

Main findings of the Study on the Use of Cash by Households in the euro area (SUCH)

In 2016, the Eurosystem commissioned the first ever euro-wide survey on the use of cash by households. The results were published in English by the European Central Bank (ECB) at the end of 2017.¹ This article summarises the main findings of the survey. The Banque de France also intends to publish a detailed analysis of the results for France.

Methodology

The SUCH, or **S**tudy on the **U**se of **C**ash by **H**ouseholds in the euro area, was conducted in 2016 by the polling institute Kantar TNS on behalf of the ECB. More than 65,000 people were interviewed in three waves, and a total of 128,677 transactions were reported. Only purchases at the point of sale (POS) were taken into account.

Online purchases and payments between individuals and businesses were excluded from the scope of the study.

Survey respondents were asked to keep a "payment diary" in which they wrote down the characteristics of all purchases made over a single day (except in the case of Malta and Cyprus where three-day diaries were used). A subset of 28,099 respondents was also asked to fill in a questionnaire describing their behaviour and preferences regarding topics such as payment methods, ATM withdrawals and precautionary savings.

The majority of respondents were interviewed online (83% of the total sample). However, those aged over 55 were interviewed by telephone (14% of the sample), and residents in Malta and Cyprus were interviewed face-to-face (3%).

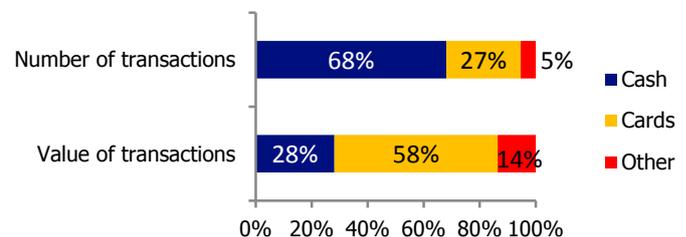
Germany and the Netherlands did not take part as they already carry out comparable national surveys. Where possible, the latest available data for both countries (from 2014 for Germany and from 2016 for the Netherlands) were incorporated into the SUCH results.

¹ European Central Bank (2017). "The use of cash by households in the euro area", Occasional Paper Series, November.

For France

- **4,937 respondents (30% in 2015 and 70% in 2016)**
- **Questioned online (88%) and by telephone (12%)**
- **7,299 transactions reported**

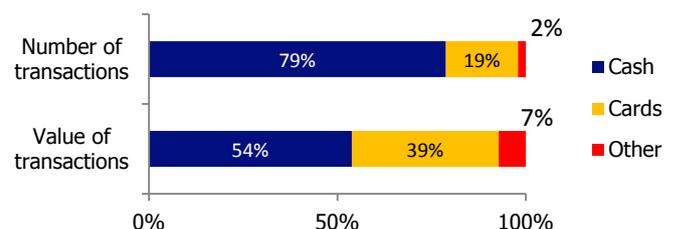
Use of payment instruments at points of sale (France)



Main findings for the euro area

Cash is the most widely used payment instrument in the euro area, accounting for 79% of all POS transactions, compared with 19% for debit and credit cards and 2% for all other instruments combined (mainly cheques).

