

## Not even a global pandemic can shift preferences for cash as an option

As technology evolves, we are moving away from cash. For some, this move has been accelerated by Covid-19. But for others, change is slow: those with an affinity to cash have been less affected by recent events. Not even a global pandemic can shift some preferences for the stability and tangibility of hard-earned cash, even if they use it less than before



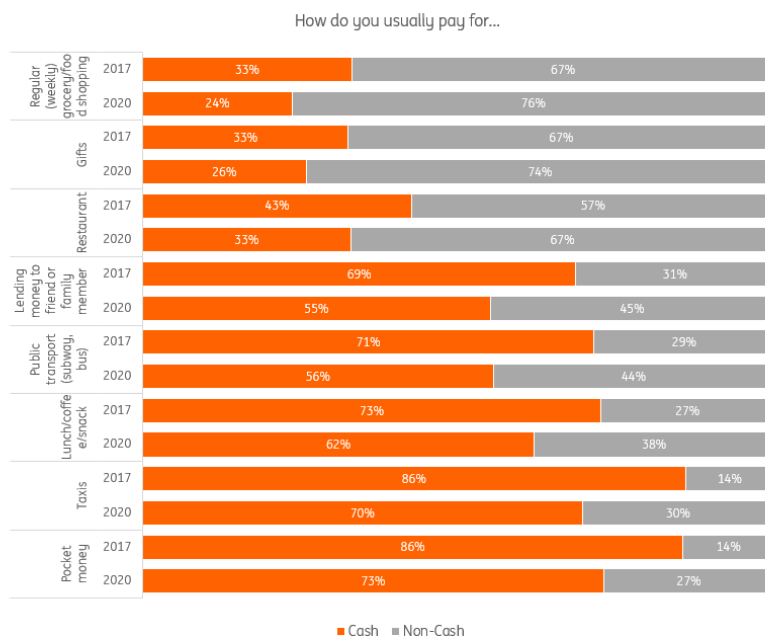
### Cash slowly dethroned

Once -- and not so very long ago -- cash was king. Notes and coins travelled constantly from wallet and purse to pay for just about everything. It was, literally, the law of the land.

It is still with us, of course, but cash use has been declining. ING International Surveys on financial behaviour since 2017 have noted a steady decrease in people paying for cash across many day-to-day spending categories. The latest was no exception: all eight spending options given to almost 13,000 people across 13 countries showed a reported decline in the use of cash. This was despite the European Central Bank reporting the value of bank notes and coins in circulation continually increasing in Europe between 2008 and 2017.

Consider, for example, something as basic as giving pocket money to kids. Nearly three-quarters (73%) of those who do this still give cash. But this has reduced from 86% in 2017. The rest may transfer pocket money to app-based systems or allow children to use card payments.

Public transport costs are another example of the decline of cash, with pre-paid travel cards or card- and/or app-swiping now ubiquitous. Shifts will have been driven by both choice and necessity. In the UK, Transport for London stopped accepting cash payments on busses as far back as 2014, leaving passengers with no option but to adopt a cashless approach to getting around. Travellers in Amsterdam experienced a similar shift in March 2018.



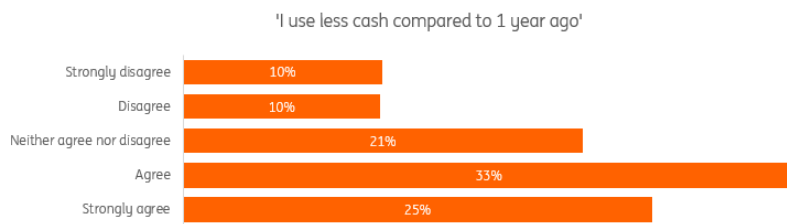
European averages shown. Only those who have this type of expense included. Those who never have this type of expense excluded. Note response options across the two years varied: in 2017 response options were 'cash', 'non-cash' and 'I never have this type of expense'. In 2020 options were 'cash', 'physical card', 'tap phone or wearable device', 'electronic transfer' and 'I never have this type of expense'. 2020 non-cash options aggregated. Sample sizes: 12,824 (2020) 12,662 (2017).

Cash remains a common way to pay for smaller amounts in person, but rapidly declines in popularity for medium and large expenses. The preference for cash when paying for smaller amounts is driven by convenience, 40% of Europeans say they choose cash because it is 'quick to pay'. There are benefits of using cash that mean it remains a popular option for many people.

