



### Despite the decline in the use of cash, it remains the most widely used means of payment in France

In 2019, the European Central Bank (ECB) updated its survey on household payment attitudes in the euro area. As in the previous survey (2016), it appears that cash remains the preferred means of payment in number terms for day-to-day purchases. However, there has been a growing preference for card use, particularly contactless payments, accentuated by the Covid-19 health crisis.

The decline in the use of cash in transactions is expected to continue in favour of digital payments. Nevertheless, cash will not cease to be used.

The Banque de France will continue to ensure adequate access to cash for all and respect for its legal tender – i.e. preventing merchants from refusing cash payments – as part of consumers’ freedom to choose their means of payment.

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JEL codes  
E4, E41

9%

the share of French citizens stating that they prefer cash to pay for their purchases at the point of sale

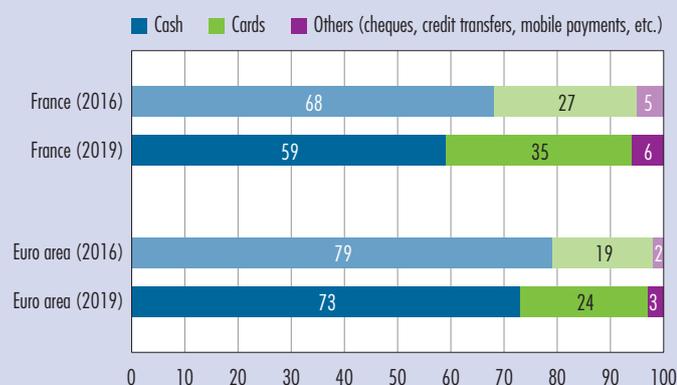
EUR 12.3

the average value of a cash payment at the point of sale in France

39%

the share of French citizens who have reduced their use of cash since the start of the Covid-19 health crisis

Breakdown of payment instruments, in volume terms, in France and the euro area (%)



Sources: Banque de France, ECB: SUCH 2016 and SPACE 2019 surveys.



### 1 In 2019, French citizens still preferred to use cash for everyday purchases, despite a growing preference for card payments

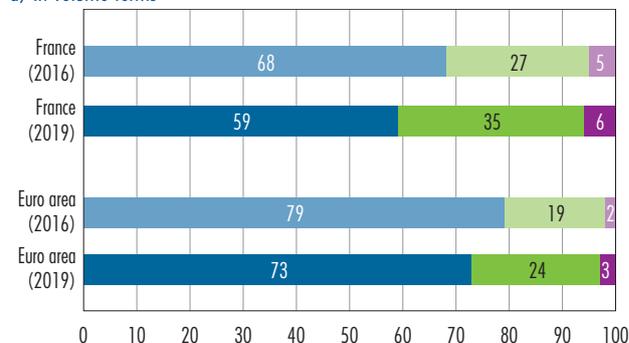
According to the SPACE (study on the payment attitudes of consumers in the euro area) survey, in 2019 cash remained the most widely used means of payment in France (and in the Eurosystem) both at the point of sale and from person-to-person: its share stood at 59% in France (73% in the euro area), while card payments accounted for only 35% of transactions (24% in the euro area).

Like in the previous survey conducted in 2016 (SUCH<sup>1</sup> survey), cash remained the most popular means of payment (see Chart 1a). However, it fell sharply (by nine percentage points in three years in France) in favour of card payments, whose share increased (up eight percentage points over the same period), driven by contactless payments, which now account for 38% of card transactions in France.

