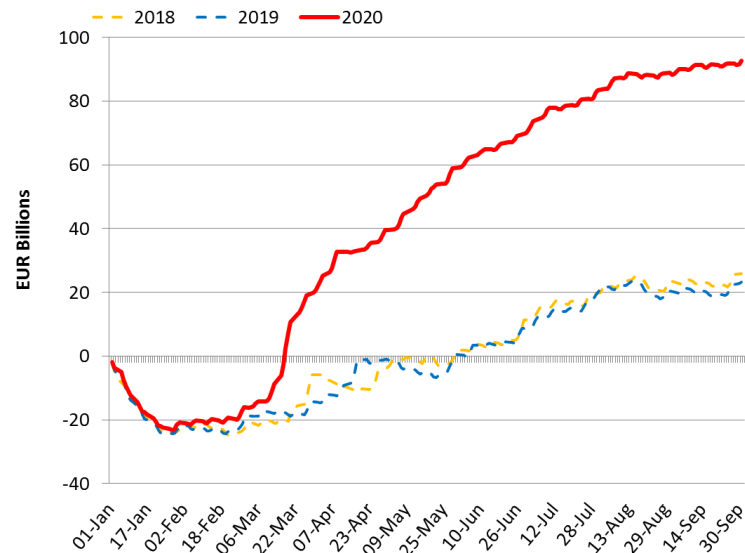
Blog post by Fabio Panetta, Member of the Executive Board of the ECB

28 April 2020

Evolution of banknotes in circulation



Change of banknotes in circulation

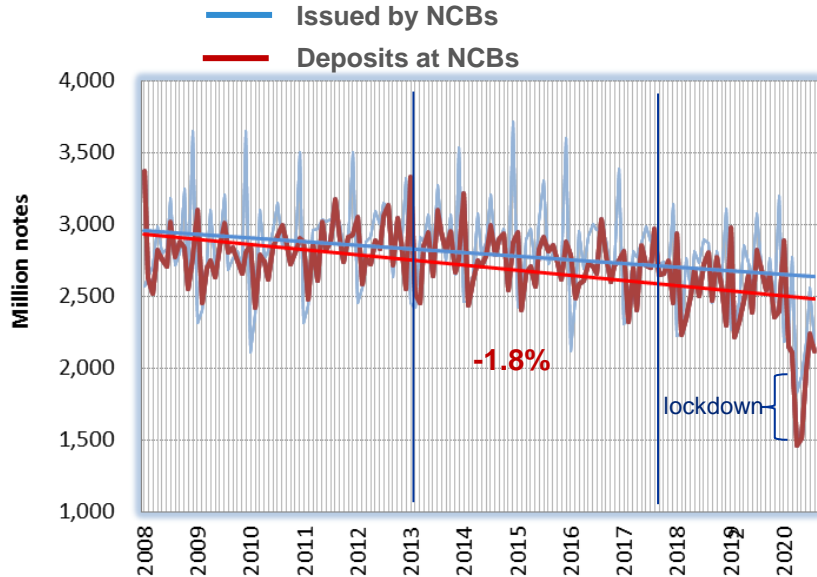


Growth rate 9-2020: 10.6 % p.a.
25.4 billion notes, value: EUR 1386 billion

Banknote flows via Eurosystem central banks

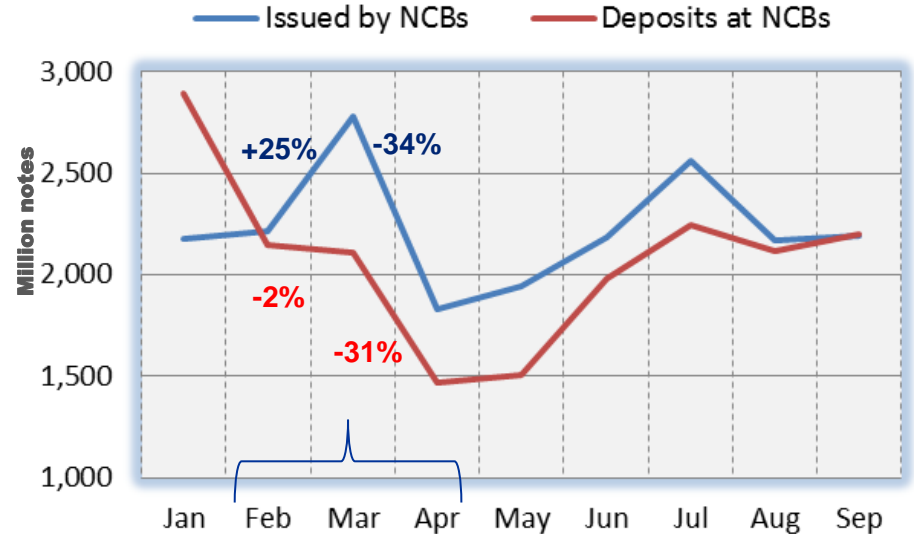
Banknote transactions at NCBS

(Euro area, monthly data)