But cash continually has to compete with ever-expanding alternative ways to pay. The advent of multiple methods -- credit cards, mobile phones, online purchasing etc -- has pushed people's use of cash down their preference list for many expense types.

Four in five (83%) Europeans say to varying degrees that they use cash less since starting to use contactless payments, underlining how technology is changing behaviour.

Overall, more than half (58%) say they use cash less in 2020 as they did a year ago, versus 21% who disagree with this statement (the rest are non-committal).



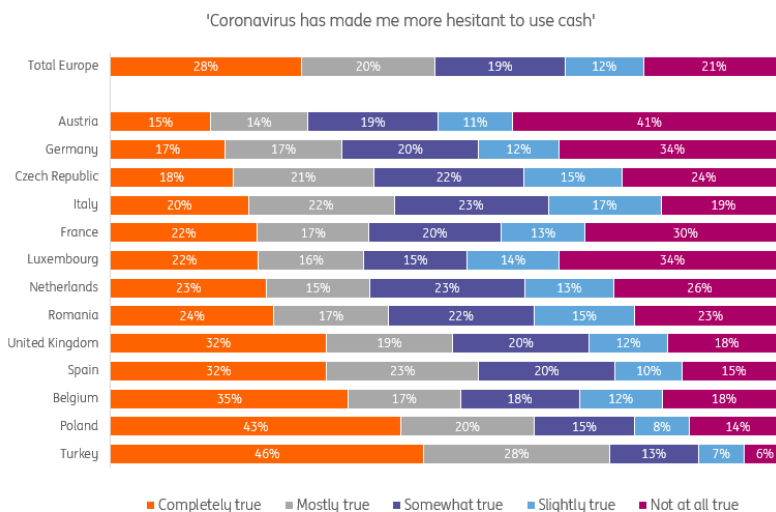
European averages shown. Sample size: 12,824.

## The Covid cash push

But as with just about everything else in 2020, there is a large caveat to drawing conclusions: the COVID-19 pandemic has been one of the largest behavioural disruptors in world history. Cash is no exception.

With many shops shut, people have been forced to buy online; similarly, those who have gone out have been put off by health-risk worries about passing cash back and forth. Financial service providers in many countries including the UK, Netherlands, Belgium, France, Germany and Luxembourg have also raised the amount customers can spend by tapping a credit or debit card to encourage movement away from handling physical money.

All of this will have influenced cash use -- and to an extent, people in the survey reported it has. Half (48%) say that the statement 'coronavirus has made me more hesitant to use cash' is either completely true or mostly true. Only a fifth (21%) said it wasn't true at all.

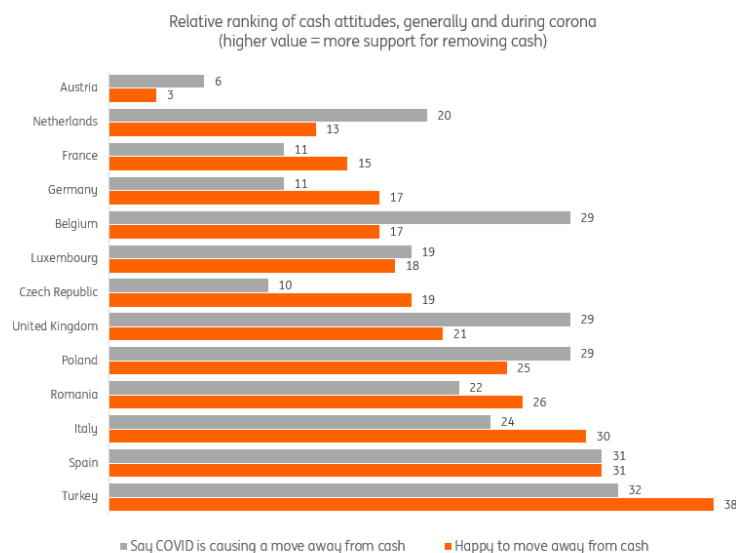


Sample size: 12,824

*In the early days of Covid-19 people started taking out more cash, possibly because it was seen as more reliable during uncertain times. After this peak however, cash withdrawals have declined and people are now likely to take out larger amounts, less often (5). It will be interesting to see if this lasts, and for how long.*

Sara Hlobil, Payments Analyst, ING Payments Centre

But the global pandemic is influencing cash use differently in different countries. In those countries where a preference for cash is strongest compared to other countries, we saw fewer people reporting that coronavirus had reduced their cash use. It was in those countries where people are already more open to using payment methods other than cash, that a bigger shift due to coronavirus is being reported.



