

Towards a Cashless Society: the Swedish Experience

AML-conference, Nassau,
September 17 2018

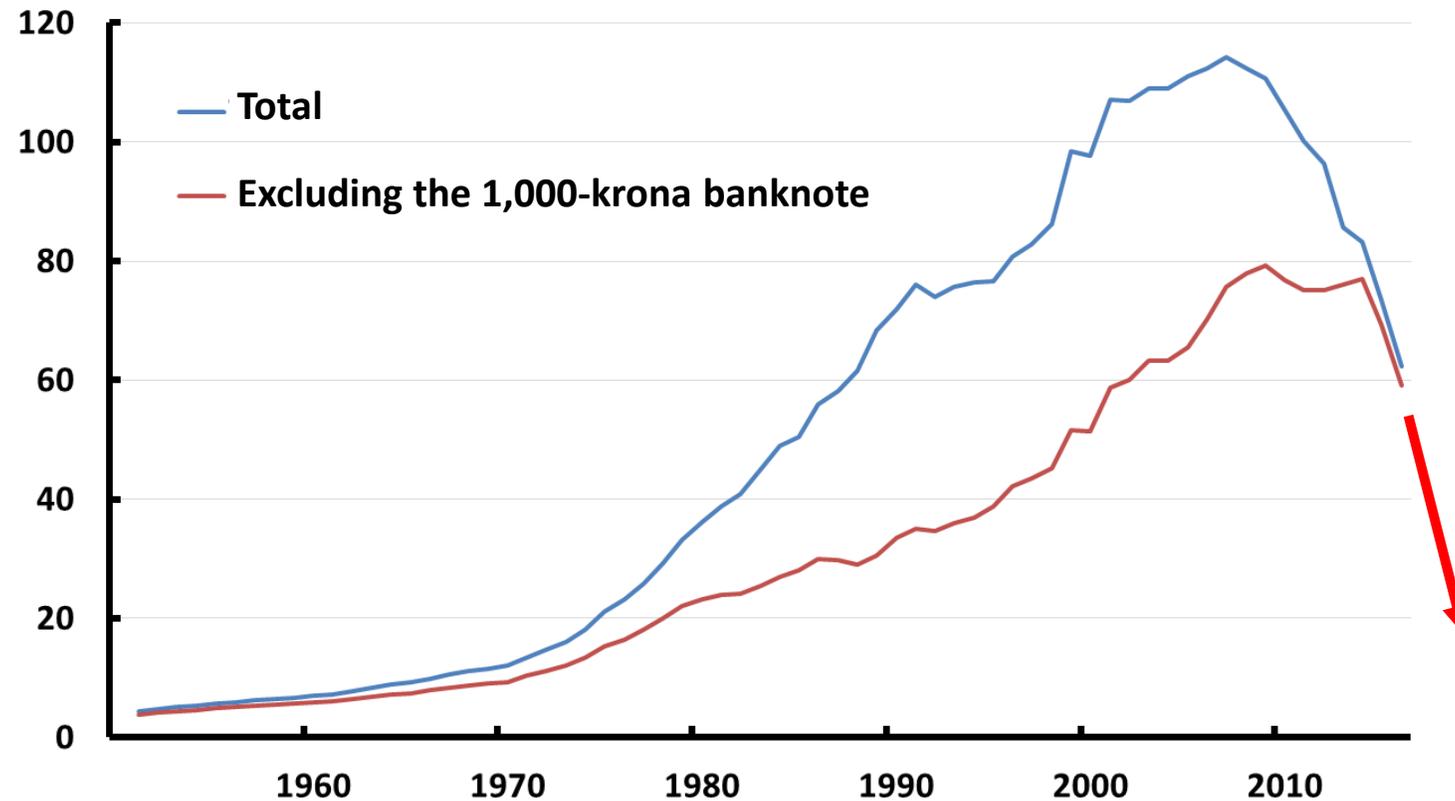
S V E R I G E S R I K S B A N K



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The demand for cash is falling

