



# **“Recent Global Cash Demand Study 2009-2013”**

**by Michael Lee, CEO, ATMIA**

**“European ATMs 2015”, 17<sup>th</sup> June, 2015, London**



# Agenda

- Introduction
- Revisiting a 2008 prediction
- Scope and methodology of new study
- Interpretation of the “facts”
- Ultimately, it’s all about supply and demand...
- How’s this for demand?
- Average y-o-y growth in currency in circulation for countries studied between 2009-2013
- Key annual averages for y-o-y growth in cash in circulation for 2009-2013
- Other highlights of study
- Conclusions
- Q & A



# Another 100 years of cash?

April 7, 2008 | by Michael Lee, CEO, ATMIA



My paternal grandmother used to open a novel at the back page in order to read the ending of the story first. So I will give you the ending of this article upfront and then work my way back, unveiling in the process the secret of cash's enduring popularity.



Here is the conclusion: There is virtually zero chance that cash will be withdrawn from society within the next generation. That is, in the next 25 years. And in all likelihood, there could easily be another hundred years of cash.

This conclusion is only remarkable because there is a widespread perception in financial services that cash's days are numbered. People talk vaguely about the cashless society. Some folk seem to believe that plastic and digital forms of money are set to replace cash.

<http://www.atmmarketplace.com/articles/another-100-years-of-cash-2/>

# Scope & methodology of new study

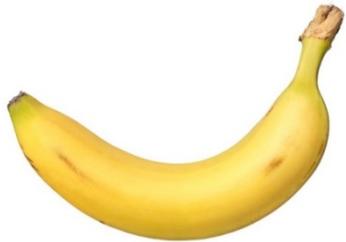
- ❑ Looked at growth in currency in circulation in 30 countries representative of advanced and developing economies, and including three countries officially committed to cashless or less-cash futures (i.e. Nigeria, Sweden & Denmark)
- ❑ Countries studied spanned North America, Central America, South America, UK, Europe, Africa, Asia and Australasia
- ❑ Used 5 year period from 2009-2013 to smooth out aberrations and fluctuations
- ❑ Data sources were annual reports & financial statements by central banks and monetary authorities

# Scope & methodology of new study

- ❑ The y-o-y increase was calculated for each year, then averaged out over the five year period
- ❑ A global average for the 30 countries over the five year period was determined and compared to averages for the Eurozone and BRICS zone
- ❑ Limitations of the study include: 2009 figures weren't available for a few countries; there are some aberrations in the study such as the extreme fluctuations in cash supply in China during this period and the extraordinary growth in cash in circulation in Iran

## Interpretation of the “facts”

Are there **3 x** as many “non-apples” as apples  
OR are there **2 x** as many apples as any other  
fruit? Which is the more *factual* account?



## Interpretation of the “facts”

### “For the First Time, U.K. Non-Cash Payments Exceed Cash”

by [Evan Schuman](#)

MAY 27, 2015 1:26pm ET

According to new stats released from The Payments Council in the U.K., consumers and businesses in the U.K.—for the first time—are making more non-cash payments than cash ones.

<http://www.paymentsource.com/news/debit-prepaid/for-the-first-time-uk-non-cash-payments-exceed-cash-3021433-1.html>