Countries were first ranked based on what percentage of their populations agreed with the statements: 'I would prefer it if cash no longer existed', 'I use less cash compared to one year ago,' and 'I would be happy to leave my wallet and cash at home when I go out'. These indicated an openness to using alternative payment methods and being less reliant on cash. We then ranked countries based on how many people believed that coronavirus had made them more hesitant to use cash, and who said that they were using less cash and more card payments since the virus hit. Numbers indicate the total sum of ranked values between 1 and 13 across the 6 questions. Sample size: 12,824.

*Local conditions and the availability of alternative payment methods influence payment choices. For instance, in Poland, where people tend to use less cash, EMV cards and contactless payments were made available relatively early and BLIK, a local cashless payment option, is quite popular. On the other hand, in Germany, many people continue using cash.*

Jaroslav Bobulski, ATM Community, ING

## Change can be slow

Back in 2016, Erkki Liikanen, then-governor of the Bank of Finland, said at the Bank of Finland Conference on going [cashless](#), that it was time to reappraise the future of cash. Its main benefit as a way to store and convey information about a bearer's purchasing power was no longer unique given new payment systems, he said.

Behavioural scientists, meanwhile, have long noted that people, once immediate hesitancy is out of the way, tend to adopt quick and efficient methods of achieving something. It is what market research firm Nielsen has dubbed the "[Quest for Convenience](#)". Buying things online (with credit cards and/or payment apps such as PayPal), or in-store by swiping cards, mobile phones and smart watches meets the convenience test. It also avoids the carrying of bulky cash that can be lost or stolen without a recourse such as stopping payment.

This has all led to predictions that cash will not survive, that it will not only be dethroned, but will end up being abolished altogether.

## The First Cashless Country?

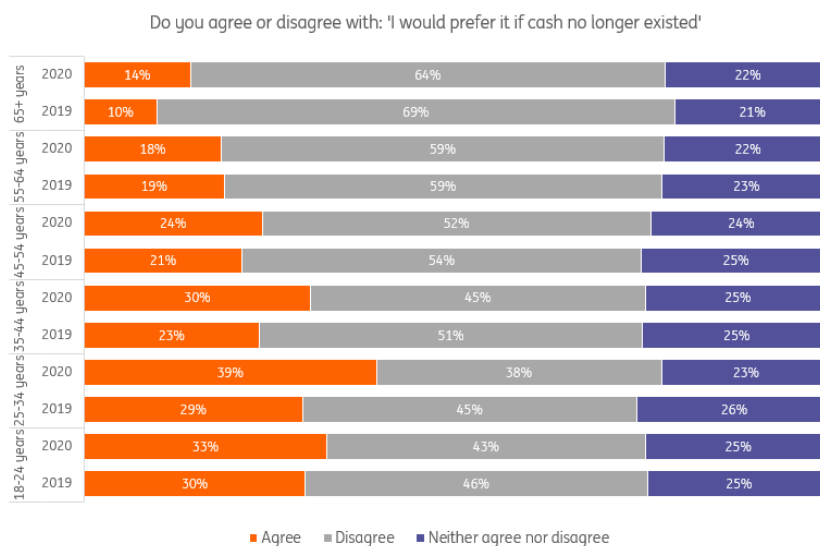
It is something of an irony that the first country to issue permanent banknotes (in 1661) is the same that is now touted as the first likely to become cashless -- Sweden. Even a date has been set: March 24, 2023.

This calculation comes from research [presented](#) in 2017 by Jonas Hedman of Copenhagen Business School, Niklas Arvidsson of Stockholm's KTH Royal Institute of Technology, and Bjorn Segendorf at Sweden's central Riksbank. Among their findings:

- In the 10 years following 2007, the amount of cash circulating in Sweden fell by around half, far more than the single-digit declines seen in other countries;
- Only 18% of Swedish consumers want to pay with cash;
- When cash transactions fall below 7% of total payment transactions, it becomes too unprofitable for retailers to accept cash.

Despite this, it may not be all over for Sweden: in 2018, the number of banknotes and coins circulating in the country rose 7% -- the first increase since [2007](#).

But cash is still very much with us. And while on average, one in 10 (11%) strongly agreed with the statement "I would prefer it if cash no longer existed", three in 10 (29%) strongly disagreed. The remainder were somewhere in the middle. This has shifted a little, mainly within younger to middle-age groups, since one year ago.