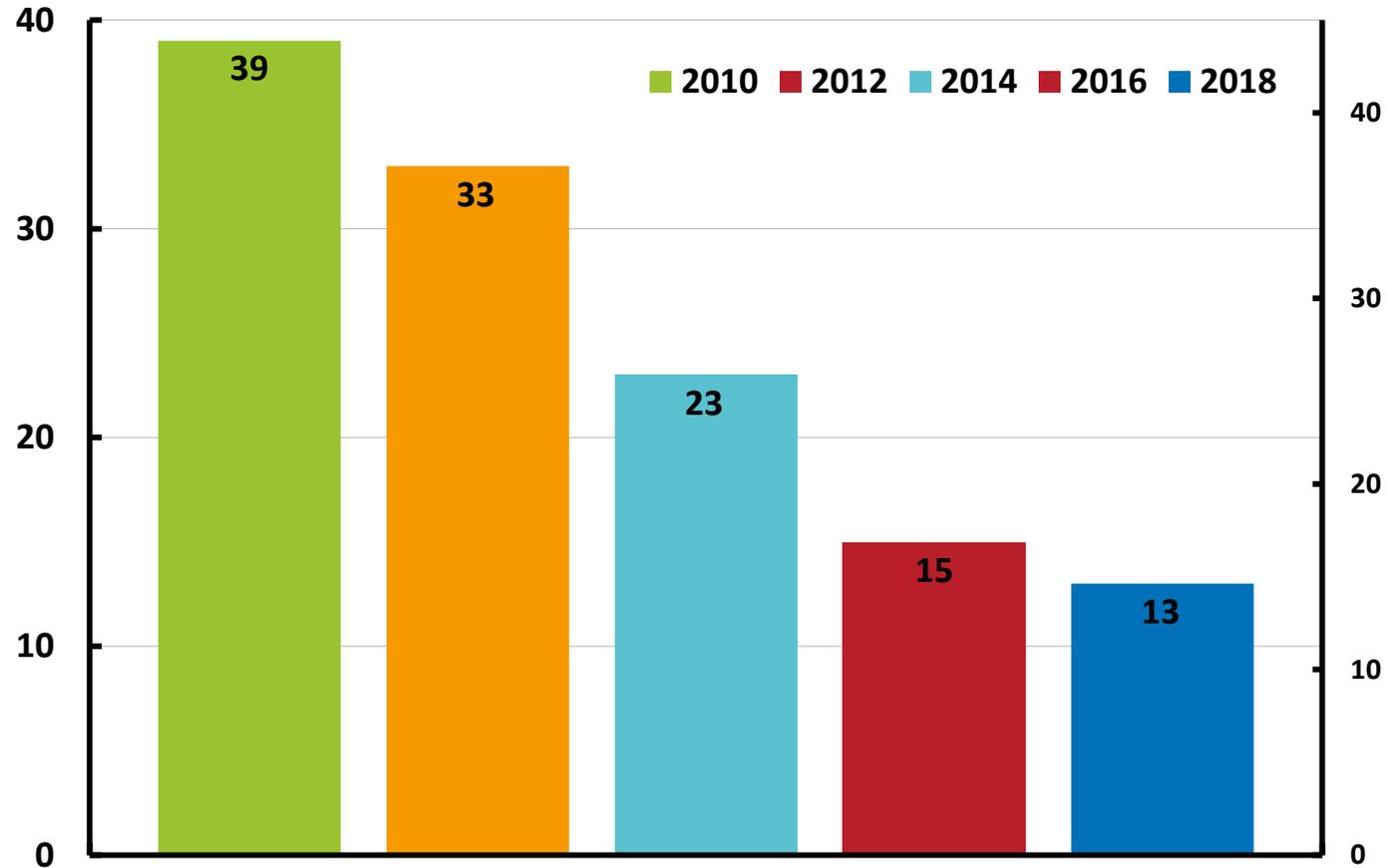


SEK billion (yearly average), cash in circulation. Yearly average

