

Towards a Cashless Society: the Swedish Experience

AML-conference, Nassau,
September 17 2018

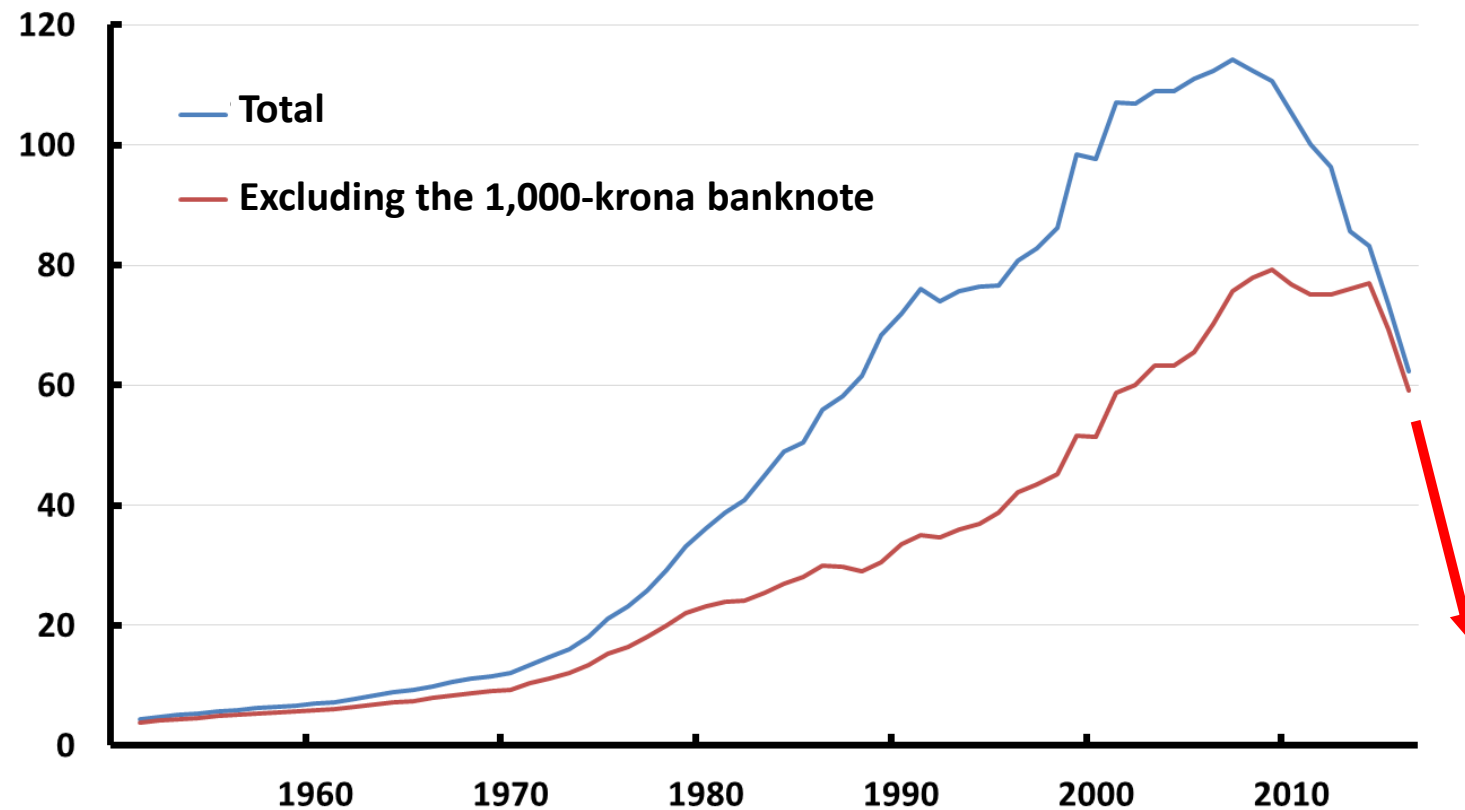
S V E R I G E S R I K S B A N K



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The demand for cash is falling