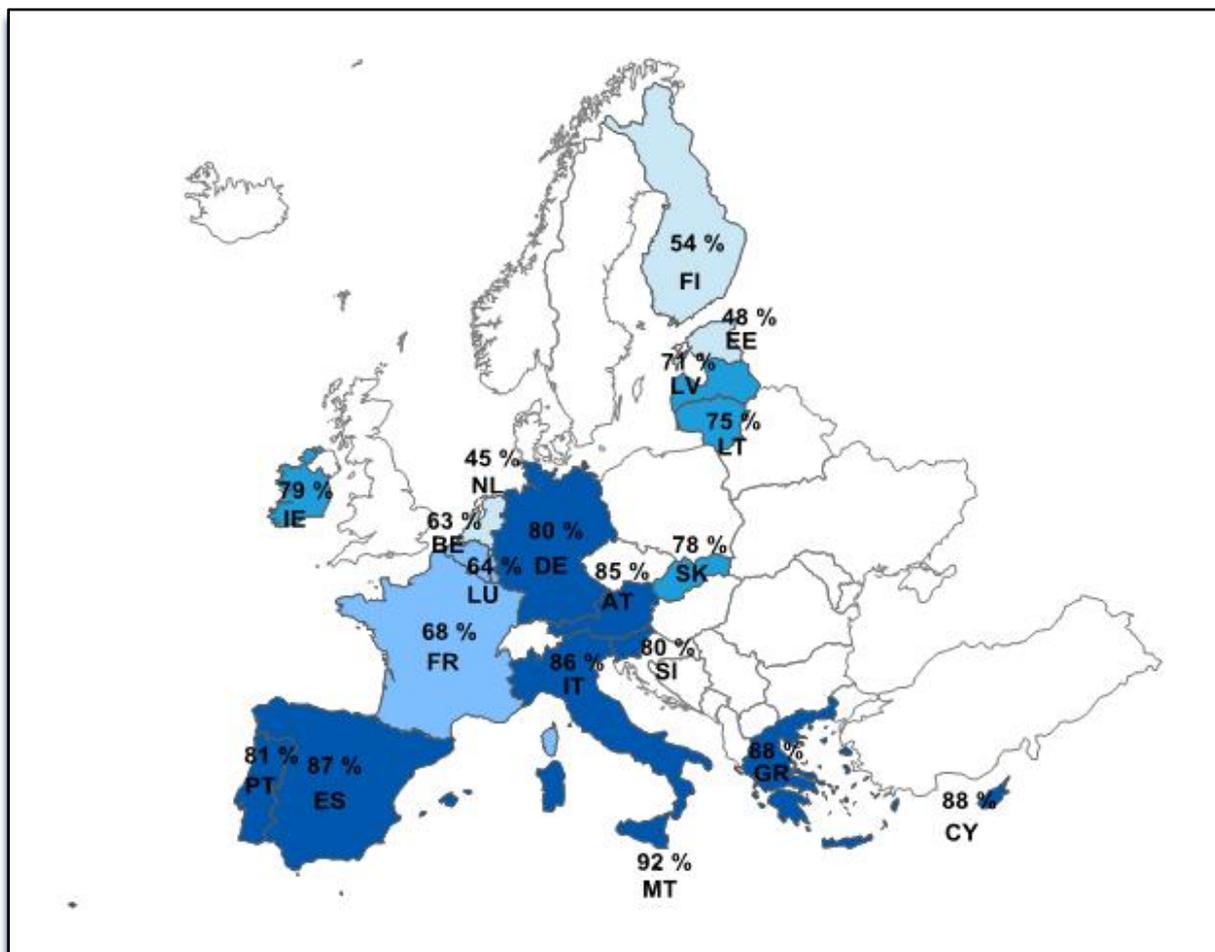
Use of payment instruments at points of sale (euro area)



Rates of cash usage nonetheless vary widely from one country to another: banknotes and coins are especially popular in Mediterranean countries, Germany, Austria and Slovenia ($\geq 80\%$ of transactions), whereas in the Netherlands and Estonia they are used in under half of transactions, and in Finland just over half. France ranks 14th out of the 19 countries in the survey, with 68% of all POS transactions paid for in cash.

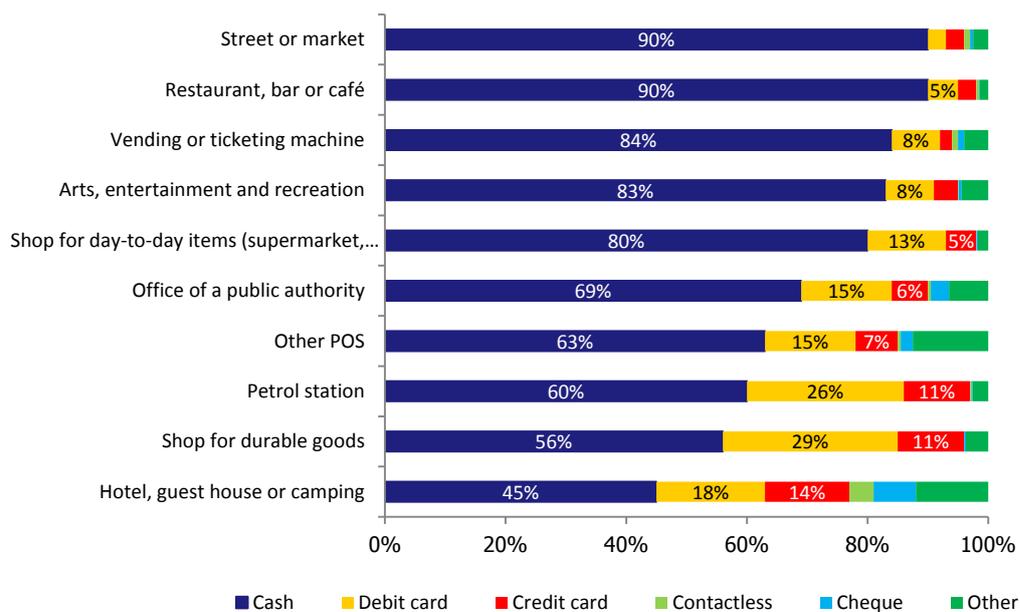
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In value terms, cash payments account for 54% of POS spending in the euro area. The share of cash payments by value is naturally lower than the share by number, as banknotes and coins are mainly used for low-value purchases. Again, the results vary across individual countries, with Greece reporting the highest share of cash payments by value at 76% and the Netherlands the lowest at 27%. France ranks second to last out of the 19 euro area countries, with only 28% of the total value of POS purchases settled in cash.