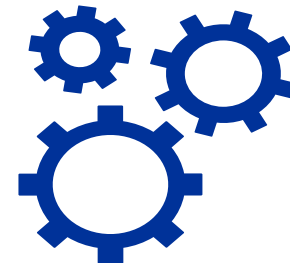
NCB banknote transactions in 2020

(Euro area)



Eurosystem expects **normalisation** of banknote demand in medium term

2019 Study on Payment Attitudes of Consumers in the Euro area (SPACE)



Methodology

Scope

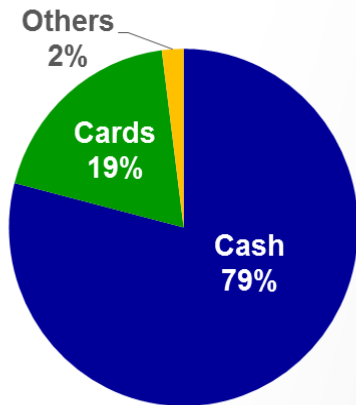
- 17 euro area countries (except DE and NL)
- **41,155 respondents**
- German (2,061) and Dutch (22,103) national payment survey data integrated

Set-up of the survey

- 1-day payment **diary** (3 days – face-to-face in CY/MT) + questionnaire
- 3 waves between March and December 2019
- Mix: 50% online and 50% via phone
- Quotas for gender, age, region, week days

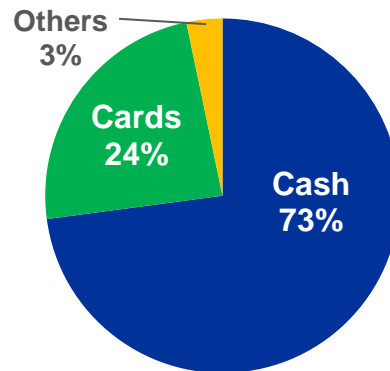
SPACE – Payments transactions at the POS and P2P

SUCH 2016



Number of
payment
transactions

SPACE 2019



For the euro area as a whole around **3 out of 4 transactions** were in cash.
But pandemic impacted on cash usage!

Source: ECB, DNB (for population 18+),
DBB 2017 (EA-19)

The category Others includes mobile phone, credit
transfer, direct debit and bank cheques

IMPACT study – effects of pandemic on payments

ECB study July 2020 (17,700 participants)

Objectives:

1. Explore impact on payment behaviour caused by the **pandemic** and **measures to protect the public**
2. Explore their possible long lasting effects




40 % paid less in cash, 49 % unchanged

Why less cash ?



 Electronic payments more convenient

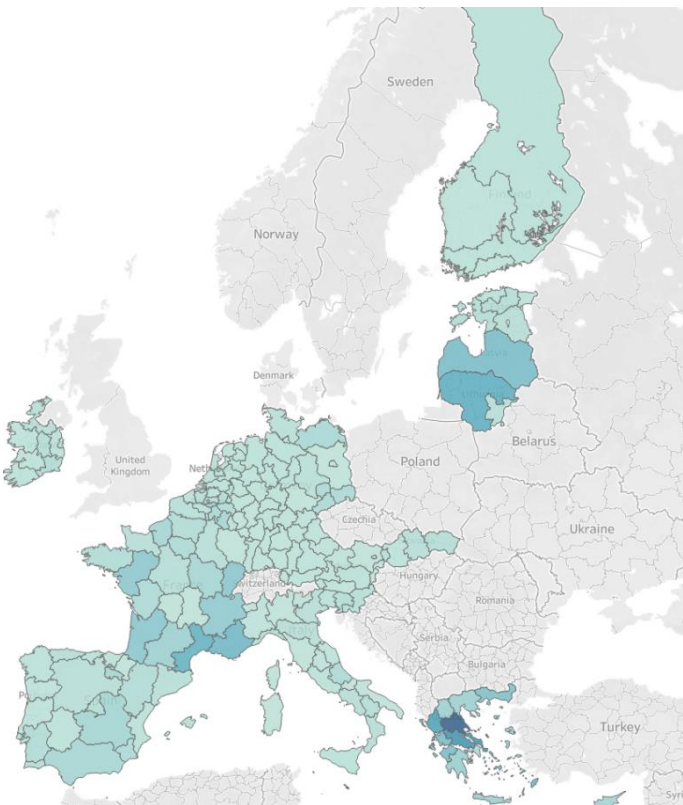
 Risk of infection

 Government recommended electronic payments

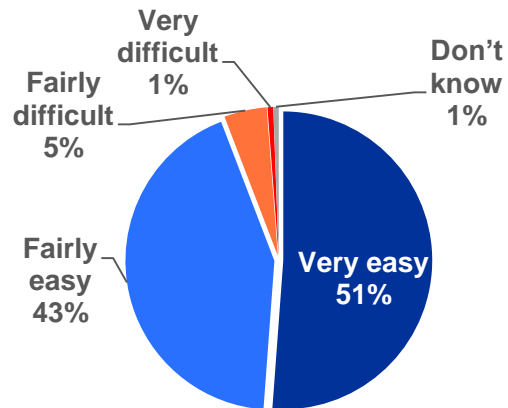
 Cash not accepted anymore

 Cash withdrawals more difficult than before

How easy is it to get cash from an ATM/bank counter?