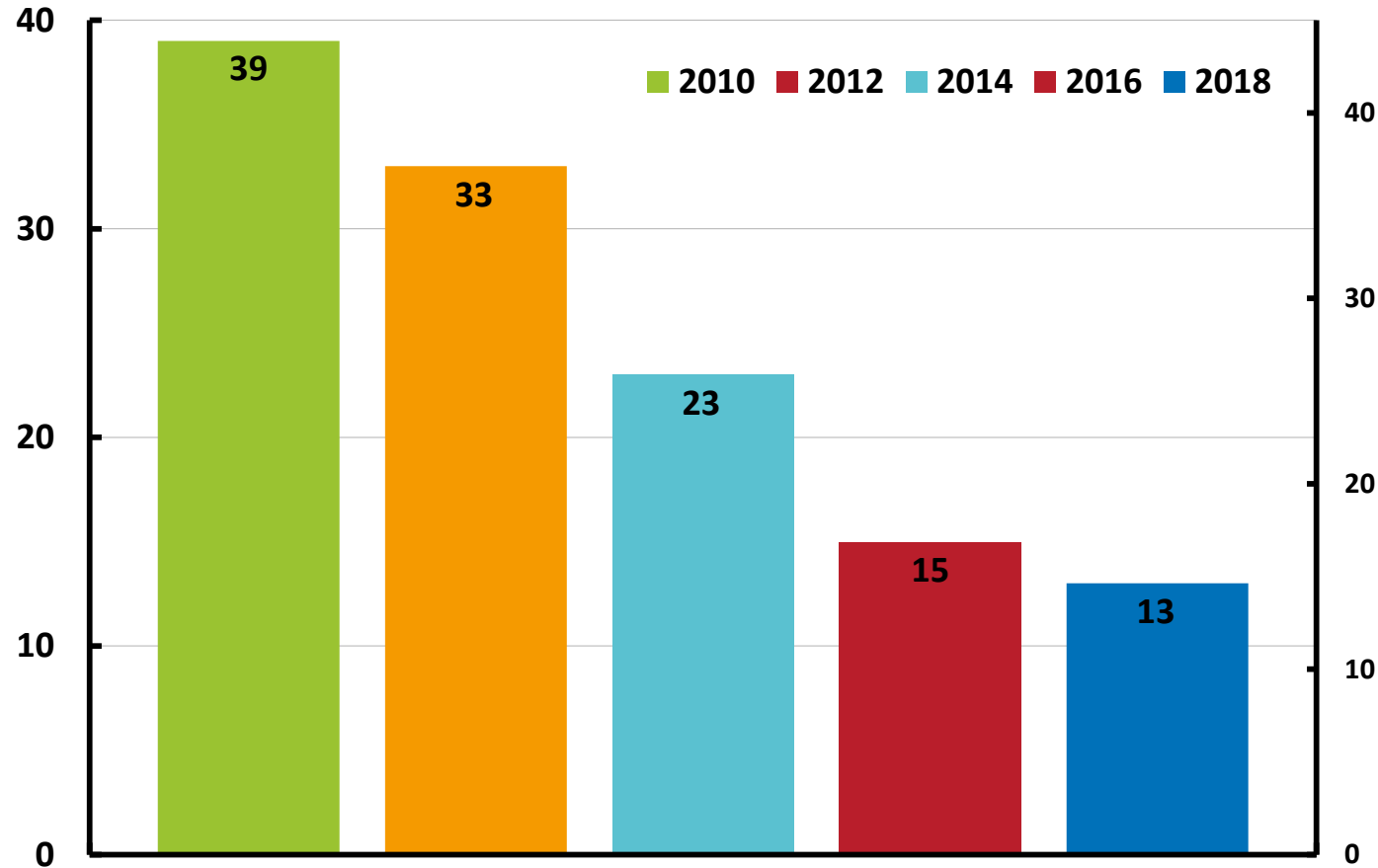


SEK billion (yearly average), cash in circulation. Yearly average