Source: The Riksbank

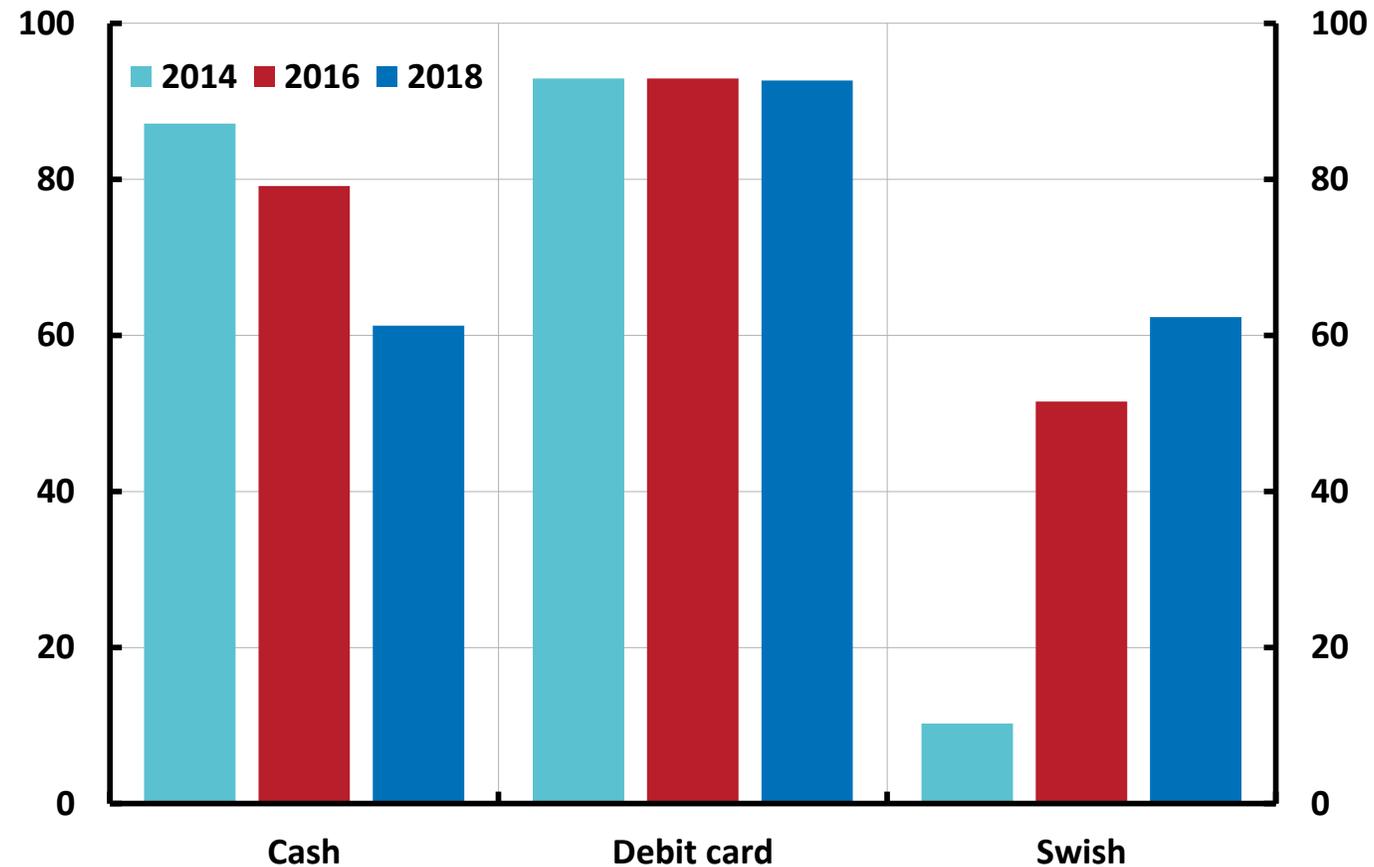
Did you pay with cash last time?