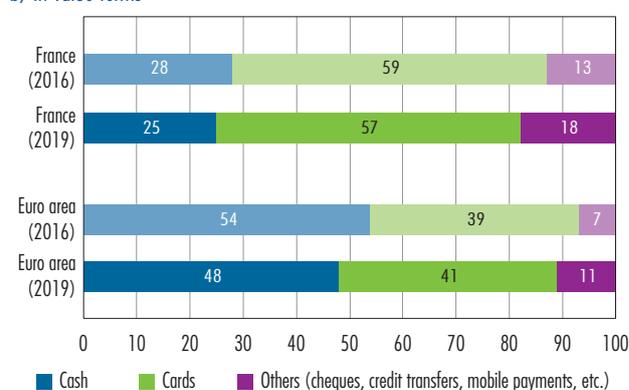
<sup>1</sup> 2016 SUCH survey on the use of cash by households in the euro area, cf. Poltronacci (E.), Moret (A.), Bounie (D.) and François (A.) (2018), "Use of cash in France: the payment method of choice for low-value purchases", Banque de France Bulletin no. 220/2, November-December, <https://publications.banque-france.fr/en>

### C1 Breakdown of payment instruments in France and the euro area (%)

a) In volume terms



b) In value terms

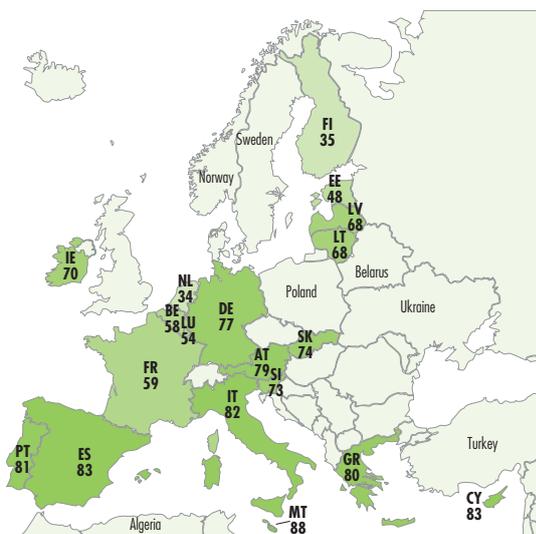


Sources: Banque de France, ECB: SUCH 2016 and SPACE 2019 surveys.

### C2 Share of cash payment instruments in the euro area (%)

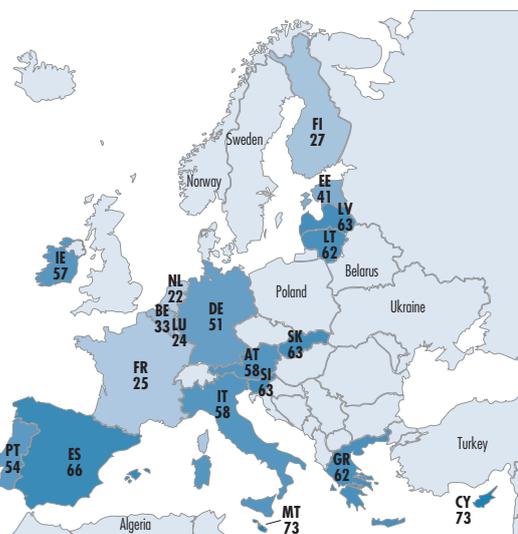
(%)

a) In volume terms



AT : Austria    CY : Cyprus    EE : Estonia    FI : Finland    GR : Greece  
BE : Belgium    DE : Germany    ES : Spain    FR : France    IE : Ireland

b) In value terms



LU : Luxembourg    MT : Malta    PT : Portugal    SK : Slovakia  
LT : Lithuania    LV : Latvia    NL : Netherlands    SI : Slovenia

Sources: ECB (SPACE 2019) survey, Deutsche Bundesbank (2017), De Nederlandsche Bank (2019).

Despite the decline in the use of cash, it remains the most widely used means of payment in France



In value terms, 25% of the total amount of French point-of-sale and person-to-person transactions are settled in cash (48% in the euro area), down three percentage points since 2016 (down six percentage points for the euro area).

Overall, as in 2016, France is one of the euro area countries that uses the least amount of cash, in value

terms, along with the Netherlands, Luxembourg, Belgium, Finland and Estonia.

The decline in cash use can also be seen across the euro area as a whole, where on average it has fallen below the symbolic threshold of 50% of payments in value terms.

