The Cashless Top 10

How are we doing on the road to digital money? Here’s a round the world, whistlestop tour of some countries who seem to be pulling ahead of the pack in the race to a fairer and more efficient economy.

Someone sent me a link to an article about world cashlessness on CNBC. It uses the results of MasterCard report to make a top 10 list of countries heading towards cashless economies.

Based on the rate of cash-free transactions and the percent of the population that relies on a debit card, here is a look at the 10 countries leading the pack toward a nearly cashless economy.

[From The world’s most cashless countries]

Ok, why not: let’s have a look through. I’ve put the comments from CNBC in italics and added my own comments underneath. I stress again that these are not my rankings (I would have Iceland at no.1, since as far as I know it has the highest proportion of non-cash payments at retail POS anywhere in the world and a well-developed mobile account-to-account infrastructure) and I’d also have Norway somewhere near the top of the list. But anyway that’s not the point of the post, which is about exploring the CNBC top 10. I’m naturally curious as to your first-hand perspectives on these countries and there cashless gradients so please feel free to comment.

10. South Korea
Non cash payments’ share of total value of consumer payments: 70 percent. Percent of population with a debit card: 58 percent.

South Korea might have been higher on the list, but societal and governmental initiatives that seek to reign in household debt by reducing usage of credit cards have pegged it down to number 10.

I’ve written more than once before that Korea is an interesting place to look at for lessons and ideas but because of the particular and unusual market environment it is not a template for either Europe or the US. One interesting lesson to look at right now is the relationship between “tap and pay” and “app and pay”. Both types of mobile payment are in use in Korea already, and the race isn’t even close.

The curves have been clear from the start. In-app payments dominate by volume and value and the important impact of ApplePay is not an uptick in NFC usage in the USA but the transformation of remote payments from card-not-present to cardholder-present.

9. Germany

Non cash payments’ share of total value of consumer payments: 76%. Percent of population with a debit card: 88 percent.

Munich’s Oktoberfest, long known for dirndls, lederhosen and tipsy American tourists gaping at the people wearing them, has become a more expensive proposition in recent years: A liter...
of beer ran revelers around 10 Euros this fall.

I was taken aback to see Germany in at no.9 as a good friend of mine who spent a few weeks in Germany this year told me that she was genuinely surprised to see people paying for everything, in all kinds of shops, with wads of Euros, despite the wide variety of card products available.

Germany remains one of the most cash-intensive advanced economies on earth.

[From Why Germans pay cash for almost everything – Quartz]

I would have thought that there were a bunch of countries that are more cashless than Germany, but there you go.

8. United States

Non cash payments’ share of total value of consumer payments: 80%. Percent of population with a debit card: 72 percent The simmering shift to electronic payments has boiled over in the past few months, with Apple announcing its new “Wallet” service and introducing, along with Microsoft and other tech companies, electronic watches with payment capabilities.
Cash use in the US is falling as the debit generation takes over and the cash in circulation statistics are misleading because so much US currency is actually out of circulation.

$ 20 in cash. This may seem like a strangely small amount. But younger people will tell you that carrying $ 40 sounds strange. We are starting to see the first signs of the end of cash

[From Cashless Society? It’s Already Coming – NYTimes.com]

You can’t even spend a $ 100 bill in a lot of shops in America yet production of $ 100 bills is booming and the production of $ 20 bills (a decent proxy for the use of the cash in retail transactions) is at its lowest level for a quarter of a century.

7. The Netherlands

Non cash payments’ share of total value of consumer payments: 85 percent Percent of population with a debit card: 98 percent

Driving into Amsterdam? Make sure you have a credit or debit card on you; the city’s parking meters no longer accept cash or coins. A number of retailers and restaurants in the city also refuse to take cash; Dutch customers have taken such policies in stride, with 75 percent of them understanding and accepting of no-cash rules.
The Netherlands is as near as dammit cashless already. That picture comes from the window of pharmacy and you haven’t been able to use cash at pharmacies for four years. Some supermarkets are talking about going cashless within the next two or three years. Last time I was there I used my transit and my credit card and... er, that’s it. Absolutely everywhere takes cards and absolutely everyone has one. Well, when I say “everywhere”, I mean everywhere except coffee shops (and not for the reason you might think, as I wrote a few years ago).

6. Australia

Non cash payments’ share of total value of consumer payments: 86 percent Percent of population with a debit card: 79 percent

If a relative is taking “No Shave November” a little too seriously, it may help to turn them on to another trend that may be beginning to catch on: No Cash November, launched by Australian billionaire Andrew “Twiggy” Forrest in his home country. Unfortunately, however, there’s no reason why somebody can’t both not shave and not use cash.
The picture shows me paying in a cab in Sydney using a UK contactless card a couple of years ago. The whole continent is contactless crazy. Around two-thirds of all card transactions in supermarkets are contactless.

