

07.12.2021

NATIONAL SURVEY ON CASH USE

2020 results

Cash and Issue Department

Cash has been affected by the COVID-19 pandemic as a means of retail payment, falling in terms of preference to second place behind the debit card. Among respondents, 36% state it to be their most habitual means of payment.

Since 2005, the Banco de España has conducted a national survey on habits regarding cash use, sounding out public opinion on various aspects of banknote and coin use in Spain.

The methodology is based on surveys of the public at large, and the hospitality and retail sectors. Since 2017, managers of large retail outlets and Spain-based distribution chains have also been interviewed.

This survey uncovers qualitative and quantitative aspects of the use of banknotes and coins in Spain that are relevant for decisions by cash management professionals.

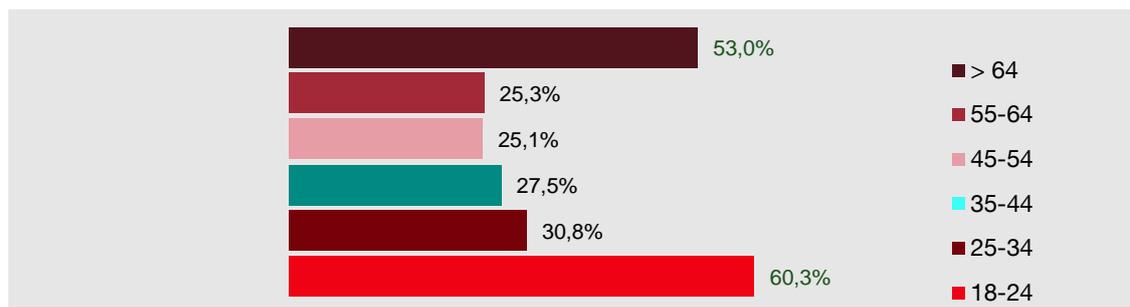
1 The use of cash and the reasons for choosing it

According to the latest survey in 2020, 35.9% of citizens reported using cash as the most usual means of payment. This figure was somewhat higher in municipalities with fewer than 100,000 inhabitants (37.5%). 54.1% opted for debit cards as their preferred means of payment.

This decline in the preference for cash has moved on a sustained course since 2014. In that year, almost 80% of respondents chose it as their first option. However, it remains the most used means among the youngest and most elderly population segments (Chart 1).

Among small retail establishments, 26.4% consider it as their preferred means of payment (36.2% in 2019), while debit cards are the preferred means for 64.8% of establishments.

Chart 1.- Preference for cash as a means of payment. (By age bracket)



The reasons indicated by the public when stating this preference are: convenience and speed, in a similar proportion, both for the use of cash and that of a card. Also, for the retail and hospitality sectors, the lower cost of the use of cash is the main reason.

The threshold at which the use of a card is preferred over cash fell notably in 2020, with the respondents' replies falling from an average of €106 to €52.

At retail and hotel and restaurant chains, and at large retail outlets, every facilities is provided for the use of different payment instruments; accordingly, the amount of cash sales is around 30%, a figure below the average stated by the population.

2 Acceptance of cash

Practically all retail establishments accept cash and use it daily (99.3%), while 93% accept debit cards and 82% credit cards; at businesses that allow payment by mobile phone (card-associated), the figure is 50%.

Among retail establishments, 84% no longer impose any restrictions for payment by card and only 16% maintain a minimum payment set on average at €11.

Up to 40% of survey respondents expect to use or increase the use of new technologies-related means of payment, compared with 24% who planned to do so in 2019.

As regards coins, all groups believe their existence to be useful, essentially so as to keep prices in line.

A notable figure of 52.5% of citizens discriminate against or categorically refuse to accept 1 and 2 cent coins. However, 65.9% still oppose possible rounding, referring above all to an impact on price rises. 51.9% of retailers and hospitality managers already use rounding to avoid their use.

Large retail outlet managers consider that the supply of means of payment should meet the needs of each customer and they are not very favourable to price rounding to multiples of 5 cents.