### BOX 1

#### Survey methodology

The SPACE survey follows on from the SUCH survey (study on the use of cash by households in the euro area) conducted in 2016 with a fairly similar methodology. Both are based on a qualitative questionnaire, backed by a “payment diary” to be filled in on a reference day.

However, several notable differences suggest the will to improve the quality of the survey:

- unlike SUCH, which was conducted mainly online (83%), the SPACE survey was conducted equally online and by telephone (a more reliable method that minimises bias due to online sample composition);
- SPACE data were also collected in three waves of surveys spread over the whole of 2019, while SUCH data were less well distributed over time (e.g. 40% of the collection was carried out in February 2016);
- a new quota (the day of the week of the interview) was applied to adjust the samples, in addition to the socio-demographic characteristics of the respondents (gender, age, region of residence). The interviews were thus spread evenly over all the days of the week, which was not the case in SUCH (many payment diaries focused on a Wednesday or Thursday, tending to underestimate the share of card payments made at the end of the week).
- lastly, the survey has been significantly enriched, with the addition or change in wording of certain questions: the survey has thus been extended to include payment attitudes from person-to person (and no longer just at the point of sale) as well as distance payments, to take account of online payments and the payment of recurring bills (rent, electricity, insurance, etc.).

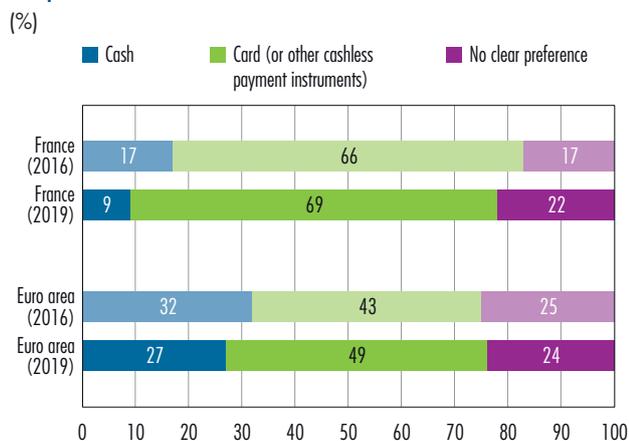
Consequently, the results of the two surveys are not always comparable.

A total of 41,155 people were interviewed in 17 of the 19 Eurosystem<sup>1</sup> countries – including 4,489 in France – and 68,023 transactions were recorded, including 61,139 at the point of sale.

<sup>1</sup> Germany and the Netherlands did not take part in the study as they already have nationally comparable surveys; the latest available results, from 2017 and 2019 respectively, have been aggregated where possible with the SPACE results.



### C3 Means of payments for which respondents expressed a preference in France and the euro area



Sources: Banque de France, ECB: SUCH 2016 and SPACE 2019 surveys.

The French citizens surveyed were characterised – as in 2016 – by an increasingly strong preference for cashless means of payment (see Chart 3).<sup>2</sup> In this respect, 69% say they prefer to use a card to pay for everyday purchases<sup>3</sup> (against 49% on average in the euro area). And they are the least inclined in the euro area to use cash: only 9% prefer to pay in cash (27% on average

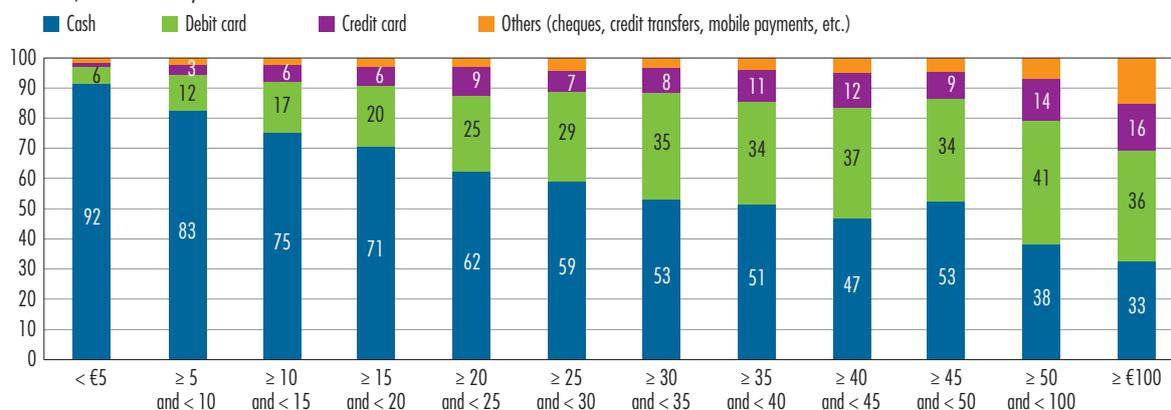
in the euro area), down eight percentage points from the 2016 survey.

