Towards a Cashless Society: the Swedish Experience

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The demand for cash is falling

SEK billion (yearly average), cash in circulation. Yearly average

Source: The Riksbank
Did you pay with cash last time?
Survey of payment behavior of the Swedish population

Swish instant payments increasing rapidly

Note: Per cent. Which means of payment have you used in the past month?

Source: The Riksbank
### Payment process – Swish and BiR

<table>
<thead>
<tr>
<th>Data control</th>
<th>Debit process</th>
<th>Settlement</th>
<th>Credit process</th>
<th>Output data</th>
</tr>
</thead>
</table>
| Payment order | Processing | Debit information | Settlement | Credit Information | Credit to the payer
|              |              | |                | Confirmation to receivers bank |

**Payer**

- Payer bank
- Payment receiver

**BiR**

- Settlement
- Receivers bank

**Output data**

 confirms to the payer

 confirms to receivers bank
Cash withdrawals made less often

How often do you withdraw cash from an ATM or cash desk at a bank?

Source: The Riksbank

Note: Per cent. How often do you withdraw cash from an ATM or cash desk at a bank?
Swedish households rarely experience shops refusing to accept cash

Note: Per cent. How often do you experience that the shop where you are making a purchase does not accept cash?

Source: The Riksbank
What about the future?

When do shops think they will stop accepting cash?

The Riksbank shall promote a safe and efficient payment system

- Traditionally it has been done through:
  - Provision of a central large payments settlement system (RIX)
  - Facilitating role, coordinator, analysis and recommendations
  - Issuance of notes and coins (central bank money to the public)
What can a central bank do?

- Subsidize the management of cash
- Argue for stricter regulation
- Do nothing
- Or….
  - Issue a CBDC?
    - Unknown territory and great complexity
    - No silver bullet
Overall timeline – the e-krona project

PHASE 1: Draw up a general proposal for an e-krona and a potential design for an e-krona system

PHASE 2: Refine the e-krona concept and begin deeper legal analysis and further investigate more policy issues

PHASE 3, two alternatives:
1. Develop & implement an e-krona system
2. Continued analysis

Decision to move into phase 3 or to conclude the project

What can a CBDC do?

• Guarantee access to central-bank money
  • A basic duty of a central bank?

• It is an infrastructure! A payment system!
  • A national payment system that stands on its own feet
    • Reduce single-point of failure in some parts of the payment system
  • Competition: Increase non-bank access to settlement services in central bank money
  • Function as a platform for innovation

• The central bank can develop payment applications aimed for certain vulnerable groups
History repeats itself

Metall coin 
Private banknotes 
Fiat currency
Private digital money 
Fiat digital currency

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Thank you for your attention!
Account structure of BIR

Account structure of BIR at Bankgirot

- Account of BIR participant at Bankgirot
- BiR mirror account in BiR
- BiR client fund account in RIX (Legally separated funds)
- Settlement account of participant in RIX

Sveriges Riksbank - RTGS account operator