3 Effects of the COVID-19 pandemic

2.5% of the population reported having ceased to use cash for hygienic reasons because of the pandemic.

The habit of paying with cash has declined especially since the COVID-19 lockdown period, largely owing to almost half of retail establishments encouraging other means of payment, and to the hygienic measures stemming from the health alert, as confirmed by 61.2% of the population.

Most significantly, 69.1% of citizens and 61.3% of establishments that have changed their habits suggest they will maintain them in the near future.

4 Cash use and holding habits

88.5% of citizens carry 5 banknotes in their wallets (70.6% carry no more than €50 in total), while 72.7% of the population carry no more than five coins (normally not more than €5).

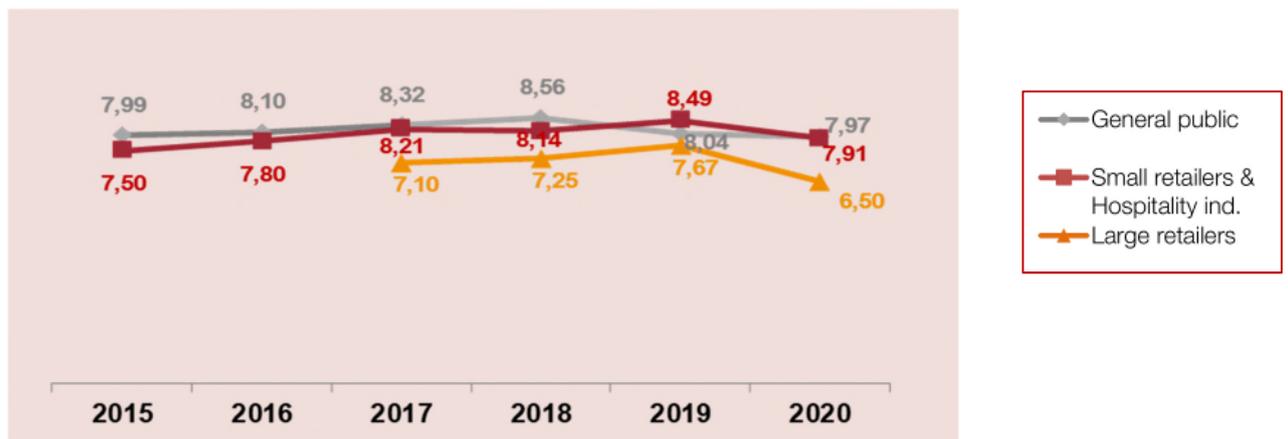
As regards high-denomination banknotes, 89.4% of the general public has not handled a €200 or €500 banknote in the past year, and 56.2% of retailers do not accept €100, €200 and €500 notes, most claiming they are lacking change.

Almost half of respondents, 47.9%, hold amounts of over €500 outside their banks.

5 Assessment of the quality of banknotes in circulation

In 2020, the assessment of the quality of banknotes withdrawn from ATMs and bank counters has diminished slightly for the three groups of respondents, highlighting the difficulty of renewing cash in circulation during periods of restricted mobility.

Chart 2.- Average assessment of the quality of banknotes withdrawn from ATMs and bank counters



Perceptions as to the improved overall quality of banknotes in circulation have also fallen, down to 38.8% (56% in 2019). They also fell in the hospitality and small retail sectors to 45.2% and, for large retail outlets managers, to 27.8%.

6 Authenticity of banknotes and coins received

There has been a significant decline in those who report having received counterfeit banknotes or coins. Respondents among the general public who admit having received counterfeit banknotes or coins in the past year total only 3.9%. This proportion is somewhat higher for the hospitality sector and small retailers (9.5% for banknotes and 6.7% for coins).

More than half of the respondents stating they have received counterfeit banknotes indicated that these were €20 notes.