### “Cash ceases to be king in the UK”

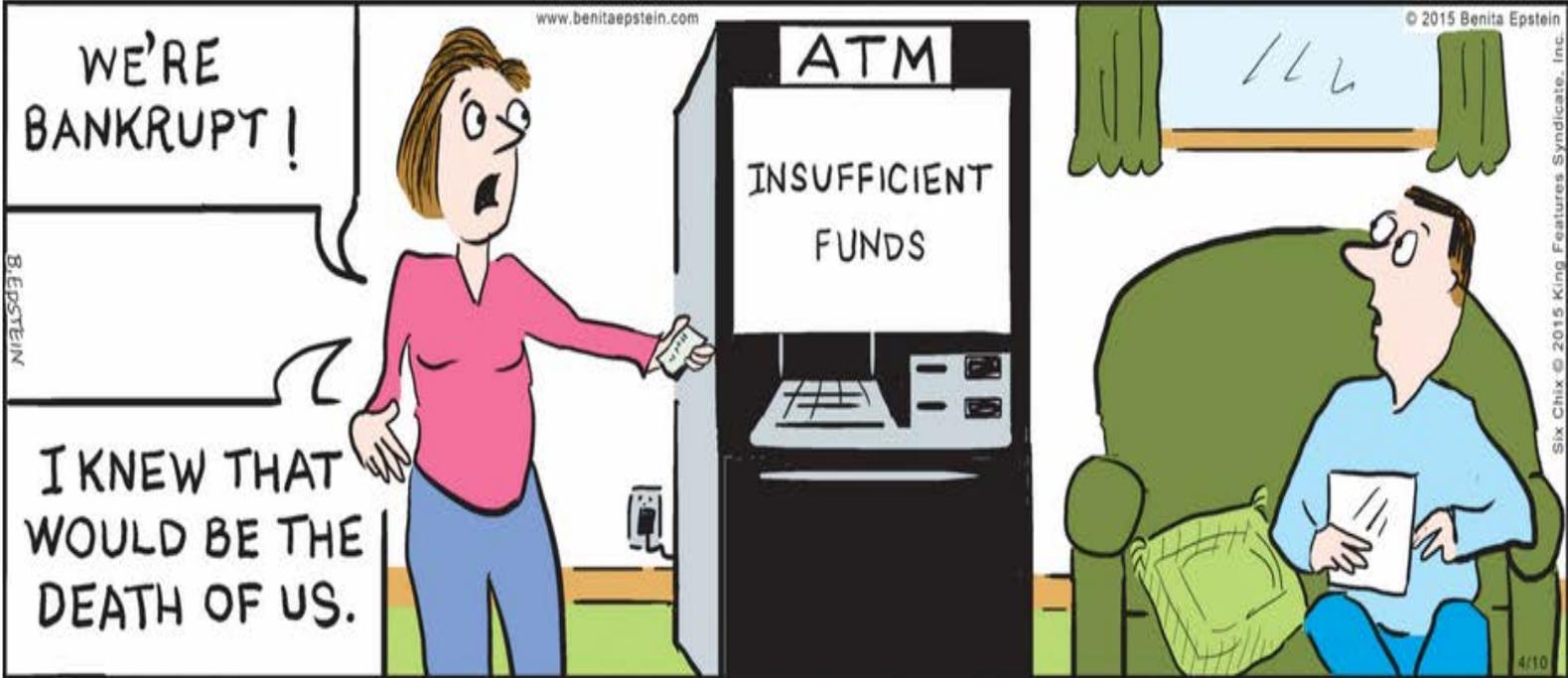
5/21 FT

The number of cash transactions made in Britain has been overtaken by other payment methods for the first time, driven by an increase in the use of digital services.

Tucked away near the bottom of the last article is the following admission:

“However, in spite of digital developments, **the most popular individual payment method remains cash.** Cash usage among consumers, **excluding businesses,** still exceeds the total of other payment types, with money and coins representing 52% of transactions last year.”

Ultimately, its' all about supply and demand.....



# How's this for demand?



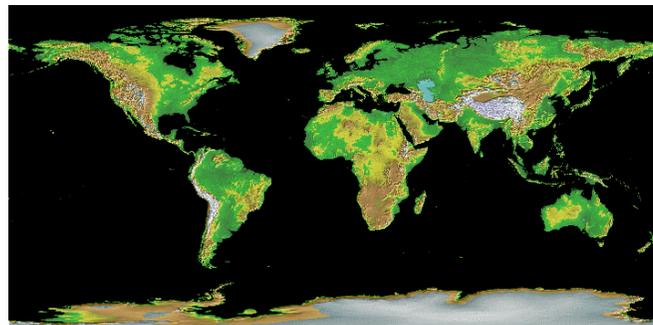
“During Fiscal Year (FY) **2014**, the Bureau of Engraving and Printing delivered approximately 6.2 billion notes, or **24.8 million notes a day** with a face value of approximately \$560 million.”

The Bureau of Engraving and Printing, US Department of the Treasury

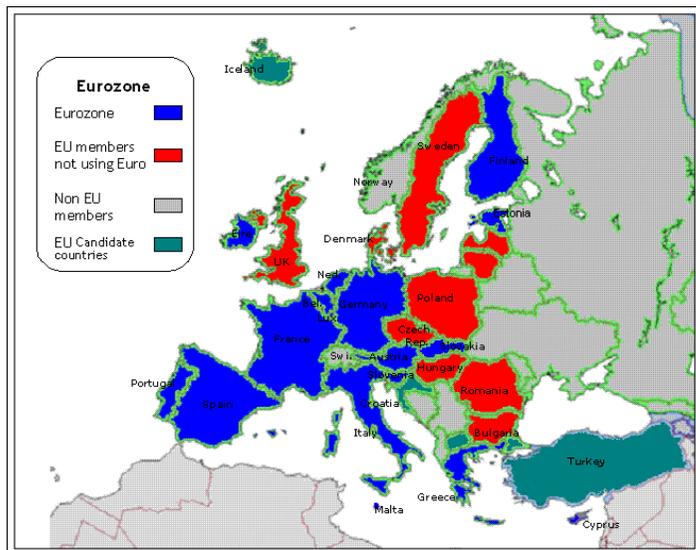
# Average y-o-y growth in currency in circulation for countries studied between 2009-2013

- Countries covered: Argentina (28.2%), Australia (6.3%), Brazil (12%), Bulgaria (6%), Canada (4.3%), China (4.6%), Czech Republic (2.7%), Denmark (3.2%), Eurosystem (4.5%), France (5.1%), Germany (2.8%), Greece (6.2%), Hungary (7.7%), India (14.4%), Iran (35.8%), Italy (4.5%), Japan (2.4%), Kenya (12.9%), Lithuania (11.6%), Malaysia (8.7%), Mexico (9.9%), Nigeria (8.9%), Poland (5.9%), Romania (8.4%), Russia (13.8%), Singapore (10.9%), South Africa (10.2%), Spain (6.6%), Sweden (-1.3%), United Kingdom (6%) and USA (7.5%).

