

Future of Dutch cash infrastructure

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De Nederlandsche Bank

Cash Essentials

Access to Cash webinar



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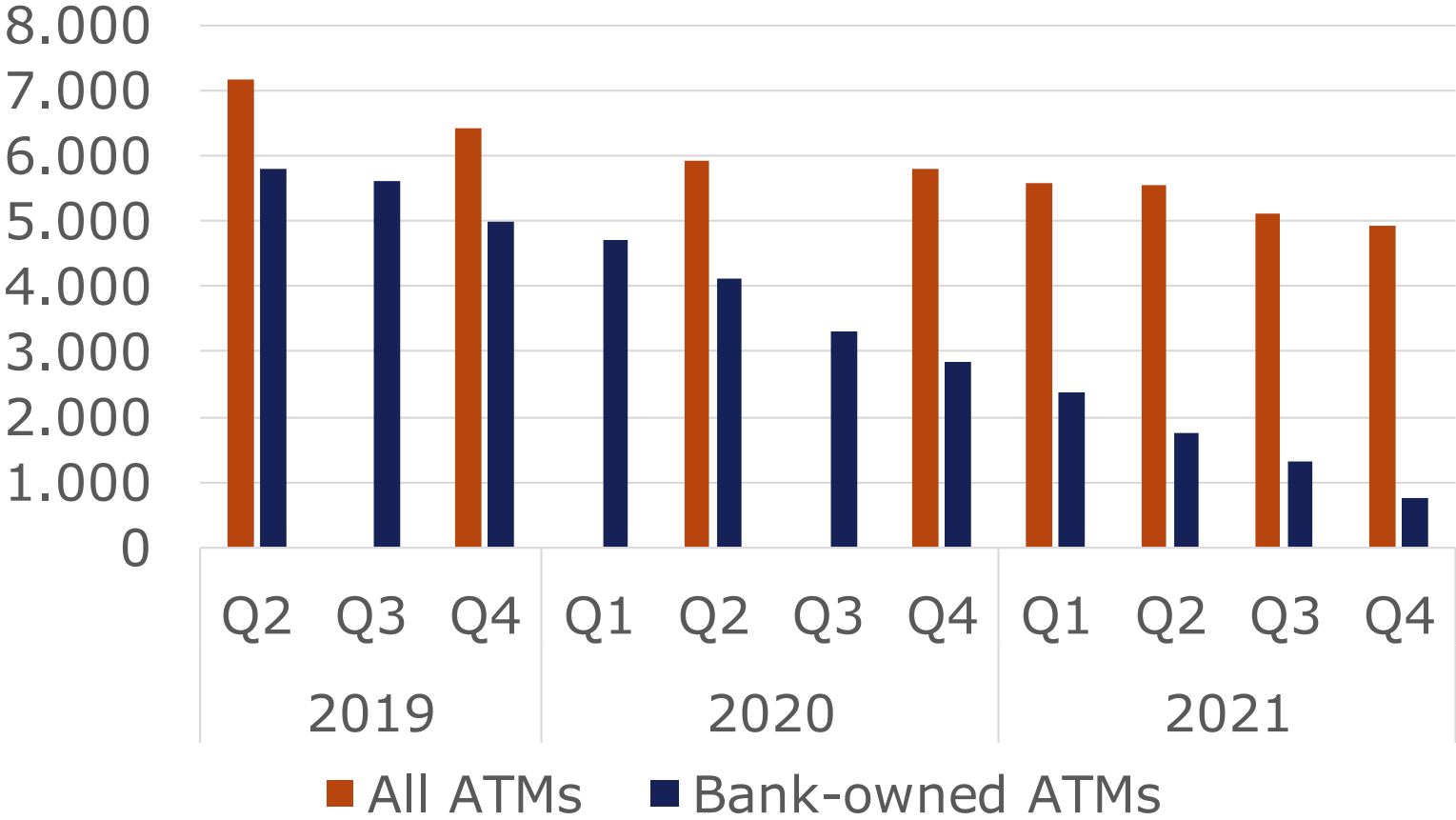
In my talk today...

1. Evolution of the Dutch cash cycle
2. Some facts and figures
3. Infrastructure under increasing pressure
4. Efforts to close a 'covenant on cash'
5. Biggest challenges yet to come...

Dutch Cash Cycle evolved...

	2010	2015	2022
Cash Centers	bank specific CIT specific ± 18	bank pooled CIT specific ± 12	bank pooled CIT specific ± 8
CITs	3 companies	2 companies	1 company (with >80% marketshare)
ATMs	11.000 in total: ~ few IADs ~ no recyclers	8.000 in total: ~ 1.500 IADs ~ 700 recyclers	5.000 in total: ~ 1.200 IADs ~ 1.400 recyclers