Source: The Riksbank

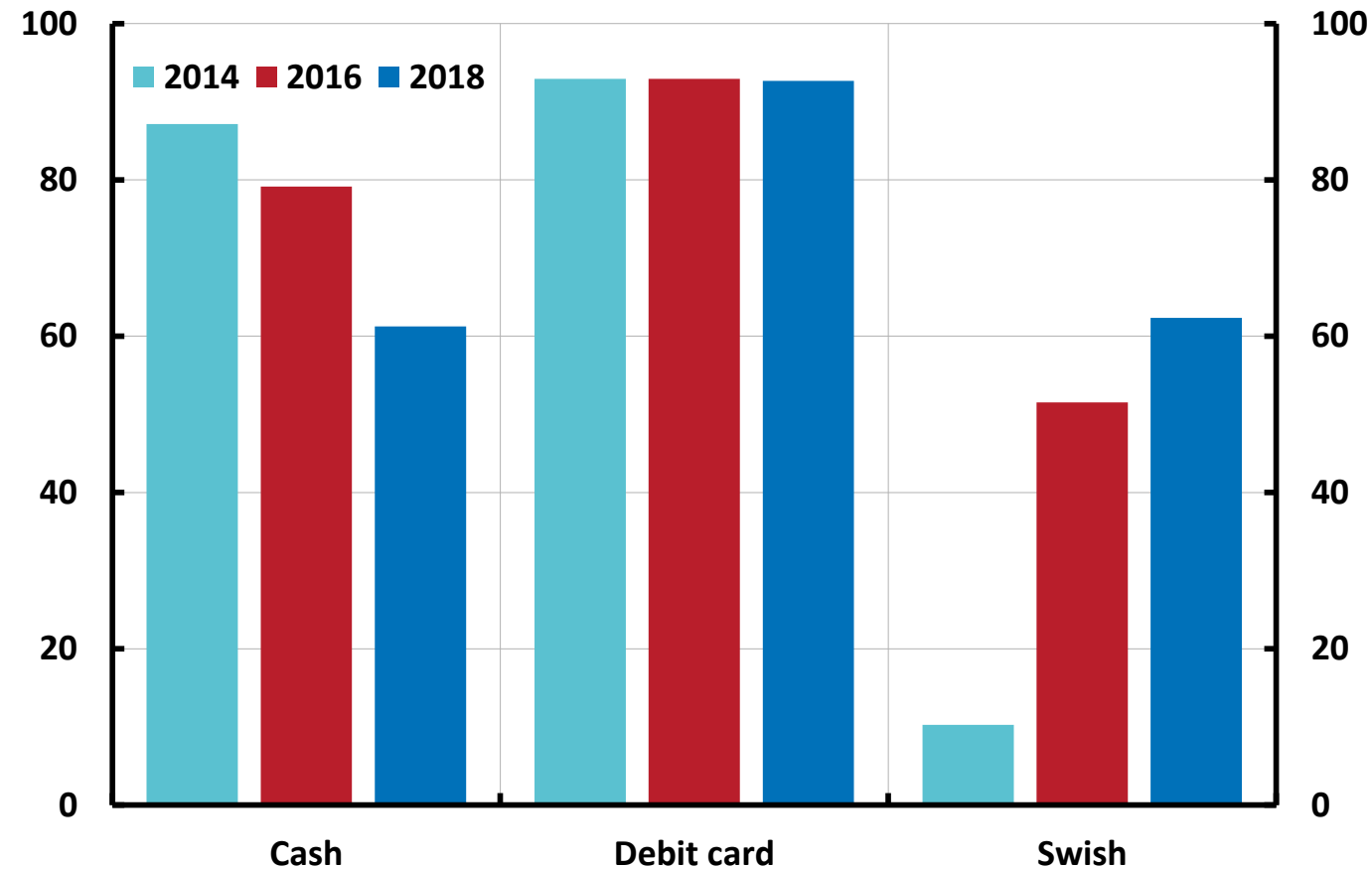
Did you pay with cash last time?