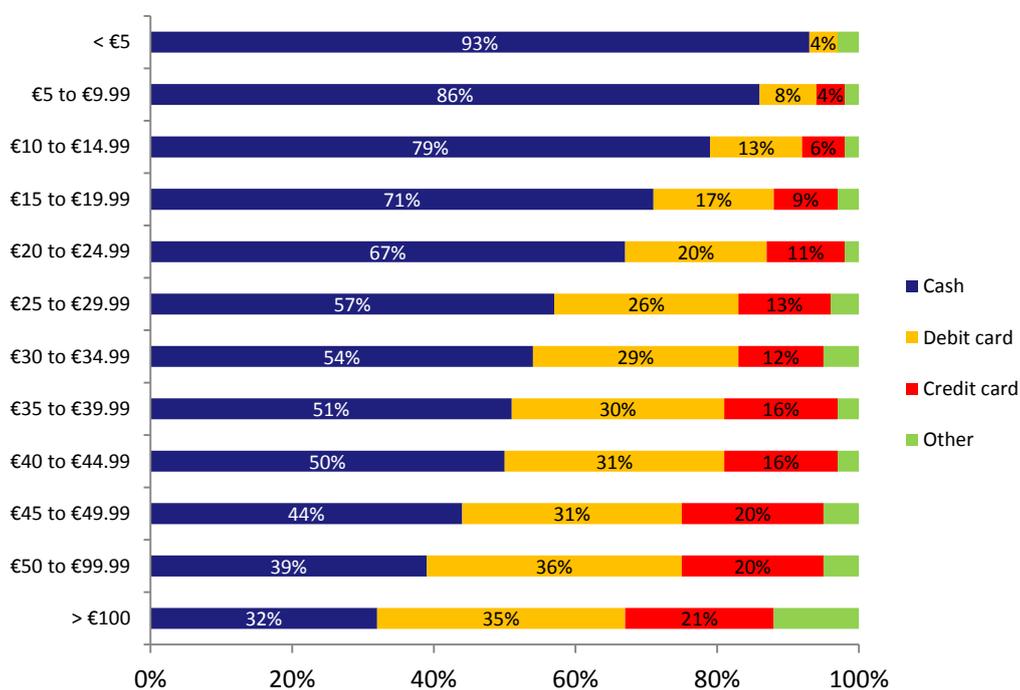


Average share of cash payments at points of sale (% of total number of transactions)

Use of payments instruments in the euro area by market segment (by number of transactions)



Use of payment instruments in the euro area by transaction value (by number of transactions)



Cash is mainly used for low-value purchases

Cash is the most popular method of payment for transactions of less than €45. It is also used for the vast majority (80% or more) of purchases of day-to-day items (e.g. at supermarkets, bakeries, street markets and restaurants). Given that 91% of POS transactions are for less than €45 and that day-to-day items account for one in two purchases, it is unsurprising that banknotes and coins should be so widely used throughout the euro area.

Cash usage for recurrent payments varies across the region. More than 70% of Cypriots pay their medical bills in cash, whereas 98% of Dutch people never use cash for recurrent expenses.