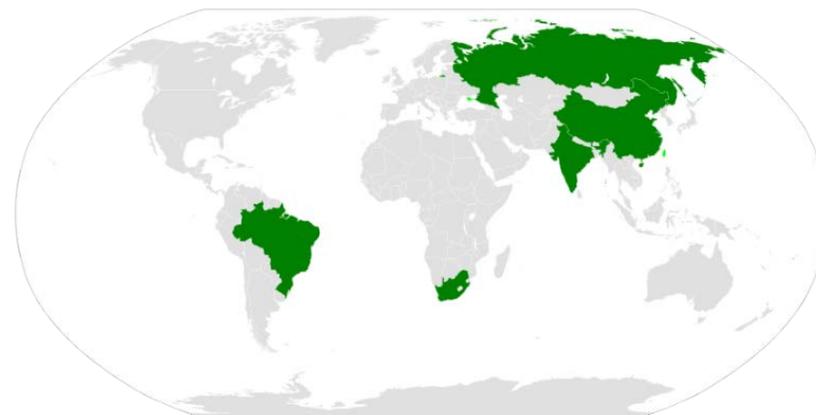
# Key annual averages for y-o-y growth in cash in circulation: 2009-2013



Global Average **8.9%**



Eurosystem **4.5%**



BRICS **11%**

# Average year-on-year growth in cash demand in BRICS countries : 2009-2013

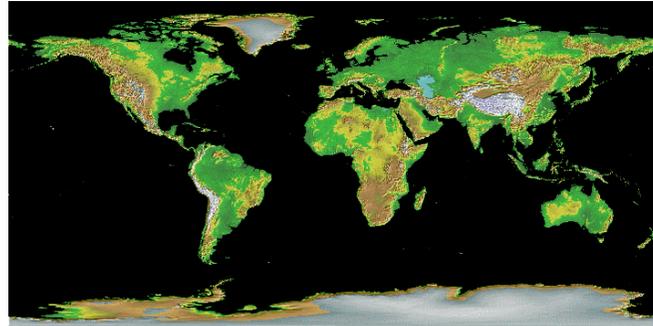
## BRICS

**2.9 billion** people (about 40% of the world population) and with combined GDP equal to that of the US, i.e. 20% of the gross world product, compared to the Eurozone representing about **14%** of gross world product

Brazil = 12%; Russia = 13.8%; India = 14.4%; China = 4.6%; South Africa = 10.2%

Average y-o-y growth in currency in circulation between 2009-2013 = **11%**

# Compared to global growth...



Global economic growth in **2013** = **2.5%**

Global economic growth in **2014** = **2.6%**

“Overall, global growth is expected to rise moderately, to **3%** in 2015, and average about **3.3%** through 2017. High-income countries are likely to see growth of **2.2%** in 2015-17, up from **1.8%** in 2014...In developing countries...growth is projected to gradually accelerate, rising from **4.4%** in 2014 to **4.8%** in 2015 and **5.4%** by 2017.”

<http://www.worldbank.org/en/publication/global-economic-prospects>

# Other highlights of study

- Highest three recorded annual y-o-y increases were: 97.4% (Iran in 2009), 58.5% (China in 2010) and 38.8% (Argentina in 2011)
- Highest three recorded y-o-y declines were: **-36.1%** (China in 2012), **-10.3%** (Sweden in 2013) and **-4.5%** (Czech Republic in 2013)
- Only Sweden of the 30 countries studied had a negative overall average over the five year period, namely **-1.3%** decline
- The highest average y-o-y growth over the five year period was Iran at **35.8%**, followed by Argentina at **28.2%** and then India at **14.4%**

# Conclusions

- ❑ Cash in circulation is growing in the BRICS zone at more than twice the rate that it is in the Eurozone;
- ❑ Interventions by governments and other agencies to force societies and populations to become less-cash, or cashless, do drive down cash demand in practice; in Sweden, between 2009 and 2010 cash in circulation grew by 10% but declined in each subsequent year, with a 10.3% decline in 2013 and an overall average of -1.3% between 2009-2013; in Denmark, cash in circulation fell from 7.4% growth in 2009 to 1.8% in 2013;
- ❑ Despite this, the average annual growth rate of cash in circulation is more than three times higher than average global economic growth; that is, cash demand is increasing **more than three times** faster than economic growth rates;
- ❑ Barring the extreme scenario of the advent of a Big Brother world government intent on depriving its citizens of choice and privacy, I see no reason to reverse my 2008 prediction that the world could easily see another one hundred years of cash to the year 2108.

## Finally...

After all that data and forecasting let's not forget the human story of cash...



Because it's the most human-friendly and enduring form of money ever known.

Q & A

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