Cash payments have traditionally been used for small day-to-day purchases (see Chart 4): 92% of payments under EUR 5 are settled in cash in the euro area. The fact that the average amount of cash payments in France has almost doubled in three years (from EUR 7.5 in 2016 to EUR 12.3 in 2019) shows that competition from contactless payments in this segment of very small-value face-to-face payments has somewhat intensified. In the euro area, however, France remains the country with the lowest average value for cash payments at the point of sale, after Portugal and Latvia (see Chart 5 below).

Person-to-person (P2P) payments appear to be more resilient: 62% of these payments are still made in cash (79% in the euro area), compared with 22% by card and 12% by cheque. Although P2P is often thought to be a major source of mobile payments (Paylib, Lydia, etc.), they in fact account for only 1% of person-to-person payments in France, in terms of both volume and value. In value terms, cash accounts for 28% of person-to-person payments (55% in the euro area), ranking second behind cards (38%)

### C4 Breakdown of payment instruments by transaction value in the euro area, in volume terms

(value in EUR; shares as%)



Sources: Banque de France; ECB: SPACE 2019 survey.

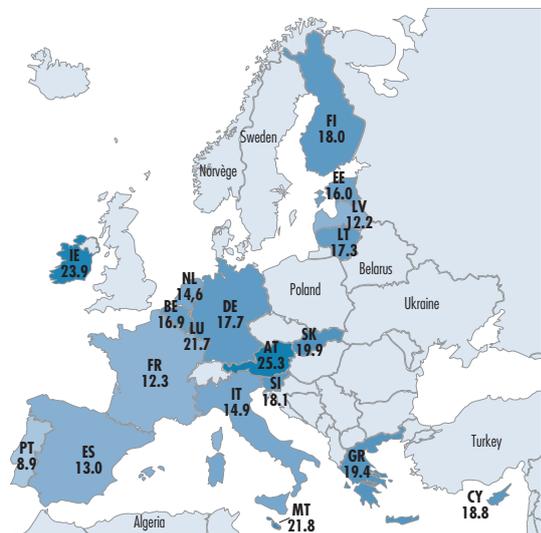
<sup>2</sup> Unlike cash (banknotes and coins), cashless means of payment are instruments that enable the transfer of funds held in accounts following the remittance of a payment order (card, credit transfer, direct debit, cheque, etc.).

<sup>3</sup> It should be noted that respondents also had the option of declaring no preference between the different means of payment.



### C5 Average amount of cash payments at the point of sale in the euro area

(in EUR)



AT : Austria	ES : Spain	IT : Italy	NL : Netherlands
BE : Belgium	FI : Finland	LT : Lithuania	PT : Portugal
CY : Cyprus	FR : France	LU : Luxembourg	SI : Slovenia
DE : Germany	GR : Greece	LV : Latvia	SK : Slovakia
EE : Estonia	IE : Ireland	MT : Malta	

Sources: Banque de France; BCE: SPACE 2019 survey.

and ahead of cheques (26%). The average value of person-to-person cash payments in France is EUR 19.5, compared with EUR 44 for all means of payment combined. In the euro area, these values are EUR 31.5 and EUR 45 respectively.