Survey of payment behavior of the Swedish population



Source: Riksbank; <https://www.riksbank.se/en-gb/statistics/payments-notes-and-coins/payment-statistics/>

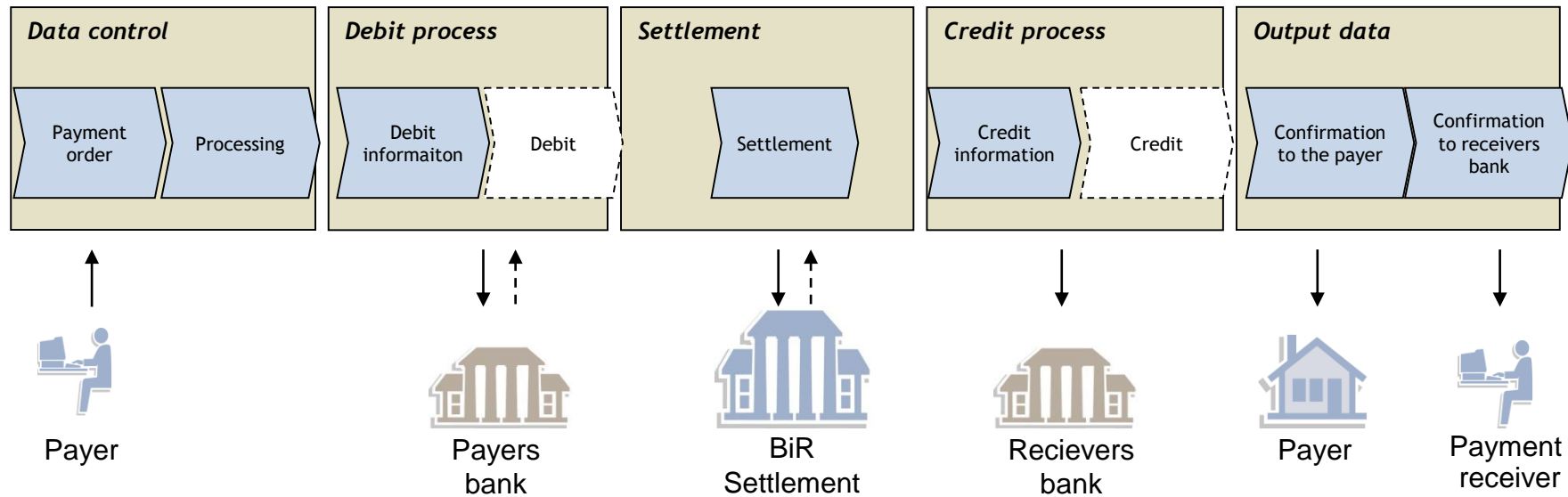
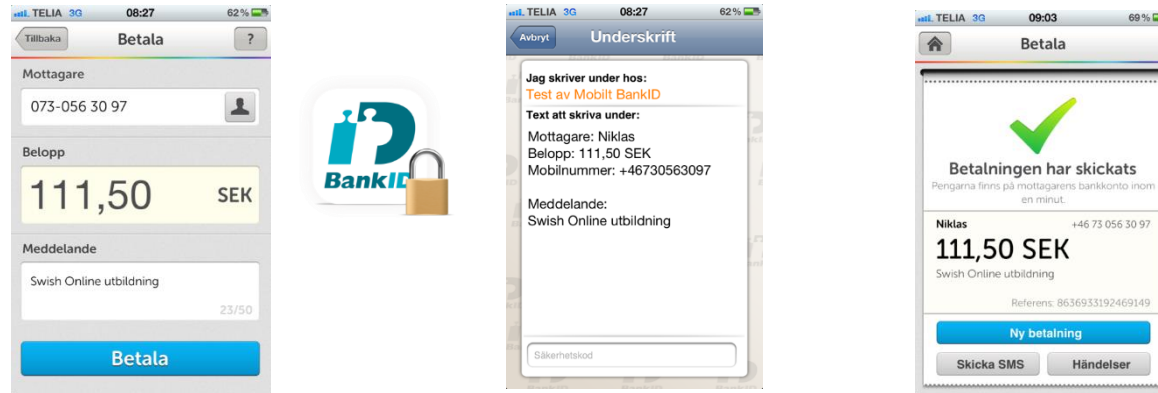
Swish instant payments increasing rapidly



