

Banking Automation **BULLETIN**



Card-accepting merchant outlets surpass 60 million worldwide

Aussie consumers leaving cash behind for cards

Cash usage diminished, but still significant in the UK

Separating ATM hardware and software purchasing

The much exaggerated death of the ATM

Country profile: Netherlands

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Contactless no longer just replacing traditional debit card payments

It is hard to believe that 10 years have passed since Barclays issued the first contactless payment card in the UK. Growth was surprisingly slow at first, for a technology which is unambiguously convenient for customers and merchants alike, but in recent years it has picked up dramatically.

Until now, most contactless expenditure has been generated by people using the contactless chip on their card instead of inserting their card into a traditional POS terminal – this is significant, as it means contactless has not been displacing many cash payments, but simply changing the way card transactions are being conducted. Several new studies suggest that this may be changing.

The latest card expenditure statistics from UK Finance indicate that the number of card payments in the UK grew by 12.3% in the year to June, the highest rate since June 2008; contactless payments accounted for an impressive 34% of the total, up from 18% a year ago.

The British Retail Consortium's annual payments survey highlighted a different milestone, with cards overtaking cash for British UK retail payments for the first time (see page 6). When non-retail payments are included, such as in the Payments UK (now part of UK Finance) study *UK Cash and Cash Machines*, cash remains the most common payment method, although the number of payments fell 11% over the past year (see page 8).

These trends are not restricted to the UK. The Reserve Bank of Australia's triennial *Consumer Payments Survey* showed card payments growing from 26% of all payments in 2007 to 43% in 2013 and 52% in 2016. The share of cash has fallen from 69% to 37% over this period. Australia's version of contactless, known as 'Tap and Go', is also extremely popular with consumers, with one in three face-to-face transactions now being carried out with a contactless card (see page 4).

What these studies all have in common is not just cards and contactless representing an ever greater share of payments, but inroads being made into sectors historically dominated by cash. Cultural and demographic evolution explains part of this change – what is uncertain is how far the decline in cash will go. How close are we to the point where all the obvious cash replacement has occurred, and how resilient will the remaining cash segments be? We will have to wait several more years to find out.

Dominic Hirsch, Editor

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