Like in 2016, the socio-demographic profile of consumers (gender, age, income, occupation) were relatively insignificant determinants of cash use in 2019. However, transaction characteristics play a predominant role, with the share of cash payments diminishing as the value of the purchase rises, and increasing for day-to-day retail purchases (see details in Appendix).

The role of cash also appears marginal, but not negligible, in remote payments. While three-quarters of online payments are made by card or through ad hoc payment means (PayPal in particular), cash is also used as it represents 3% of these transactions (online

orders, physical delivery). In value terms, the average amount of online payments settled in cash is EUR 65 in France, a level close to the European average (EUR 42). Conversely, the use of cash to pay recurring bills (rent, electricity, etc.) accounts for a negligible proportion of the amounts concerned in France.

Lastly, French consumers' lesser preference for cash payments results in the lowest level of hoarding in the euro area: they hold an average of EUR 45 in their wallet at the beginning of the day (compared with EUR 76 in the euro area) and only 25% of them say they have a cash reserve at home (compared with 34% on average). This probably also explains the lesser use of high-denomination banknotes, with France occupying the second-last place for holding at least one EUR 100, 200 or 500 banknote in 2019. By way of comparison, 87% of Austrians – at the top of this ranking – held at least one high-denomination banknote (against 29% on average in the euro area).

## 2 In 2020, the health crisis will undoubtedly hasten the changes in payment attitudes observed in France and the euro area in a lasting manner

In order to make an "on-the-spot" assessment of the impact of the pandemic on changes in payment attitudes in the euro area, another shorter and entirely online survey<sup>4</sup> was carried out on behalf of the ECB in the second half of July 2020.

In contrast to the SUCH and SPACE surveys, this "IMPACT" survey (impact of the pandemic on cash trends) only covers the last payment made by the respondents (instead of a "payment diary" to be filled in on the reference day) and a smaller sample (17,779 people were surveyed, i.e. around 1,000 respondents per country).

As expected, the health crisis seems to have accelerated the decline in the use of cash in transactions - nine percentage points between 2016 and 2019 – in favour of electronic payments. In France, 39% of those surveyed say they have been using cash less often to pay for purchases since the start of the Covid-19 epidemic (40% on average in the euro area)

4 By telephone in Cyprus and Malta.



and 49% pay more by contactless card (40% in the euro area). Thanks to the increase in the ceiling for contactless payments up to EUR 50, electronic payments could continue to develop as an alternative to cash payments.

While all payment means have remained available during the crisis, the pandemic seems to have accentuated the changes observed in recent years across the entire range of payment instruments in France:

- card use has continued to increase, driven by the growth in contactless payments (almost doubling every year since 2016);
- the use of cheques – which have been particularly difficult to deposit during lockdown – has been falling steadily since the early 2000s;
- the use of other means of payment has been stable, with credit transfers being preferred for the highest

value payments, while mobile payments and instant credit transfers remain marginal.

According to the methodology used,<sup>5</sup> card payments were set to overtake cash in 2020: two-thirds of French respondents said they had paid for their last transaction by card, a large proportion of which were paid for using a contactless payments (39%), compared with only 26% in cash. To a lesser extent, the same trend can be observed in the euro area with 49% of transactions made by card (including 27% contactless), compared to 42% in cash.

The main reason given (by 48% of the French and 45% of Europeans) for this change in behaviour is that electronic payments have been made easier, thanks in particular to an increase in the ceiling for contactless payments (up to EUR 50 in several euro area countries). This is a structural reason, the impact of which is likely to be permanent.

### BOX 2

#### Fear of Covid-19 transmission through contact with cash

In close cooperation with the European Central Bank, the Banque de France has actively studied the potential impact of cash circulation on public health.

The analyses submitted to leading European laboratories since the beginning of the pandemic have confirmed that cash does not present any particular risk of infection compared to other everyday surfaces. By comparing the behaviour of the virus on different types of surfaces, it even appeared that the virus could survive ten to a hundred times longer on stainless steel (a door handle for example) than on a banknote. Other tests have shown that viruses spread more slowly on porous surfaces such as banknotes than on smooth surfaces such as plastic. Coins, on the other hand, contain high proportions of copper, a metal with virucidal and bactericidal qualities.