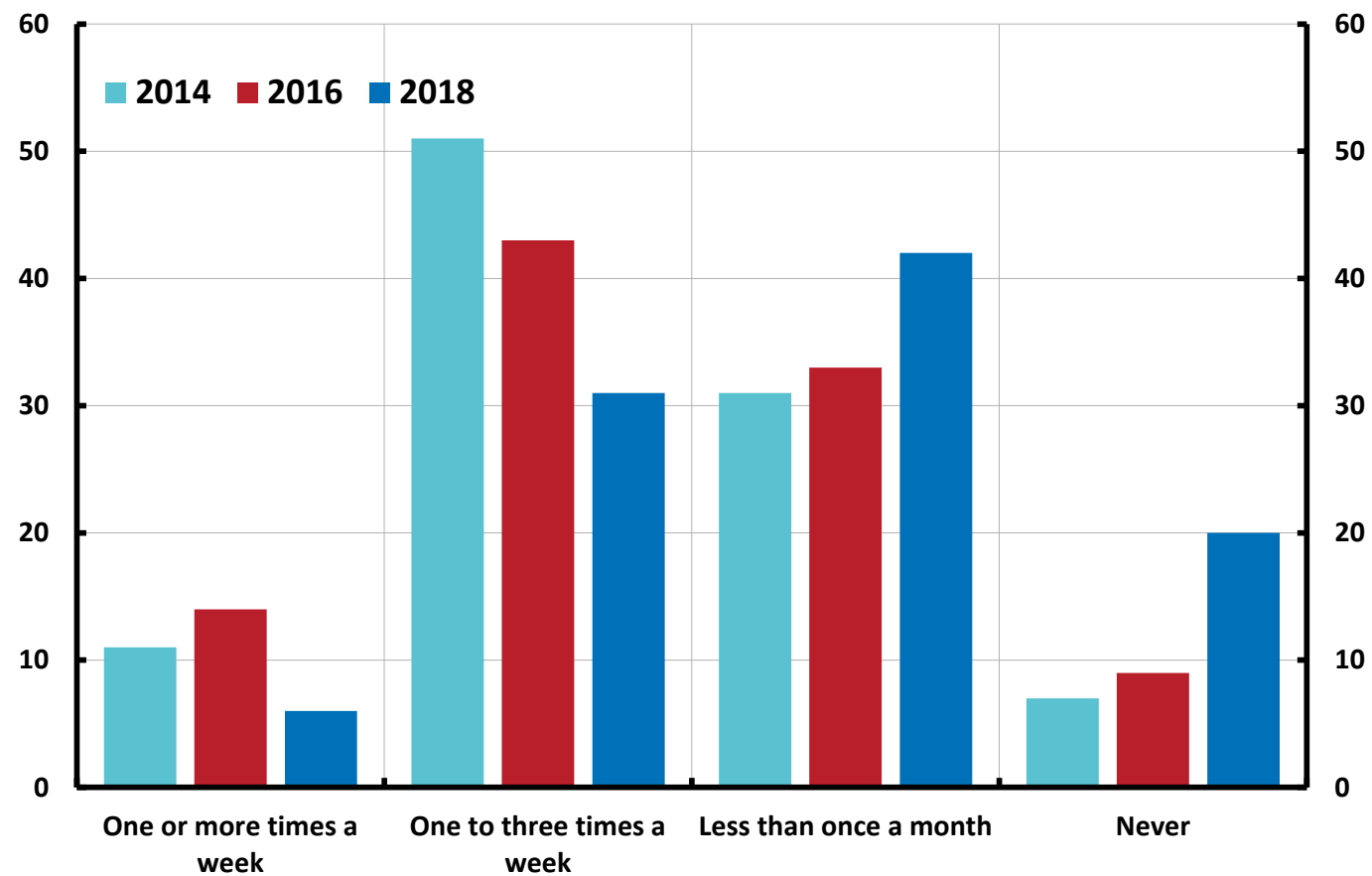
Note: Per cent. Which means of payment have you used in the past month?