Survey of payment behavior of the Swedish population



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

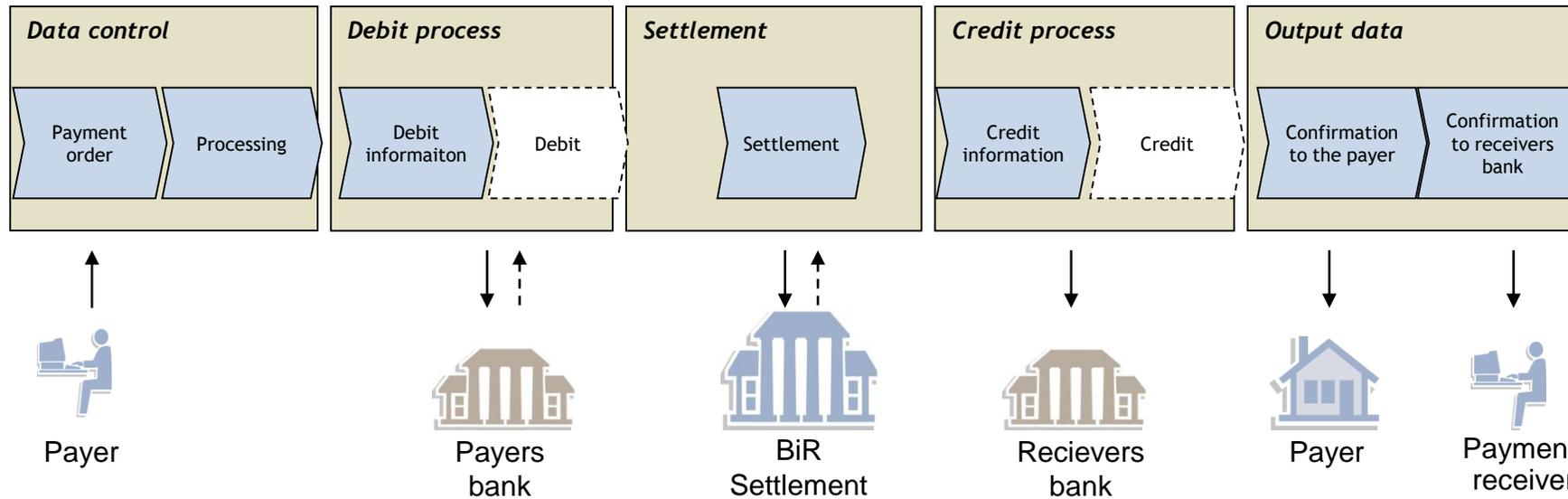
Swish instant payments increasing rapidly



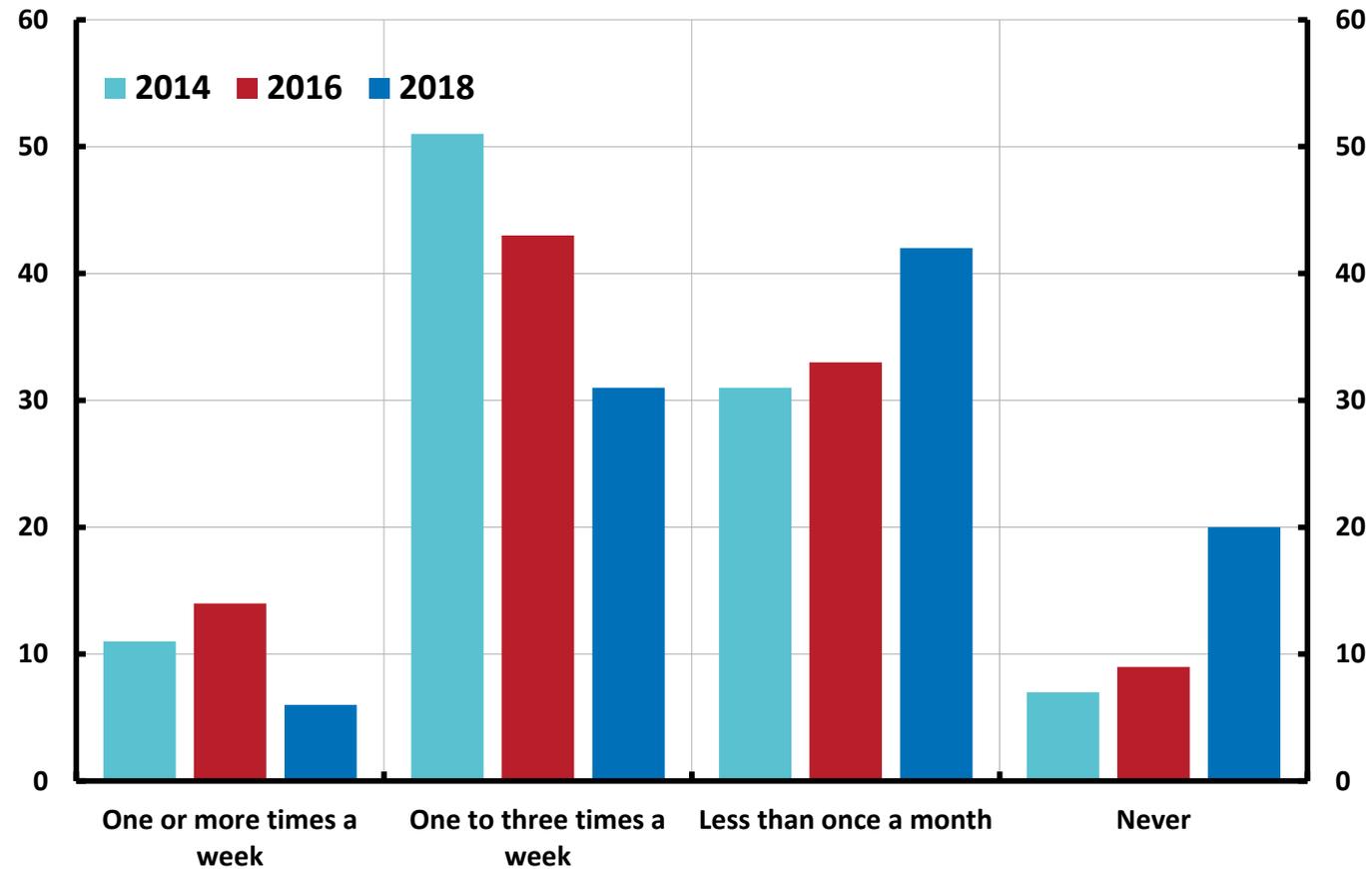
Note: Per cent. Which means of payment have you used in the past month?