The influence of sociodemographic factors on payment behaviour

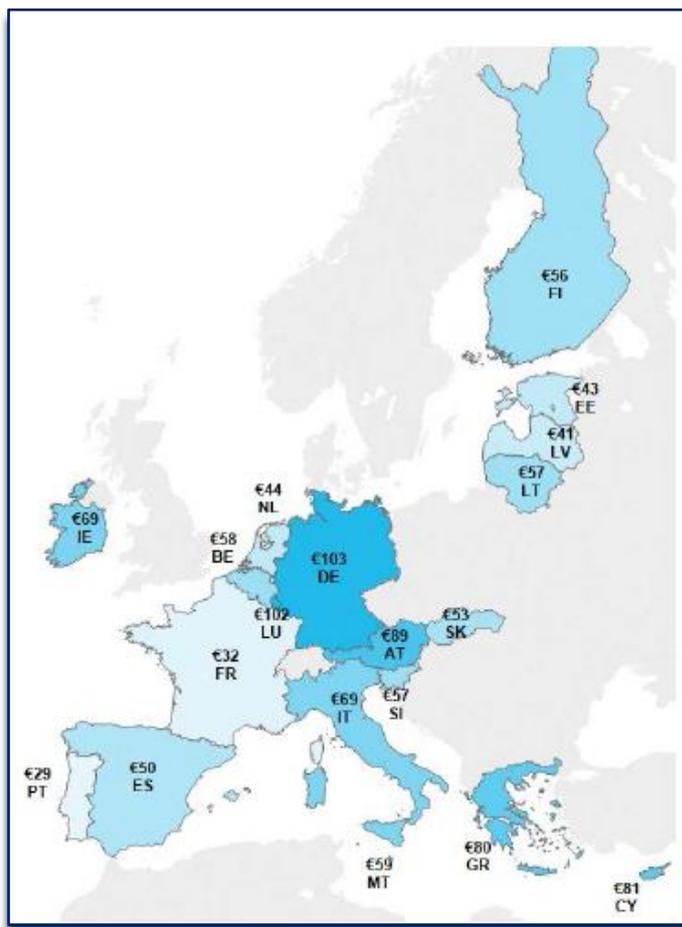
In general, male consumers aged 40 to 64 and those with the highest level of education carry out the largest number of daily purchases, for all payment methods combined.

The biggest impact of sociodemographic factors, however, is on card payment behaviour. Young consumers aged 18 to 24 and those with a low level of education make substantially fewer card payments than the rest of the population. Similarly, the biggest users of contactless payments are men, adults aged 25 to 39 and those with the highest level of education.

Cash usage is particularly low in France

French consumers make a lower average number of cash payments than their European neighbours:

- Average number of cash purchases per day and per person: 0.9 (ranked 15th out of 19 countries), compared with 1.6 for the euro area and 1 for Germany.
- Average value of a cash payment: €7.5 (ranked last in the euro area), compared with €12.4 for the euro area and EUR 16 for Germany.
- Average amount of cash carried in wallet: €32 (ranked second to last), compared with €65 for the euro area and €103 for Germany.

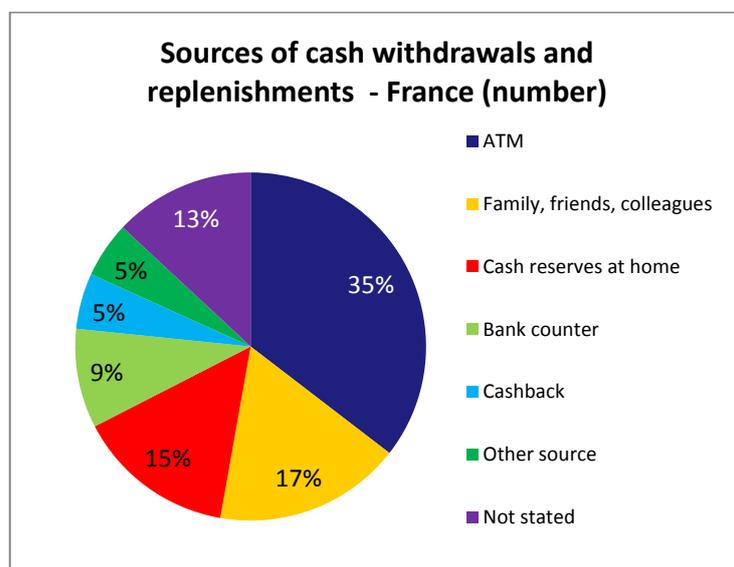


Average amount of cash in wallet (in euro)

Use of ATMs

Automated teller machines (ATMs) are the main source of cash for consumers in the euro area, accounting for 61% of the total value obtained.