Source: The Riksbank

Payment process – Swish and BiR



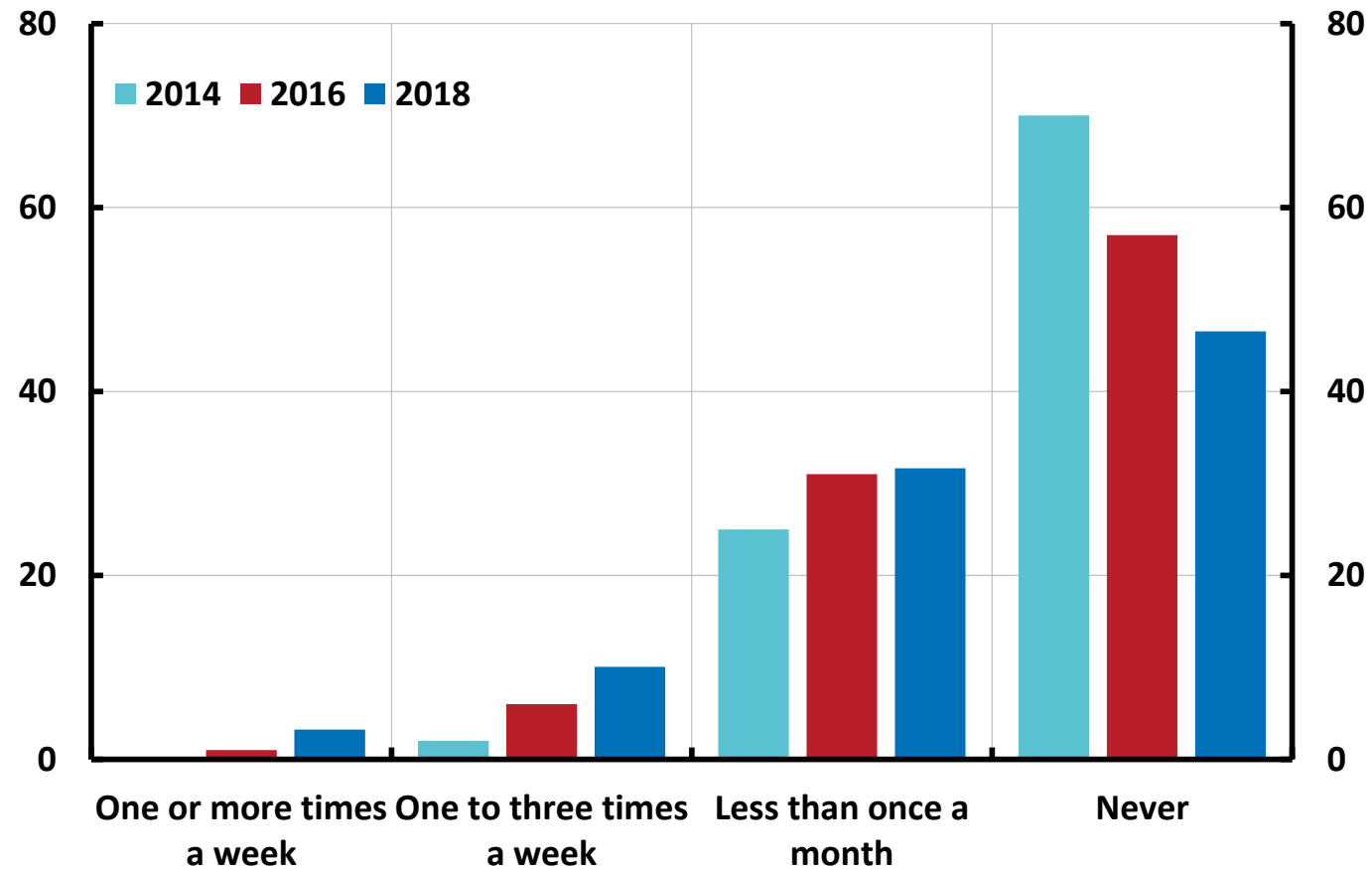
Cash withdrawals made less often



Note: Per cent. How often do you withdraw cash from an ATM or cash desk at a bank?