Source: The Riksbank

Payment process – Swish and BiR



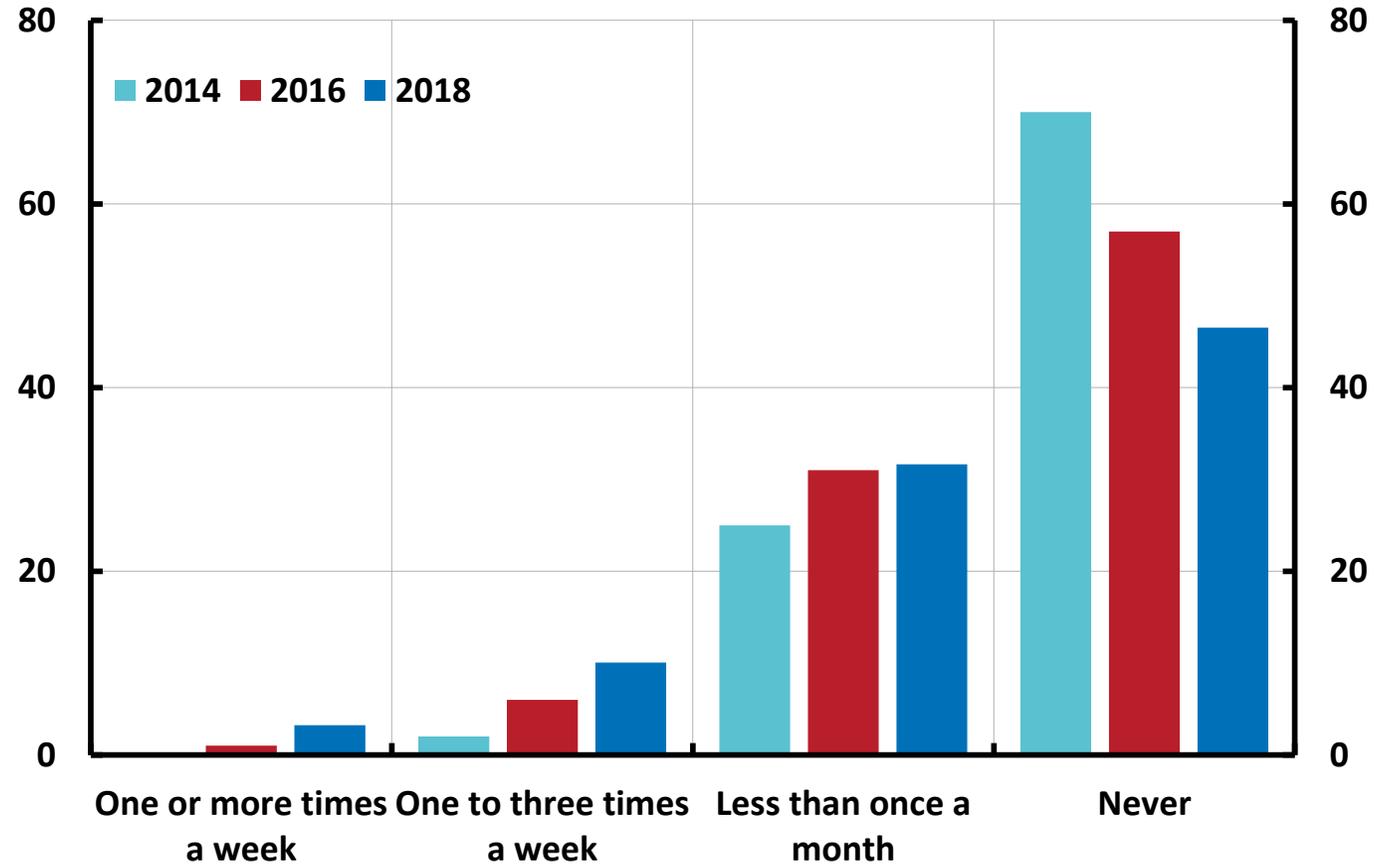
Cash withdrawals made less often



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

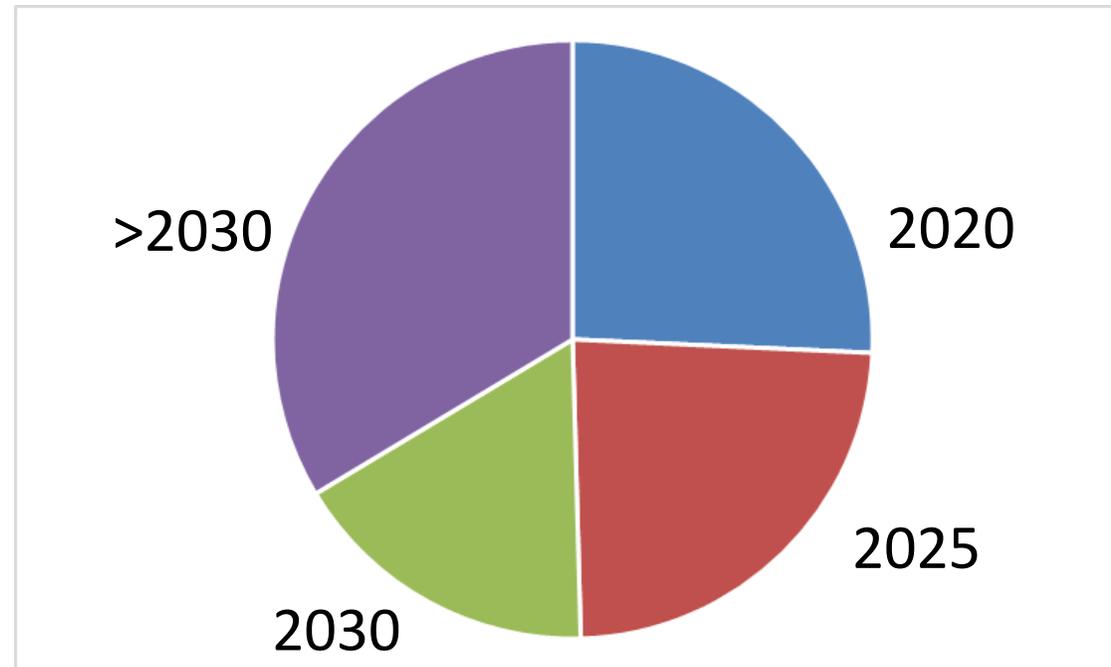


Note: Per cent. How often do you experience that the shop where you are making a purchase does not accept cash?

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



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

Account of BIR participant at Bankgirot



BiR mirror account in BiR

 bankgirot
BiR

BiR client fund account in RIX
(Legally separated funds)



Settlement account of participant
in RIX



Sveriges Riksbank - RTGS account operator