Sample size: 12,824

## Attitudes stable

The attitudinal change -- as opposed to the change in usage -- has not been dramatic. Many people indicate that they are happy for cash to stick around.

This fits with our previous findings that increasingly show people want more ways to pay for things -- even if they don't use them. Cash is clearly one of those ways: when asked what type of payments they expect to use in the next six months, more people picked cash than any other method.

It is still early days to see just how radical an impact the pandemic will have on economies and ways of life. But for now, it has not been big enough to shift attitudes completely away from cash: those who liked it before are less likely to report shifts now.

While day-to-day cash use is undoubtedly decreasing, it is happening slowly. But the option to choose cash -- or at least to retain it as an option -- remains desirable. Cash may no longer be king, but it is still royalty.

### Author

**Alissa Lefebvre**

Economist

[alissa.lefebvre@ing.com](mailto:alissa.lefebvre@ing.com)**Deepali Bhargava**

Regional Head of Research, Asia-Pacific

[Deepali.Bhargava@ing.com](mailto:Deepali.Bhargava@ing.com)**Ruben Dewitte**

Economist

+32495364780

[ruben.dewitte@ing.com](mailto:ruben.dewitte@ing.com)**Kinga Havasi**

Economic research trainee

[kinga.havasi@ing.com](mailto:kinga.havasi@ing.com)**Marten van Garderen**

Consumer Economist, Netherlands

[marten.van.garderen@ing.com](mailto:marten.van.garderen@ing.com)**David Havrlant**

Chief Economist, Czech Republic

420 770 321 486

[david.havrlant@ing.com](mailto:david.havrlant@ing.com)**Sander Burgers**

Senior Economist, Dutch Housing

[sander.burgers@ing.com](mailto:sander.burgers@ing.com)

**Lynn Song**

Chief Economist, Greater China

[lynn.song@asia.ing.com](mailto:lynn.song@asia.ing.com)

**Michiel Tukker**

Senior European Rates Strategist

[michiel.tukker@ing.com](mailto:michiel.tukker@ing.com)

**Michal Rubaszek**

Senior Economist, Poland

[michal.rubaszek@ing.pl](mailto:michal.rubaszek@ing.pl)

**This is a test author**

**Stefan Posea**

Economist, Romania

[tiberiu-stefan.posea@ing.com](mailto:tiberiu-stefan.posea@ing.com)

**Marine Leleux**

Sector Strategist, Financials

[marine.leleux2@ing.com](mailto:marine.leleux2@ing.com)

**Jesse Norcross**

Senior Sector Strategist, Real Estate

[jesse.norcross@ing.com](mailto:jesse.norcross@ing.com)

**Teise Stellema**

Research Assistant, Energy Transition

[teise.stellema@ing.com](mailto:teise.stellema@ing.com)

**Diederik Stadig**

Sector Economist, TMT & Healthcare

[diederik.stadig@ing.com](mailto:diederik.stadig@ing.com)

**Diogo Gouveia**

Sector Economist

[diogo.duarte.vieira.de.gouveia@ing.com](mailto:diogo.duarte.vieira.de.gouveia@ing.com)

**Marine Leleux**

Sector Strategist, Financials

[marine.leleux2@ing.com](mailto:marine.leleux2@ing.com)

**Ewa Manthey**

Commodities Strategist

[ewa.manthey@ing.com](mailto:ewa.manthey@ing.com)

**ING Analysts**

**James Wilson**

EM Sovereign Strategist

[James.wilson@ing.com](mailto:James.wilson@ing.com)

**Sophie Smith**

Digital Editor

[sophie.smith@ing.com](mailto:sophie.smith@ing.com)

**Frantisek Taborsky**

EMEA FX & FI Strategist

[frantisek.taborsky@ing.com](mailto:frantisek.taborsky@ing.com)

**Adam Antoniak**

Senior Economist, Poland

[adam.antoniak@ing.pl](mailto:adam.antoniak@ing.pl)

**Min Joo Kang**

Senior Economist, South Korea and Japan

[min.joo.kang@asia.ing.com](mailto:min.joo.kang@asia.ing.com)

**Coco Zhang**

ESG Research

[coco.zhang@ing.com](mailto:coco.zhang@ing.com)

**Jan Frederik Slijkerman**

Senior Sector Strategist, TMT

[jan.frederik.slijkerman@ing.com](mailto:jan.frederik.slijkerman@ing.com)

