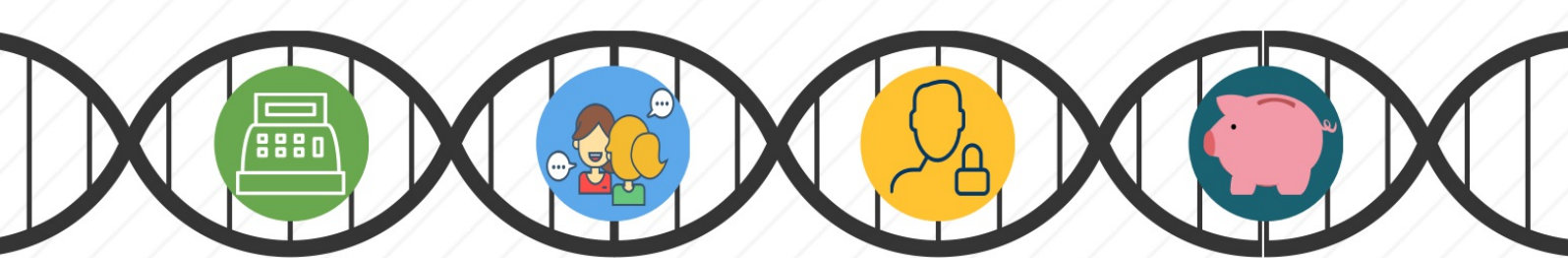


# Improving the cost efficiency of cash

## Cash remains the first retail payment method in Europe

Though innovative methods of payment are growing in Europe, cash is still the most popular instrument in most countries. According to a study of the European Central Bank, it is chosen in nearly 65% of retail transactions\*. Cash presents several specific features:



### Universality

Cash is the only universally accepted payment instrument: it has a status of legal tender, and no terminal is needed.

### Convenience for P2P transactions

Even if cutting-edge digital Person-to-Person (P2P) payment solutions are being developed, cash remains widely used for P2P transactions.

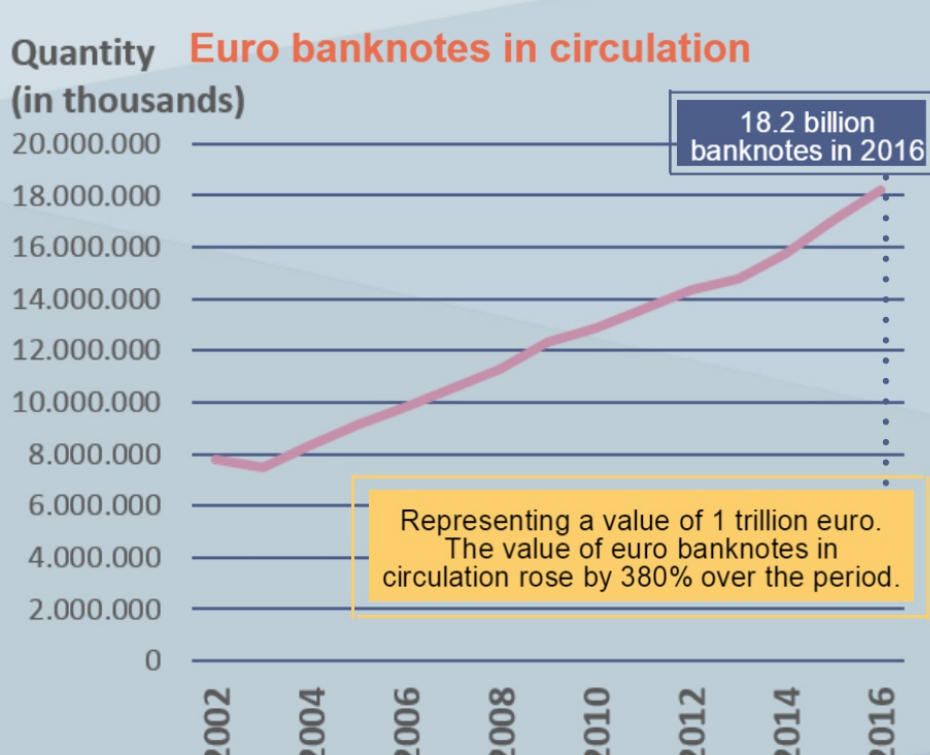
### Privacy

Cash protects the privacy of its users, and make impossible to use personal data when one makes a payment.

### Budget control

Cash feels more like "real money", which contributes to more mindful spending.