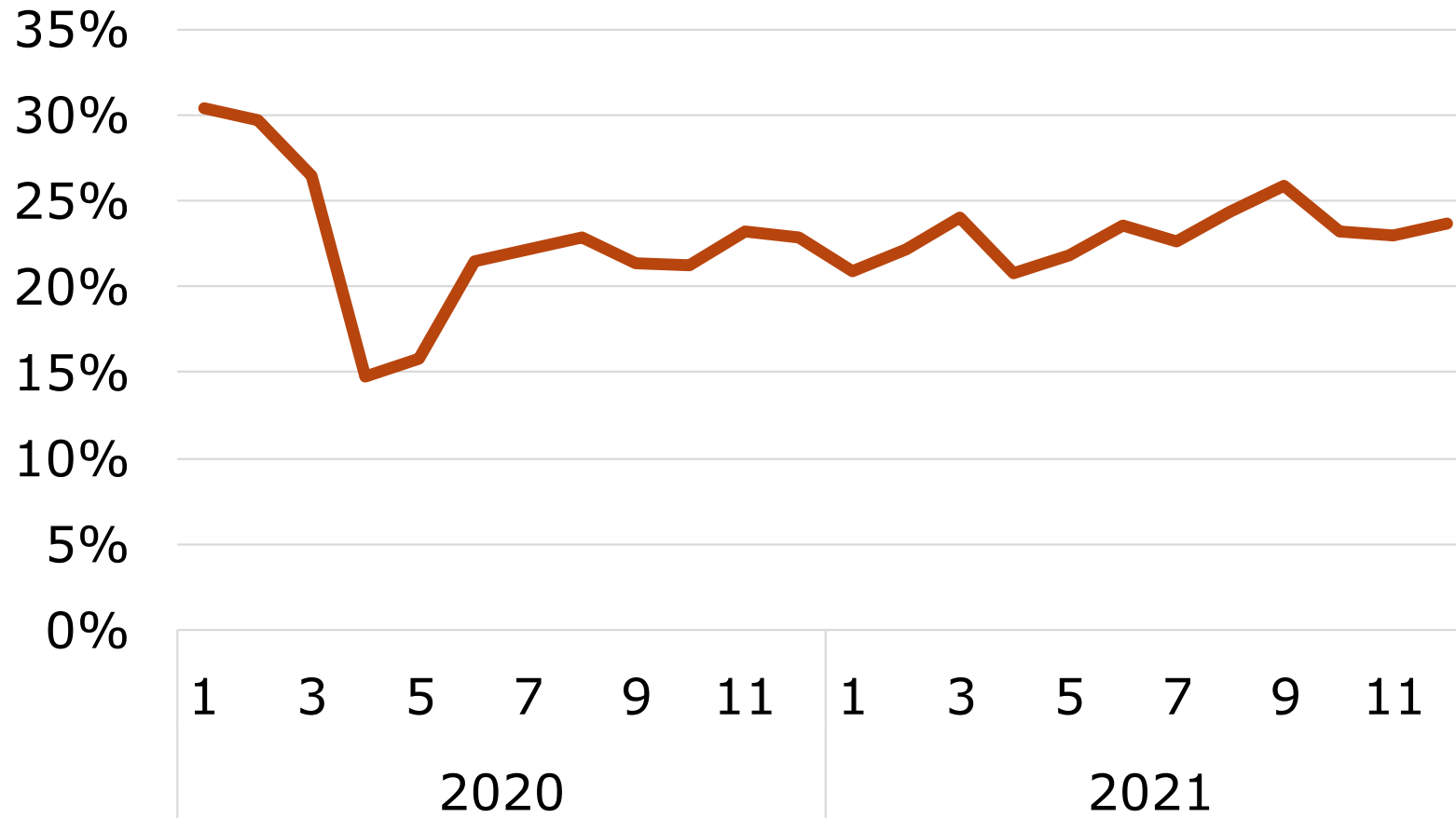
Facts & figures: # ATMs



- In 2022, Geldmaat migration is done.
- No bank-owned ATMs remain.

Source: DNB Statistics

% cash payments



- COVID caused a drop early 2020
- Thereafter it stabilized at 20-25% level.

Source: DNB 'dagboekjesonderzoek' (daily payments survey)

Access and acceptance

- 96% availability of ATMs
- 99,5% still has access to an ATM within 5km reach
- 97% of merchants still accepts cash
- People can still be assisted at some ATMs
- Cash can still be a fall-back for outage of cardpayments
- Withdrawing cash is still free of charge for most consumers

... **but** the tide seems to be turning

Perceived access to cash by merchants

	2013	2016	2021
Accessibility depositing services at bank branches	7,2	7,1	4,1
Accessibility depositing services at Geldmaat terminals	6,9	7,2	5,4

Source: NFPS 'bereikbaarheidsmonitor' (accessibility monitor), december 2021

Cost of retail payments in cash

	2014	2017	2020
Total cost retail payments in cash (in mln. euro)	€ 711	€ 697	€ 603
Number of retail payments in cash (in mln.)	2.881	2.400	1.230
Cost per retail payment in cash(in euro)	€ 0,25	€ 0,29	€ 0,49

Source: Panteia, Cost of retail payments system 2020, januari 2022

Under increasing pressure

- Redundancy removed from ATM network
- Availability dropped to below 90% in sept-2020
- Consumers cannot order cash anymore
- Banks increasingly pass on cash (and AML) costs to customers
- Merchants increasingly discourage the use of cash

Way forward?

- McKinsey study 2021 (commissioned by DNB):
 1. ATM infrastructure must be maintained. Downsizing only after electronic back-ups.
 2. Help cash-dependent groups become less dependent
 3. Make sure acceptance of cash at merchants stays high
 4. If, in the future, the share of cashpayments drops to a certain level and becomes too expensive to operate commercially, the government needs to step in.
- We are trying to follow-up on the first three conclusions by closing:
a 'Covenant on Cash'

Challenges yet to come...

- A covenant (if closed) might not hold longer than 5 years.
- If cash becomes more like a public good, do we need legislation to...
 - require banks to operate and fund cash infrastructure?
 - subsidize (by government) merchants and or banks?
 - appoint a third party as universal cash provider?
- These and more fundamental questions which need to be answered in the years to come.



Thank you...

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any questions?