The use of cash does not therefore pose any particular risk of contamination in everyday life, provided of course that the protective measures recommended by the World Health Organization are applied (in particular washing hands regularly and avoiding touching the face).

<sup>5</sup> Note that, the Swedish Central Bank (Sveriges Riksbank) uses the same methodology in its annual Payments in Sweden surveys: it studies the last payment made by the respondents, instead of a payment diary on a reference day.



Although health considerations are only mentioned as a second reason, overall, they explain many of the changes in payment attitudes since the beginning of the Covid-19 crisis. For instance:

- 44% of French respondents believe that the virus can be transmitted via banknotes (38% in the euro area);
- 38% fear getting ill through direct contact or proximity with the cashier in the shop (33% in the euro area);
- 26% reported having reduced their use of cash in line with government recommendations encouraging cashless payments (35% in the euro area).

In total, out of the 39% of the French respondents stating that they have been using less cash for everyday purchases since March 2020 (40% in the euro area), 86% say that they plan to continue to do so after the end of the epidemic (see Chart 6), of which 54% are certain to do so. The same trends can be seen in the euro area (87%, of which 46% are certain to do so).

At Banque de France counters, this has led to a sharp drop in the number of banknotes lodged and

withdrawn by cash-in-transit companies on behalf of credit institutions. A decrease of up to 60% in the number of lodgements was observed during the first lockdown, due to the closure of many retailers and to the general drop in activity. Despite a recovery, the level of flows remains significantly lower year-on-year. At the end of October 2020, banknote lodgements (in volume terms) had decreased by 21% compared to the first ten months of 2019. After a brief peak at the beginning of lockdown in March 2020, withdrawals also declined (by 25% in volume terms at the end of October compared with the previous year). In value terms, withdrawals remain higher than lodgements, indicating that the banknote hoarding trend is continuing.

### 3 Access to and acceptance of cash have slightly deteriorated in recent years

Access to cash appears satisfactory in France, and slightly better than in the rest of the Eurosystem.

Only 8% of French respondents reported difficulties in withdrawing cash from ATMs or bank and post office counters, compared with 9% in the euro area. This proportion is very close to that observed in the IMPACT survey during the health crisis (7% in France and 9% on average). It has nevertheless risen by several percentage points since the SUCH survey in 2016 (3% and 5% respectively). By comparison, this share exceeded 10% in ten euro area countries in 2019 and has increased in all countries since 2016, particularly in Malta, Greece, Belgium and Spain.

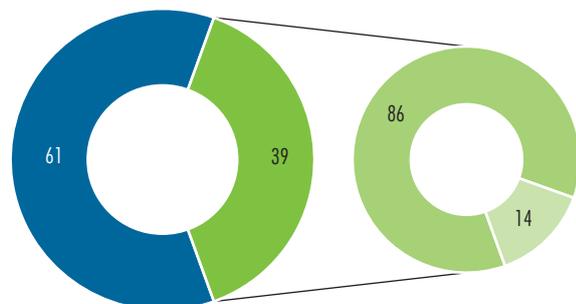
In addition to the travel restrictions imposed during lockdown – constraining de facto access to cash – the streamlining of ATM networks observed over the past few years in France and the euro area may explain this trend.

However, ATMs are still the main source of cash supply to the public in the euro area (51% in volume and 58% in value). Moreover, France is the euro area country with the highest use of ATMs (59% in volume terms,

### C6 Impact of the pandemic on the payment attitudes of French citizens

(%)

- French citizens who have not changed their payment attitudes despite the pandemic
- French citizens using less cash and intending to continue to do so
- French citizens using less cash, probably only until the pandemic is over

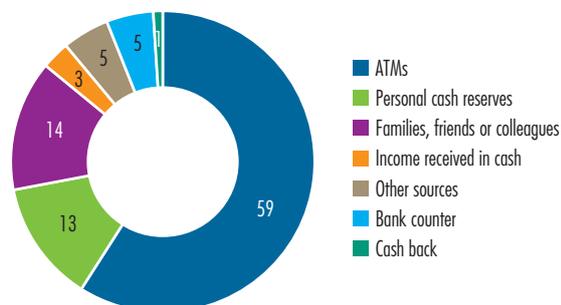


Sources: Banque de France; ECB: IMPACT 2020 survey.