On my last trip to Australia, I paid with cards everywhere, and almost everywhere I paid I paid with contactless.

[From Crime and contactless]

Australia and New Zealand are both well on the way to becoming post-cash societies. When I was last in New Zealand I couldn’t pay with cash at the convenience store I visited because they didn’t take cash after 7pm.

5. Sweden

Non cash payments’ share of total value of consumer payments: 89 percent Percent of population with a debit card: 96 percent Bank robberies in Sweden plunged from 110 in 2008 to only 16 in 2011, the lowest level since the country started recording its numbers in the early 1970s. The reason? Swedish banks are carrying less cash than ever before. There’s often nothing for would-be thieves to steal.
Sweden is the one country in the world where the amount of cash in circulation has actually started to fall, which leads some people think that Sweden might become the world’s first cashless country. Bjorn from ABBA, for example.

Why we don’t accept cash at ABBA the Museum...

The Swedish Krona is a small currency used only in Sweden. This is the ideal place to start the biggest crime preventing scheme ever. We could and should be the first cashless society in the world. We at Swedish Music Hall of Fame and ABBA the Museum want to be in the vanguard of this revolution and if this means a small inconvenience for you, please bear with us.

[From Cashless EN | Abba The Museum]

Sweden is, to me, a terrific case study because it Sweden there is a broad alliance against cash, comprising the labour unions, law enforcement and other groups.

4. United Kingdom

Non cash payments’ share of total value of consumer payments: 89 percent Percent of population with a debit card: 88 percent

Before you step on one of those famous double-decker buses in London, make sure that you have an “Oyster Card” or a prepaid
ticket on you. From July 6, city buses stopped accepting cash as a valid payment. Still, it’s doubtful that too many Londoners will care; only 1 percent of commuters used cash in 2014, compared to 25 percent in 2000.

According to the British Retail Consortium, cash use at POS fell again last year and is now down 14% over the last five years. We’re on the way to cashlessness, but it’s a shallow slope. I expect the UK will divide along class lines (there you go bringing class into it again, Ed.) with the middle classes abandoning the stuff entirely except for tax evasion, drugs and prostitution.

3. Canada

Non cash payments’ share of total value of consumer payments: 90 percent Percent of population with a debit card: 88 percent

If you’re from a border town like Buffalo or Detroit, at some point you’ve probably rummaged in your pocket for a few pennies, only to find that one or more of your coins is emblazoned with Queen Elizabeth instead of Abraham Lincoln. That scenario is about to become a lot more unlikely; starting in February 2013, Canada stopped minting and distributing pennies, supposedly saving the country $11 million a year.
I think Canada is another country on the way to practical cashlessness. I can’t remember the last time I used Canadian notes or coins when visiting. A year ago Canada has raised its contactless limit to $100, which would cover 86% of all credit and debit card payments, and contactless transactions are already 10% of all card transactions there. The take-up is easy to explain: Canada is an EMV market, so tapping is much quicker and easier than inserting a chip card and tapping in a PIN.

2. France

Non cash payments’ share of total value of consumer payments: 92 percent Percent of population with a debit card: 69 percent

If you live in France, are saving up to buy a new car (perhaps a Citroën), and keep all of your money under your mattress, we have some bad news for you: The country has disallowed any cash transactions over 3000 Euro. You can still buy a car using cash from a friend, but if you’re paying them more than 1,500 euro, you legally need a bill to prove payment.

France has, according to the ECB figures, a rather inefficient payment system overall because of the continued high cheque usage in the country. Having said that, it is debit card nation that is actively working to get rid of cash..
In case you’re wondering, that’s me drinking French champagne in a toast to celebrate that France took over from the UK as the card fraud capital of Europe in 2013.

1. Belgium

Non cash payments’ share of total value of consumer payments: 93 percent
Percent of population with a debit card: 86 percent
Belgium has a law similar to France’s with regard to limiting cash payments to 3,000 euro. Belgium’s law goes a step further, however: It could charge up to 225,000 euros for a violation. Perhaps the 14 percent of Belgians without a debit card ought to reconsider their choice.

I was really surprised to see Belgium no.1 as I was under the impression that many retailers there still prefer cash because of tax evasion.

At dinner, a couple of people were reminiscing about “Proton”, the 1990s accounted electronic purse scheme that had been launched in Belgium… the merchants didn’t want electronic money, they wanted cash because they didn’t want to pay tax. Cash wasn’t 2% or 5% or 10% cheaper than cards, it was 50% cheaper than cards.
Belgium has just launched a national mobile payment scheme as well, so this might serve to displace cash further because of the convenience using smart phones with bank accounts for payments in a country where, essentially, everyone has a smartphone and a bank account.

So well done Belgium, but let’s hope that this time next year the UK will be able to claim the no. 1 position now that we have a new Payment Systems Regulator and a Chancellor of the Exchequer with the foresight to see cheques clearing in only two days in a couple of years time.

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