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## PRESS RELEASE

### **NEW ECB REPORT EXAMINES THE COSTS OF MAKING PAYMENTS IN THE EUROPEAN UNION**

How much does it cost to make a payment? A new report released by the European Central Bank (ECB) today analyses the social and private costs of making retail payments in 13 European countries and discovers that they are substantial, amounting to around €45 billion, or almost 1% of their combined GDP. If extrapolated to cover the 27 Member States of the European Union (EU), these costs would be around €130 billion.

The study is the first comprehensive cross-country analysis of the aggregated costs of making payments when purchasing goods and services. It was conducted by the ECB in cooperation with the central banks of Denmark, Estonia, Finland, Greece, Hungary, Ireland, Italy, Latvia, the Netherlands, Portugal, Romania, Spain and Sweden.

Based on a representative sample, the study finds that cash payments account for nearly half of the total costs. As the most commonly used payment instrument, cash has, on average, the lowest social costs per transaction, at €0,42, closely followed by debit cards with costs of €0,70 to society. Cheques are the most expensive form of payment, with unit costs of €3,55. However, in some countries, cash does not always have the lowest unit costs. In five of the countries covered, the costs were lower for debit cards. Such rankings depend on characteristics specific to each country's payment system, on the market size and its development, and on payment behaviour.

The report looks at the so-called private and social costs. Private costs are those incurred by individual participants in the payments chain – including items such as transportation of cash, management of electronic transactions, acquisition of new customers, credit risk analysis, provision of terminals, fraud prevention and fees for other participants. Social costs are defined as the aggregate costs to society as a whole, excluding fees and tariffs for participants in the payment chain. About half of these total costs are incurred by banks and interbank infrastructure providers, while retailers bear 46% thereof.

“This study is a true joint venture of the ECB and the national central banks involved,” said Benoît Cœuré, Member of the ECB's Executive Board. “Its results underline how much retail

payment services matter for European society and in the economy as a whole. The study will shed light on the debate about how the European market for payment services will look in the future and how overall cost efficiency can be improved even further.”

The study is available on the ECB's website at [www.ecb.europa.eu](http://www.ecb.europa.eu).

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