2016 study (SUCH)



- In **2019/2020**, access to cash has somewhat deteriorated: **Dissatisfaction around 10%**
- Problems visible in few MS/regions



But even if cash is used less to pay ... it has a role in society !

Inclusion	<ul style="list-style-type: none">• For unbanked• Budgeting tool
Legal tender	<ul style="list-style-type: none">• Universal acceptance• Nominal value
Money	<ul style="list-style-type: none">• Central bank• No default

Bank deposits are a **claim against legal tender**



Brussels, 24.9.2020
COM(2020) 592 final

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

on a Retail Payments Strategy for the EU

Chapter I.7
Maintaining the availability of central bank money
(see p.12-14)

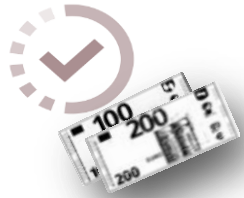
The Eurosystem's Cash 2030 Strategy

Adopted by the ECB Governing Council, 3 Sep. 2020



- As guardians of the euro currency and issuers of euro cash, the ECB and the national central banks have the **aim to ensure that all citizens and firms have a good access to cash**
- **Access to cash** - a universally accepted, risk-free and trusted money - **is a public good**
- It is the **vision of the ECB** and the NCBs that, **in 2030, cash will continue to remain widely available and accepted as a competitive payment instrument and store of value of choice**

The ECB's 5 strategic objectives



Eurosystem ensures the **issuance of cash**



Eurosystem supports **access to cash services (withdrawals & deposits)** for all EA citizens and businesses



The Eurosystem defines **acceptance of cash** as essential for the freedom of choice how to pay



The Eurosystem ensures **innovative and secure** euro banknotes



The Eurosystem ensures the **health & safety** of banknotes and endeavor to reduce cash's **ecological footprint**

Implementation measures

- **Analysis of access to ATMs/banks in EA Member States**
 - Is the geographical coverage of ATM-networks and bank branches sufficient?
 - Fee policies for basic cash services (banknotes and coins, withdrawals and lodgements) will be monitored by NCBs
 - “Cash-back” (cash advances) by retailers are instrumental, but only seen as complementary to banks’ cash services
- **Cash as a contingency payment instrument**
 - Offline transactions via cards (ATM/POS) for emergency mode?
 - Enhancing robustness of cash infrastructure and supply (for all actors)

Implementation measures

- **Cooperation with EC on clarifying and promoting the legal tender of euro cash**
- **2020/2021: ELTEG (Euro legal tender expert group)**
 - Taking stock of the latest developments regarding acceptance and availability of cash
 - Review of EC Recommendation on legal tender (2010/191/EU)
 - Binding rules on mandatory acceptance of cash ?

Implementation measures

- **Communication on Cash 2030 strategy**



- ECB website communication, Blog (November 2030)
- NCBs communication measures will follow
- Active communication on ECB goals, strategy and implementation measures in stakeholder events, speeches, etc.

The screenshot shows the top section of the European Central Bank website. On the left is the ECB logo with the text 'EUROPEAN CENTRAL BANK' and 'EUROSYSTEM' below it. In the center is a search bar with a magnifying glass icon. On the right, there are links for 'Banking Supervision', 'English', and 'OTHER LANGUAGES (23) +'. Below the search bar is a row of social media icons for 'Follow us' including Twitter, LinkedIn, Instagram, YouTube, Facebook, and RSS. At the bottom is a dark blue navigation menu with the following items: 'About', 'Media', 'Explainers', 'Research & Publications', 'Statistics', 'The Euro', 'Monetary Policy', 'Payments & Markets', and 'Careers'. A large red arrow points down to the search bar, and a yellow star is placed below the 'The Euro' menu item.

Conclusions



- Cash is still most widely used means of payment
- Trend towards electronic payments does not challenge the role of cash. Cash has a role in our daily live
- ECB/Eurosystem has defined as its vision to preserve euro cash, long-term, as a payment instrument & store of value accessible to all in our society. **More attention will be paid to the intermediaries in the cash distribution system**
- Ensuring the availability and acceptance of cash is the **joint responsibility** of the Eurosystem and the stakeholders in the cash cycle, notably commercial banks, the CIT/CM companies and the retail sector
- A digital Euro, if it were decided to be issued, would only **complement cash**, as some features of cash could not be reproduced

Questions?

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