Source: The Riksbank

Swedish households rarely experience shops refusing to accept cash

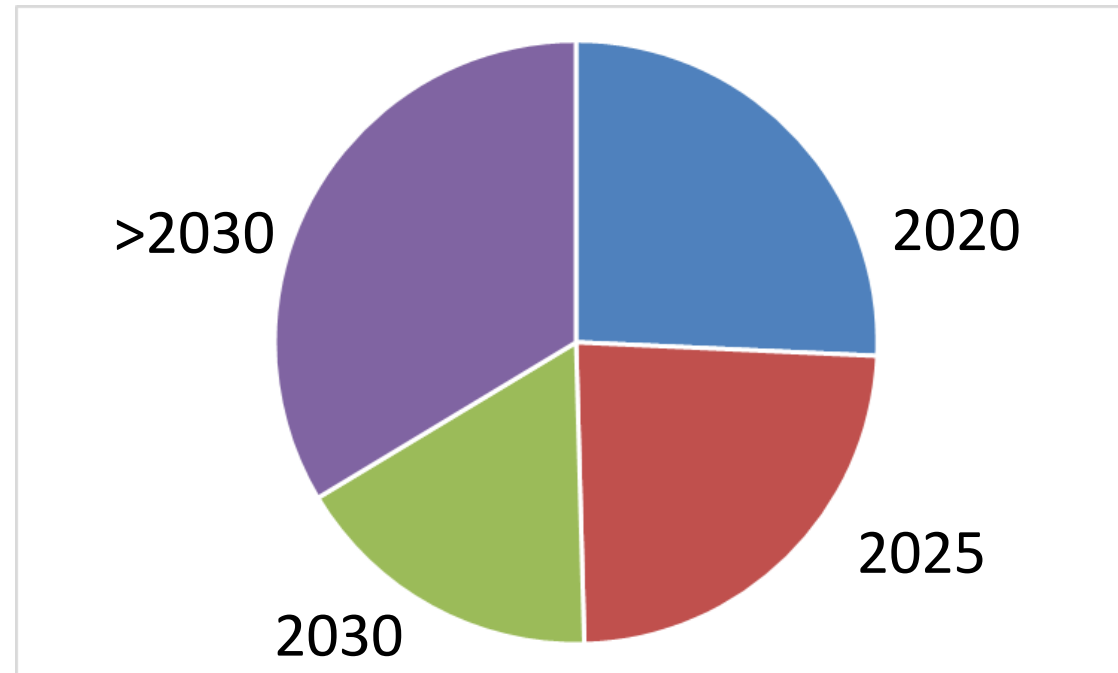


Note: Per cent. How often do you experience that the shop where you are making a purchase does not accept cash?

Source: The Riksbank

What about the future?

When do shops think they will stop accepting cash?



Source: Andersson, Hedman and Segendorf (2018), "Cashless Society: When will Merchants Stop Accepting Cash in Sweden. A research model." Memo.