**Katinka Jongkind**

Senior Economist, Services and Leisure

[Katinka.Jongkind@ing.com](mailto:Katinka.Jongkind@ing.com)

**Marina Le Blanc**

Sector Strategist, Financials

[Marina.Le.Blanc@ing.com](mailto:Marina.Le.Blanc@ing.com)

**Samuel Abettan**

Junior Economist

[samuel.abettan@ing.com](mailto:samuel.abettan@ing.com)

**Franziska Biehl**

Senior Economist, Germany

[Franziska.Marie.Biehl@ing.de](mailto:Franziska.Marie.Biehl@ing.de)

**Rebecca Byrne**

Senior Editor and Supervisory Analyst

[rebecca.byrne@ing.com](mailto:rebecca.byrne@ing.com)



**Mirjam Bani**

Sector Economist, Commercial Real Estate & Public Sector (Netherlands)

[mirjam.bani@ing.com](mailto:mirjam.bani@ing.com)

**Timothy Rahill**

Credit Strategist

[timothy.rahill@ing.com](mailto:timothy.rahill@ing.com)

**Leszek Kasek**

Senior Economist, Poland

[leszek.kasek@ing.pl](mailto:leszek.kasek@ing.pl)

**Oleksiy Soroka, CFA**

Senior High Yield Credit Strategist

[oleksiy.soroka@ing.com](mailto:oleksiy.soroka@ing.com)

**Antoine Bouvet**

Head of European Rates Strategy

[antoine.bouvet@ing.com](mailto:antoine.bouvet@ing.com)

**Jeroen van den Broek**

Global Head of Sector Research

[jeroen.van.den.broek@ing.com](mailto:jeroen.van.den.broek@ing.com)

**Edse Dantuma**

Senior Sector Economist, Industry and Healthcare

[edse.dantuma@ing.com](mailto:edse.dantuma@ing.com)

**Francesco Pesole**

FX Strategist

[francesco.pesole@ing.com](mailto:francesco.pesole@ing.com)

**Rico Luman**

Senior Sector Economist, Transport and Logistics

[Rico.Luman@ing.com](mailto:Rico.Luman@ing.com)

**Jurjen Witteveen**

Sector Economist

[jurjen.witteveen@ing.com](mailto:jurjen.witteveen@ing.com)

**Dmitry Dolgin**

Chief Economist, CIS

[dmitry.dolgin@ing.de](mailto:dmitry.dolgin@ing.de)

**Nicholas Mapa**

Senior Economist, Philippines

[nicholas.antonio.mapa@asia.ing.com](mailto:nicholas.antonio.mapa@asia.ing.com)

**Egor Fedorov**

Senior Credit Analyst  
[egor.fedorov@ing.com](mailto:egor.fedorov@ing.com)

**Sebastian Franke**

Consumer Economist  
[sebastian.franke@ing.de](mailto:sebastian.franke@ing.de)

**Gerben Hieminga**

Senior Sector Economist, Energy  
[gerben.hieminga@ing.com](mailto:gerben.hieminga@ing.com)

**Nadège Tillier**

Head of Corporates Sector Strategy  
[nadege.tillier@ing.com](mailto:nadege.tillier@ing.com)

**Charlotte de Montpellier**

Senior Economist, France and Switzerland  
[charlotte.de.montpellier@ing.com](mailto:charlotte.de.montpellier@ing.com)

**Laura Straeter**

Behavioural Scientist  
+31(0)611172684  
[laura.Straeter@ing.com](mailto:laura.Straeter@ing.com)

**Valentin Tataru**

Chief Economist, Romania  
[valentin.tataru@ing.com](mailto:valentin.tataru@ing.com)

**James Smith**

Developed Markets Economist, UK  
[james.smith@ing.com](mailto:james.smith@ing.com)

**Suvi Platerink Kosonen**

Senior Sector Strategist, Financials  
[suvi.platerink-kosonen@ing.com](mailto:suvi.platerink-kosonen@ing.com)

**Thijs Geijer**

Senior Sector Economist, Food & Agri  
[thijs.geijer@ing.com](mailto:thijs.geijer@ing.com)

**Maurice van Sante**

Senior Economist Construction & Team Lead Sectors  
[maurice.van.sante@ing.com](mailto:maurice.van.sante@ing.com)

**Marcel Klok**

Senior Economist, Netherlands  
[marcel.klok@ing.com](mailto:marcel.klok@ing.com)

**Piotr Poplawski**

Senior Economist, Poland

[piotr.poplawski@ing.pl](mailto:piotr.poplawski@ing.pl)