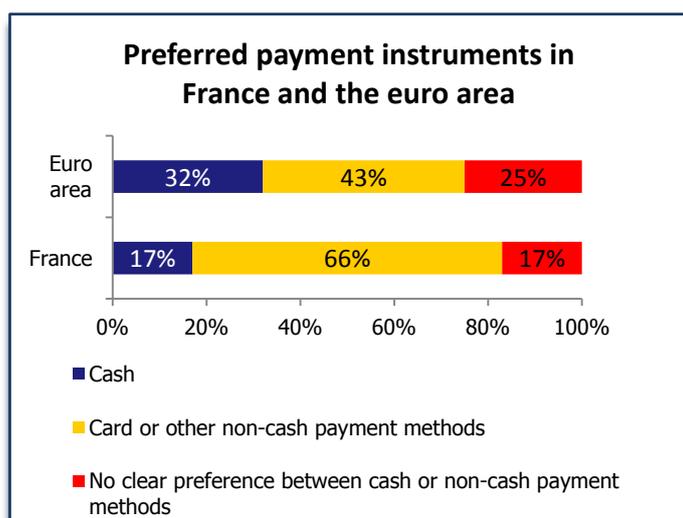
French consumers mainly get their cash from ATMs (35%), followed by family, friends or colleagues (17%), and cash reserves kept at home (15%). Bank counter withdrawals account for a very low share of cash replenishments (9%).



- 97% of French consumers think that, on the whole, cash is easily accessible.
- 62% said they were on the whole satisfied with the range of banknote denominations available at ATMs, although nearly half said there were insufficient €5 and €10 notes.

A marked preference for cards

France has a particularly strong preference for cards compared with other euro area countries: 66% of French survey respondents said they preferred this method of payment (the highest share, alongside Belgium), compared with an average of 43% in the broader euro area. In keeping with these figures, only 17% of respondents said they preferred paying in cash (the lowest share). France ranks 5th for use of contactless payments at the POS, although the actual proportion of users is low (1.7%).



At the euro-area level, survey respondents said that the main advantages of cash were that it gives them a clear overview of their expenses (42%), that it is widely accepted (38%) and that it is fast (32%). The top three benefits cited for cards were that they are easy to use (40%), fast (35%) and practical (33%).

French consumers generally concur with these views, although with some minor differences. In their opinion, the main benefit of cash is that it is widely accepted, while for cards, the top advantage is speed (48%).

Notwithstanding these perceived benefits, however, the main factor influencing the choice of payment method is the amount of the purchase, both in the euro area (56%) and in France (67%).

Reasons to prefer cash and cards in France

Perceived advantages of cash	Perceived advantages of cards
Cash is widely accepted (58%)	Cards are fast (48%)
Cash is fast (33%)	Cards are practical (37%)
Cash gives you a clear overview of your expenditure (31%)	Cards are widely accepted (36%)

Low use of cash as a store of value in France

In 2008, the ECB estimated that around one-third of the total value of euro banknotes in circulation in the euro area was held as precautionary reserves. According to the SUCH study, in 2016, 24% of euro area respondents held cash at home in the form of precautionary reserves. France ranked last, or 18th (data for Germany could not be incorporated for this item), with only 15% of respondents keeping cash reserves at home. These reserves totalled less than €100 in 30% of cases, and less than €250 in 50% of cases.

Slovakia, Lithuania and Slovenia had the highest share of respondents with cash reserves, ranging from 40% to 33%. The Netherlands, which displays similarities with France in numerous areas of the study, differs markedly from France in this case with 29% of respondents holding cash reserves.

Overall, 19% of euro area respondents (aggregate data excluding Germany) had had a €200 or €500 note in their possession over the previous year. However, in France the figure was only 8%, placing it second to last out of the 18 countries in the sample.

Conclusion

The results of the SUCH study confirm the popularity of debit and credit cards in France. However, cash is still the most prevalent payment method at the POS, in terms of transaction numbers. Banknotes and coins are also mainly used for low-value payments, confirming that cash remains the instrument of choice in France for small day-to-day purchases.

The next survey will be launched in 2019 and will be extended to cover all payment instruments. In principle, it should then be conducted every two years. Given the technological advances taking place in payment instruments (mobile payments, instant transfers); these surveys will provide a valuable insight into how cash use evolves over time.