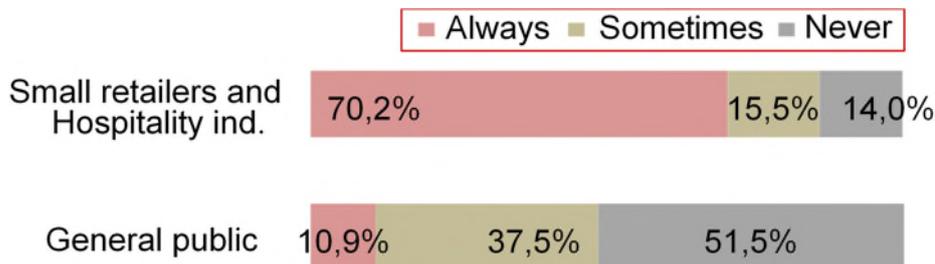
Of those who reported receiving false euro coins, only a fraction said these were counterfeit in the true sense of the term (29% of the public at large and 19.5% of retail establishments). The rest said they received coins similar to the €1 and €2 pieces, but from other countries.

Generally, retailers always check the authenticity of the banknotes they receive, although 14% never do so, citing a lack of time and being unaccustomed. 89.1% possess some type of verifying device.

Only 10.9% of citizens always check that banknotes are genuine, with 51.5% never doing so, owing above all to their being unaccustomed and to confidence in those returning change to them. Among those who do so occasionally, this is when a high-denomination banknote is involved.

The type of paper, raised print and the security thread are the most checked items.

Chart 3.- Check of banknote authenticity



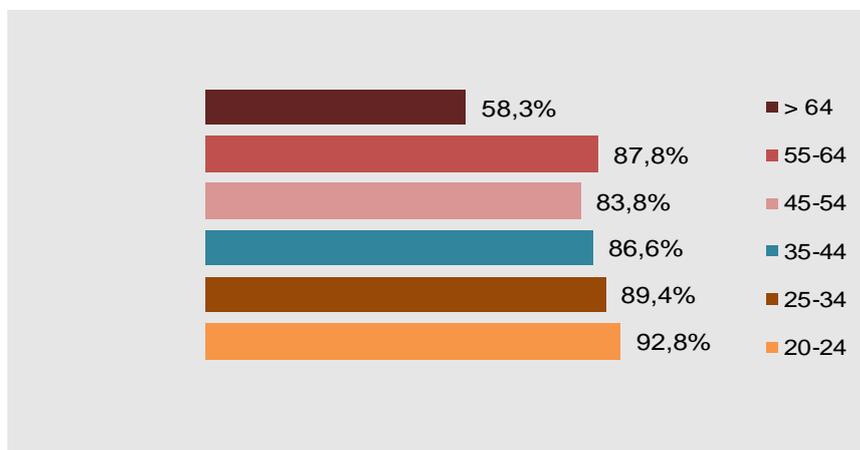
7 Means of access to cash and bank service

ATMs are the most usual means by which citizens obtain cash (84%) and, among these, 42.4% use them at least once a week. 60% report that they withdraw €50-€200 in each transaction.

Conversely, bank counters are used increasingly less by the public to withdraw cash; indeed, only 13.3% of respondents indicate that they resort to them once or more a month (18.7% in 2019). 59.1% state that they withdraw €100-€500 in each transaction.

This lesser use of bank counters is complemented by the fact that 80.5% of respondents report never using them for cash transactions. Chart 4 reflects this using age brackets. The over-64s are the segment that most uses them and those most affected by the closure of bank offices.

Chart 4.- Population not using bank counters for cash withdrawal



44% of the population perceives restrictions at their bank to carry out cash transactions at a counter, which has forced them to operate with deposit ATMs (38%) or go to another office (35%).

Owing to the closure of bank offices, 5.9% of respondents living in municipalities with a population of less than 100,000 say that the nearest office is over 10 km. away from their home.

Despite these closures, the number of retail establishments resorting to banks to ensure they have change has increased to 80.9%, and most do so once a week.

The percentage of respondents who consider that bank offices supply banknotes with the denominations they desire or that it is indifferent to them is fairly high (97.3% of the public at large and 92.3% of small retailers and the hospitality sector).

Those feeling some denominations are in short supply point in particular to €5 and €10 banknotes and €2 and €1 coins.