**Paolo Pizzoli**

Senior Economist, Italy, Greece

[paolo.pizzoli@ing.com](mailto:paolo.pizzoli@ing.com)

**Marieke Blom**

Chief Economist and Global Head of Research

[marieke.blom@ing.com](mailto:marieke.blom@ing.com)

**Raoul Leering**

Senior Macro Economist

[raoul.leering@ing.com](mailto:raoul.leering@ing.com)

**Maarten Leen**

Head of Global IFRS9 ME Scenarios

[maarten.leen@ing.com](mailto:maarten.leen@ing.com)

**Maureen Schuller**

Head of Financials Sector Strategy

[Maureen.Schuller@ing.com](mailto:Maureen.Schuller@ing.com)

**Warren Patterson**

Head of Commodities Strategy

[Warren.Patterson@asia.ing.com](mailto:Warren.Patterson@asia.ing.com)

**Rafal Benecki**

Chief Economist, Poland

[rafal.benecki@ing.pl](mailto:rafal.benecki@ing.pl)

**Philippe Ledent**

Senior Economist, Belgium, Luxembourg

[philippe.ledent@ing.com](mailto:philippe.ledent@ing.com)

**Peter Virovacz**

Senior Economist, Hungary

[peter.virovacz@ing.com](mailto:peter.virovacz@ing.com)

**Inga Fechner**

Senior Economist, Germany, Global Trade

[inga.fechner@ing.de](mailto:inga.fechner@ing.de)

**Dimitry Fleming**

Senior Data Analyst, Netherlands

[Dimitry.Fleming@ing.com](mailto:Dimitry.Fleming@ing.com)

**Ciprian Dascalu**

Chief Economist, Romania

+40 31 406 8990

[ciprian.dascalu@ing.com](mailto:ciprian.dascalu@ing.com)

**Muhammet Mercan**

Chief Economist, Turkey

[muhammet.mercan@ingbank.com.tr](mailto:muhammet.mercan@ingbank.com.tr)

**Iris Pang**

Chief Economist, Greater China

[iris.pang@asia.ing.com](mailto:iris.pang@asia.ing.com)

**Sophie Freeman**

Writer, Group Research

+44 20 7767 6209

[Sophie.Freeman@uk.ing.com](mailto:Sophie.Freeman@uk.ing.com)

**Padhraic Garvey, CFA**

Regional Head of Research, Americas

[padhraic.garvey@ing.com](mailto:padhraic.garvey@ing.com)

**James Knightley**

Chief International Economist, US

[james.knightley@ing.com](mailto:james.knightley@ing.com)

**Tim Condon**

Asia Chief Economist

+65 6232-6020

**Martin van Vliet**

Senior Interest Rate Strategist

+31 20 563 8801

[martin.van.vliet@ing.com](mailto:martin.van.vliet@ing.com)

**Karol Pogorzelski**

Senior Economist, Poland

[Karol.Pogorzelski@ing.pl](mailto:Karol.Pogorzelski@ing.pl)

**Carsten Brzeski**

Global Head of Macro

[carsten.brzeski@ing.de](mailto:carsten.brzeski@ing.de)

**Viraj Patel**

Foreign Exchange Strategist

+44 20 7767 6405

[viraj.patel@ing.com](mailto:viraj.patel@ing.com)

**Owen Thomas**

Global Head of Editorial Content

+44 (0) 207 767 5331

[owen.thomas@ing.com](mailto:owen.thomas@ing.com)

**Bert Colijn**

Chief Economist, Netherlands

[bert.colijn@ing.com](mailto:bert.colijn@ing.com)

**Peter Vanden Houte**

Chief Economist, Belgium, Luxembourg, Eurozone

[peter.vandenhoute@ing.com](mailto:peter.vandenhoute@ing.com)

**Benjamin Schroeder**

Senior Rates Strategist

[benjamin.schroeder@ing.com](mailto:benjamin.schroeder@ing.com)

**Chris Turner**

Global Head of Markets and Regional Head of Research for UK & CEE

[chris.turner@ing.com](mailto:chris.turner@ing.com)

**Gustavo Rangel**

Chief Economist, LATAM

+1 646 424 6464

[gustavo.rangel@ing.com](mailto:gustavo.rangel@ing.com)

**Carlo Cocuzzo**

Economist, Digital Finance

+44 20 7767 5306

[carlo.cocuzzo@ing.com](mailto:carlo.cocuzzo@ing.com)