### C7 Sources of cash withdrawals in volume terms in France

(%)



Sources: Banque de France; ECB (SPACE 2019 survey); data not available for Germany.

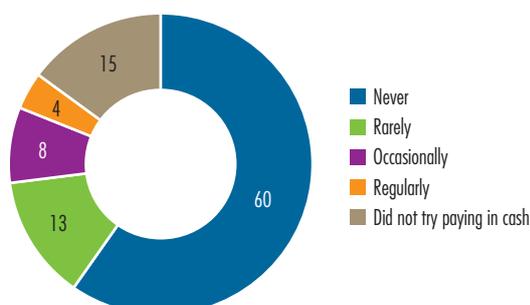
see Chart 7). Counters and cashback<sup>6</sup> represent only a small part of these supply sources.

As regards cash acceptance, the possibility of paying for purchases using this payment means at the point of sale is decreasing compared to the European average. The cash acceptance rate at the point of sale, as perceived by respondents, is 95% in France, compared with an average of 98% in the euro area. A lower rate is observed in only three countries: Finland, Belgium and Estonia.

During the health crisis, merchants tended to favour cashless payments to the detriment of cash, in order to avoid direct contact with cashiers. A quarter of the French people surveyed (compared with 33% on average in

### C8 Cash refusal rate at the point of sale during the health crisis in France

(%)



Sources: Banque de France; ECB: IMPACT 2020 survey.

the euro area) reported having been refused at least one cash payment during the crisis: 4% regularly, 8% occasionally and 13% rarely (see Chart 8). Of the 16% of French people (and Europeans) who say that cash was not accepted for their last payment, almost half cite reasons linked to the risk of transmission of the virus to explain these refusals.

#### BOX 3

##### Legal tender

The principle of legal tender requires merchants to accept cash as payment with the exceptions set out below: it is a criminal offence to refuse to accept banknotes and coins for the settlement of debts.

Article R. 642-3 of the Penal Code provides for a penalty for second-class offences for refusing to accept coins or banknotes that are legal tender in France according to their value.

The compulsory acceptance of cash, at its face value, with a power of discharge, is however limited in amount by:

- according to Article L. 112-5 of the French Monetary and Financial Code: "In the case of payments by banknotes and coins, the debtor must pay the exact amount". The creditor is therefore entitled to refuse payment by a banknote or coin which is legal tender if the value of the banknote exceeds the amount to be paid;
- regulations on the fight against money laundering and terrorist financing, which prohibit, in particular, cash payments of debts exceeding EUR 1,000 for a debtor whose tax domicile is located in France or who is acting for professional purposes (Article D. 112-3 of the French Monetary and Financial Code);
- Article 11 of Council Regulation (EC) No 974/98 of 3 May 1998 states that "no party shall be obliged to accept more than 50 coins in any single payment".

<sup>6</sup> Possibility for a merchant to deliver cash (up to a maximum amount of EUR 60) at the specific request of a customer, when making a card purchase at its point of sale (see Article L. 112-14 of the French Monetary and Financial Code).



These results warrant vigilance on the part of the Banque de France with regard to the issue of compliance with legal tender (see Box 3). And this is especially so as the French remain attached to their freedom to pay in cash, including in times of pandemic. In the IMPACT survey, 48% of French people think it is important to be able to pay in cash, with 16% saying it is “very important” (52% in the euro area, with 23% saying it is “very important”).

### Conclusion

The second Europe-wide survey on consumer payment behaviour confirms the trends highlighted in 2016: cash payments, at the point of sale and from person-to-person, were still predominant in volume terms in 2019, both in France and in the euro area.