## The volume of euro cash in circulation has soared

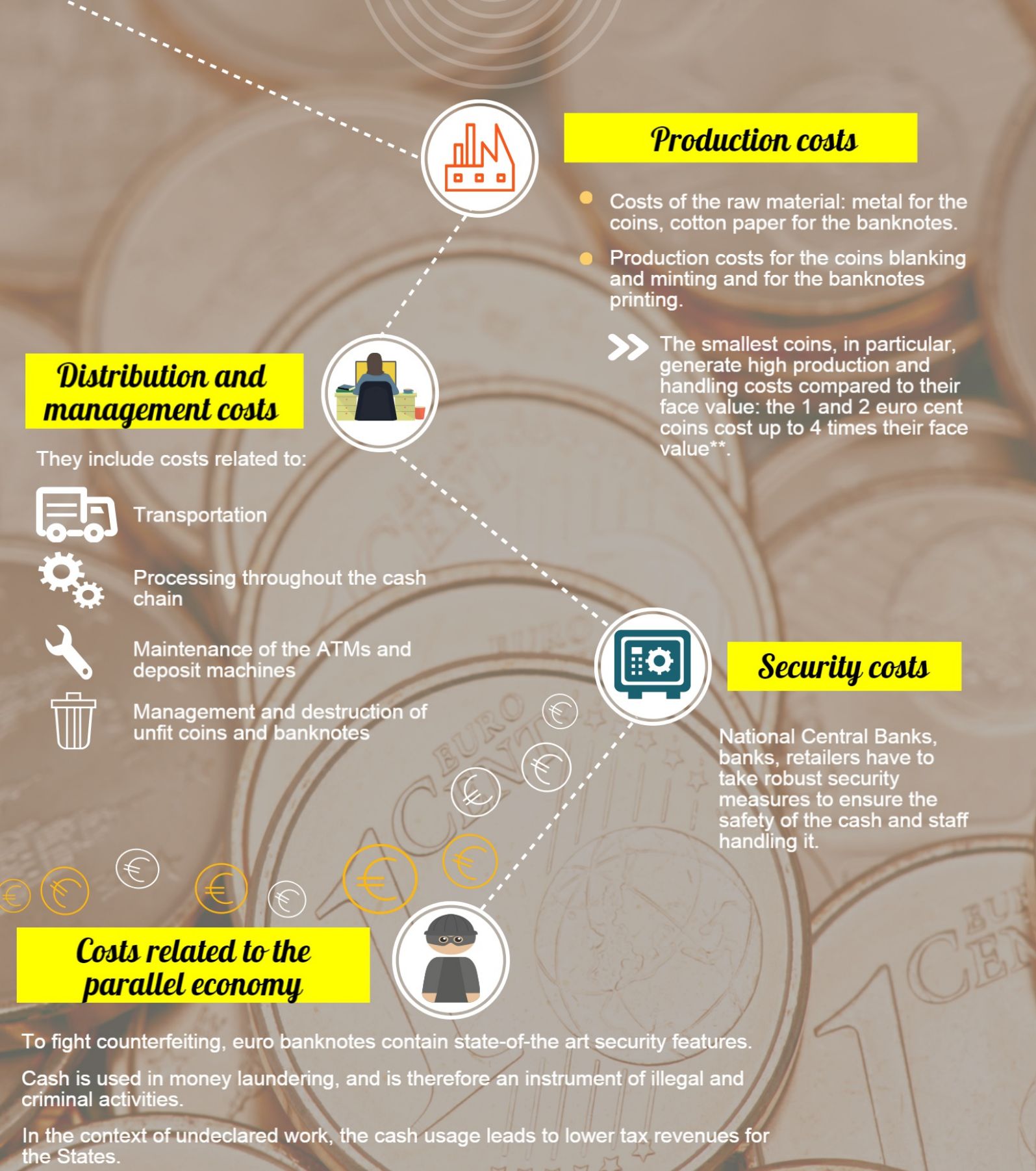


Since the introduction of the euro banknotes and coins in 2002, the volume of cash in circulation has constantly grown. The amount of banknotes in circulation has increased by **133%** in 14 years, and coins more than **200%**.

The cost of cash has increased as well: **+30%** between 2002 and 2012. The ECB estimates this cost at **€65 billion** (in 2012).

Cash cost accounts for nearly half of the social cost of all retail payment instruments. It is however not properly passed on to its actual users. The usage of cash is therefore cross-subsidised by other bank revenues.

## Focus on the costs of cash



## 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.

### 2 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
  - Enhancing the processing efficiency of the cash chain through actions

» **This is the goal of the Single Euro Cash Area Framework, which new version was published by the EPC in June 2016.**

It defines banking industry requirements for core cash services provided by Eurosystem National Central Banks, as well as a common set of banking best practices for the efficient distribution and recirculation of euro cash in the Eurozone.

Sources:  
 Figures of the chart: European Central Bank.  
 \* In the 27 EU Member States, at the time of the study "The Social and Private Costs of Retail Payment Instruments" conducted by the European Central Bank (2012).  
 \*\* According to the European Commission's memo, "Issues related to the continued issuance of the 1 and 2 euro cent coins" (2013).