

Euro cash: the road ahead

Ton Roos, Director Banknotes ECB

ESTA conference

Bratislava, 11 June 2012

Ten years euro cash

- **Continued diversity among national cash cycles**
- **Eurosystem response: common strategic corridor**

Ten years euro cash

- **Strong increase of euro banknotes in circulation
(from € 359 billion end-2002 to € 875 billion)**
- **Increasingly large scale use as store of value in euro area (around € 300 billion) and abroad (around € 220 billion), together > 60% of all euro cash in circulation**

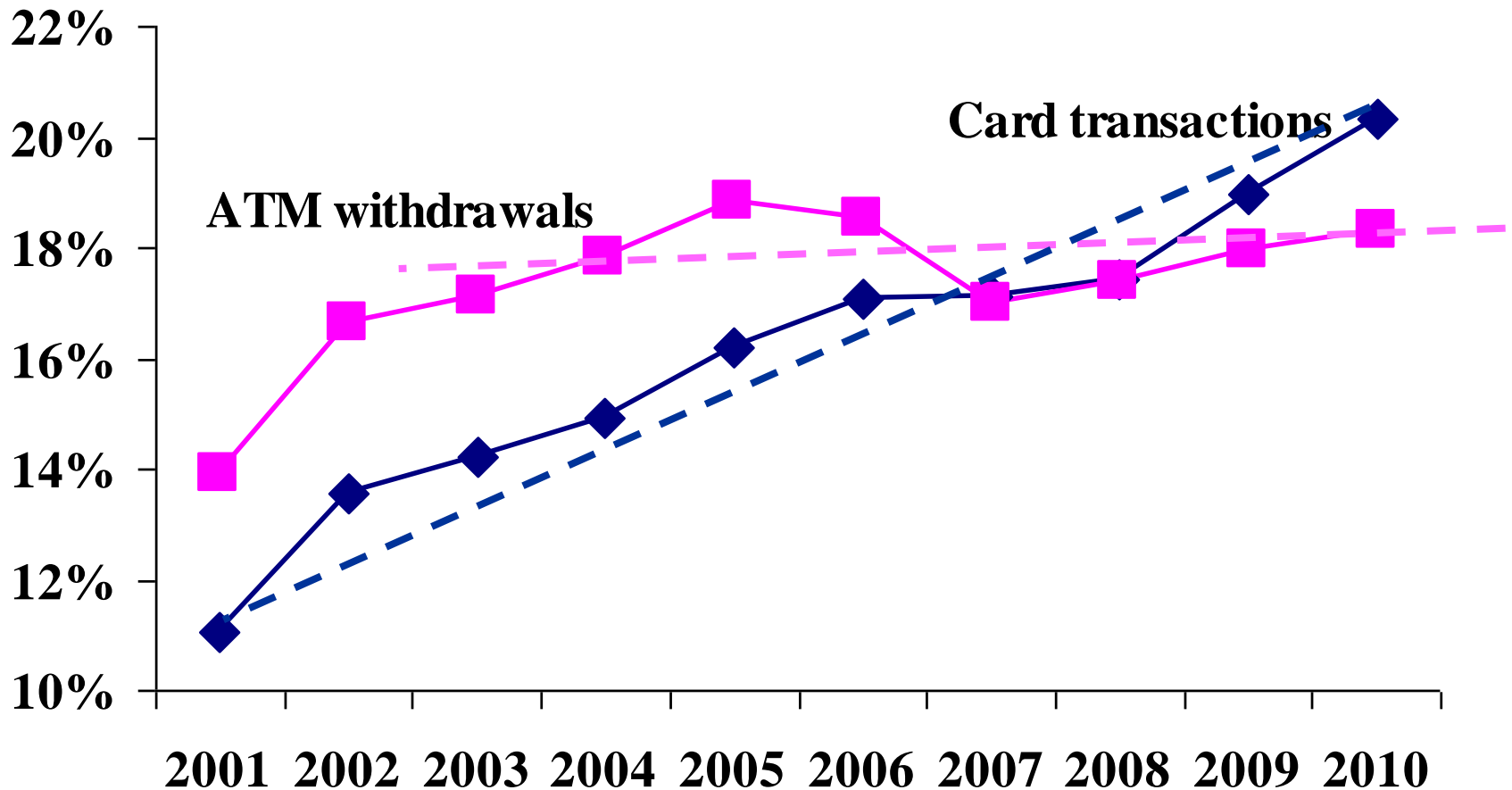
Declining share cash in POS transactions

- **Cash still used in > 70% of euro area POS transactions**
- **Cash still fastest means of payment**
- **Cash probably also still most efficient for low value transactions**

But:

- **Electronic (card) payments steadily increasing, with more to come**

Increasing use of cards in the euro area



in % private consumption expenditure

Differences in the use of cash in the euro area: example

- **If all euro area countries would have the same card use as the Netherlands, at the expense of ATM withdrawals, the value of euro area ATM withdrawals would be lower by 75%**

The playing field for cash is changing, and fast in some countries

Eurosystem position regarding cash

- **The Eurosystem is committed to support the position of cash as a generally available, easy to use, reliable and efficient means of payment for retail transactions**
- **Within its sphere of competence, the Eurosystem endeavours to promote the safety, resilience and efficiency of the euro area cash cycles**

Challenges for CIT/cash processing sector

- **Safety**
- **Increasing use of electronic payment instruments**
- **Increasing (local) recirculation**
- **Strong cost pressures on banks**

Opportunities: a central banker's view

What (central) banks like:

highly professional, reliable, efficient and competitive parties

(reflects Eurosystem interest in resilience and efficiency of the cash cycle)

Open issue: who will do **what**?

What:

- **Cash transportation**
- **Cash processing**
- **ATM servicing**
- **Cash management (organization)**
- **ATM deployment**

Open issue: **who** will do what ?

Who:

- **CIT companies**
- **Interbank joint ventures (e.g. GSN)**
- **NCBs or NCB subsidiaries (e.g. GSA)**
- **Independent non-CIT cash management processing firms**

Decisive:

- **Operational security**
- **Operational reliability**
- **Operational efficiency**

The road ahead: Eurosystem interests

- **Increased attention to the implementation of the ECB Recirculation decision**
- **Interested in the further professionalization of the cash processing sector**