However, this dominant position has been eroded over the past three years (-9 percentage points in France, -6 percentage points in the euro area), due to the

strong growth in card payments, which accounted for 41% of the value of point-of-sale purchases in the euro area in 2019 and 57% in France. The July 2020 IMPACT “flash” survey shows that the decline in cash payments is accelerating against the backdrop of the health crisis, while the use of contactless cards is becoming more widespread: one in two French people say they have been paying more often with contactless cards since the start of the crisis (40% in the euro area).

In France, the National Cash Management Policy, led by the Banque de France and the French Treasury in consultation with all the players concerned, aims to address the challenges raised by the decline in the use of cash in payments. The Banque de France in particular, as the guarantor of citizens’ freedom to choose their means of payment, ensures that cash remains a secure and universally accepted means of payment that is easily accessible to all those who wish to use it, particularly vulnerable populations.



## Appendix

### Results of the regression on the purchases made in cash or by card

(%)

	Cash purchases		Card purchases	
	Coefficient	(Standard error)	Coefficient	(Standard error)
<b>Characteristics of the transactions</b>				
Total value of payments	-0.03***	(0.004)	0.02***	(0.004)
Share of day-to-day retail purchases	0.29***	(0.02)	-0.24***	(0.018)
Share of constrained purchases	0.48***	(0.02)	-0.41***	(0.02)
<b>Gender (1 for female)</b>				
Gender (1 for female)	-1.31	(1.46)	-0.05	(1.44)
<b>Income (reference: income &lt; €500)</b>				
Between €501 and €750	-13.67*	(7.82)	6.28	(7.70)
Between €751 and €1,000	1.05	(6.71)	-2.86	(6.61)
Between €1,001 and €1,500	-0.40	(5.93)	-1.38	(5.84)
Between €1,501 and €2,000	-4.80	(5.81)	1.24	(5.72)
Between €2,001 and €2,500	-4.02	(5.79)	1.27	(5.70)
Between €2,501 and €3,000	-8.57	(5.77)	4.12	(5.69)
Between €3,001 and €4,000	-9.82*	(5.62)	6.47	(5.54)
Between €4,001 and €6,000	-11.62**	(5.70)	7.97	(5.62)
Over €6,000	-7.73	(6.03)	5.93	(5.94)
Do not know/Refusal	-0.27	(5.85)	-2.78	(5.76)
<b>Age (reference) Aged 18-24</b>				
Aged 25 to 29	-9.53**	(3.73)	9.88***	(3.67)
Aged 40 to 54	-8.27**	(3.73)	10.36***	(3.68)
Aged 55 to 64	-4.43	(4.04)	5.53	(3.98)
Over 65	-2.14	(4.63)	0.51	(4.56)
<b>Occupation (reference: self-employed)</b>				
Employees	-2.66	(3.18)	2.13	(3.13)
Manual workers	2.77	(4.25)	-5.18	(4.19)
Homemakers	2.84	(4.64)	-1.98	(4.57)
Students	-14.34***	(5.14)	11.26**	(5.06)
Retired	-2.69	(3.92)	5.34	(3.86)
Jobseekers	-0.75	(4.70)	0.45	(4.63)
Other	-16.53**	(6.97)	13.59**	(6.86)
Do not know	-22.94	(18.79)	32.33*	(18.51)
Constant	59.58***	(6.54)	33.83***	(6.44)
Observations		2,922		2,922
R <sup>2</sup>		0.233		0.187

Sources: ECB, SUCH survey (2019) and authors' calculations.

Key: When the value of purchases increases by EUR 10, the share of purchases paid for in cash decreases by 0.3 percentage point while the share of purchases paid for by card increases by 0.2 percentage point. Conversely, the larger the share of point-of-sale purchases as a proportion of total transactions, the higher the share of cash payments and the lower the share of card payments. The other socio-demographic variables do not yield significant or consistent results.

Notes: Statistical significance threshold for the coefficient: 1% "\*\*\*\*", 5% "\*\*\*", 10% "\*\*". Survey respondents provided information about their region of residence. This information was included in the regression but the results are not shown in the table below.



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