The Riksbank shall promote a safe and efficient payment system

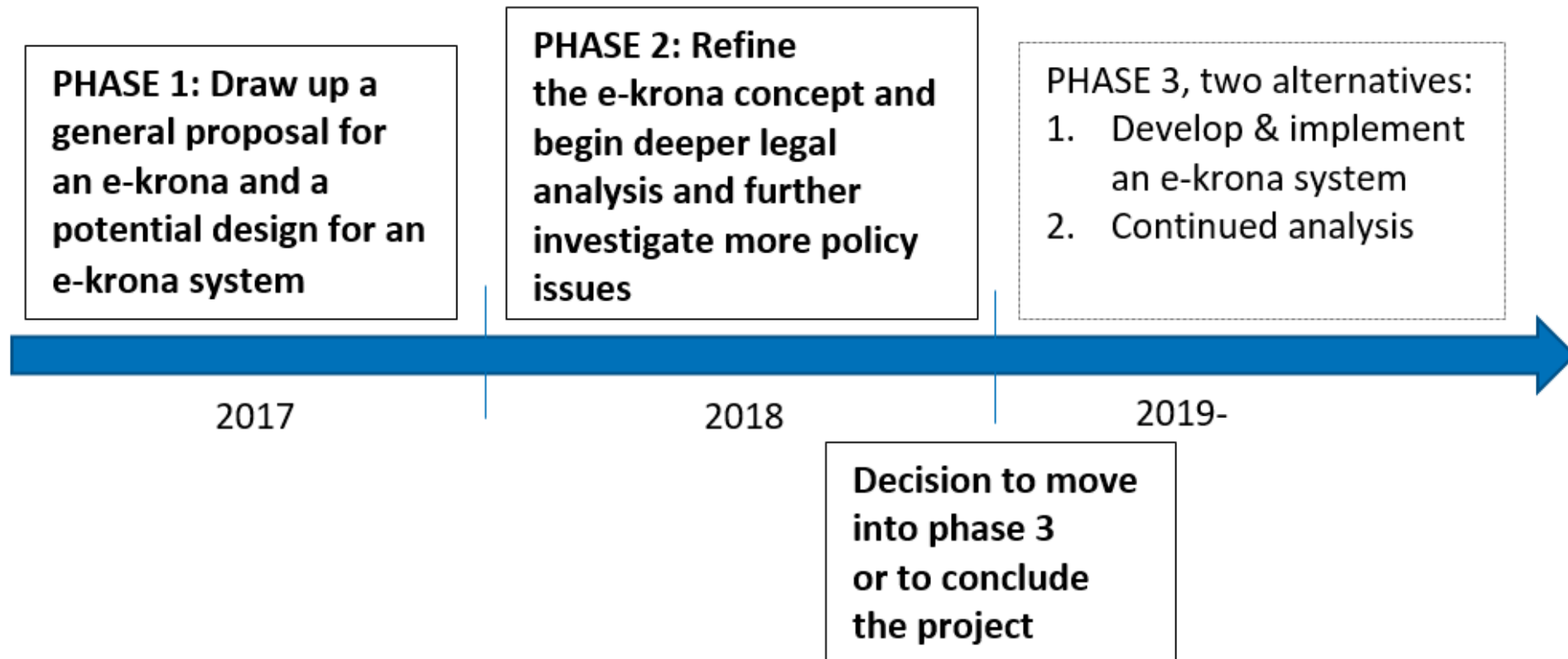
- Traditionally it has been done through
 - Provision of a central large payments settlement system (RIX)
 - Facilitating role, coordinator, analysis and recommendations
 - ~~Issuance of notes and coins (central bank money to the public)~~ ?

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



What can a CBDC do?

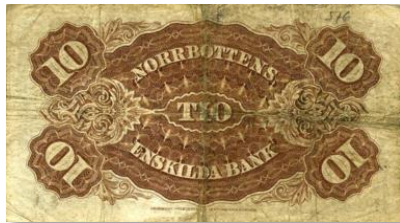
- Guarantee access to central-bank money
 - A basic duty of a central bank?
- It is an infrastructure! A payment system!
 - A national payment system that stands on its own feet
 - Reduce single-point of failure in some parts of the payment system
 - Competition: Increase non-bank access to settlement 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

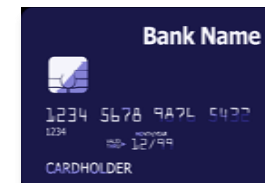


Private digital money



swish®

iZettle



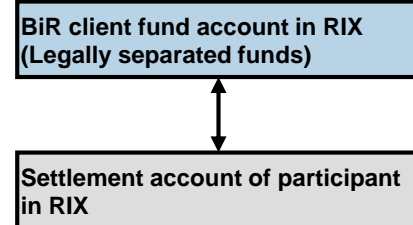
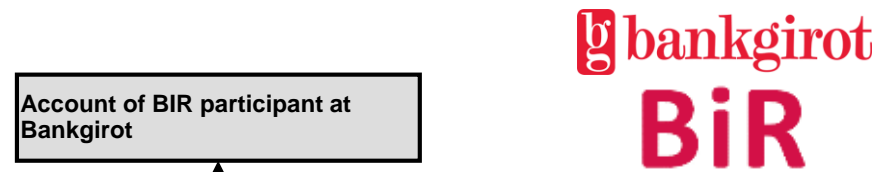
Fiat digital currency



Thank you for your attention!

Account structure of BIR

Account structure of BIR at Bankgirot



Sveriges Riksbank - RTGS account operator