

Cash: trends, tips and paying securely online

Vienna/Dusseldorf, March 2016 — Germans do not want to give up “their” cash. According to a survey by the Association of German Banks, 91% of the population rejects the complete elimination of cash¹. The upper limit on cash payments proposed by the political establishment is also unable to find a majority: six out of ten Germans are, according to the study, against it. In response to the question of what they would think of no longer being able to pay in cash for larger amounts – such as more than €1,000 – 58% responded, according to the study, with “not so good” or “bad”. 37% rated the proposal positively.

The elimination of specific banknotes and coins finds greater approval: In response to the question of whether they are for or against the withdrawal of the 500 EUR banknote, the study finds that a relative majority of 45% are for it. One third are against it (34%) and 21% are undecided. The result is clearer, according to the study, with regard to 1 and 2 cent coins. 62% of people are positive towards the proposal to remove the low-denomination coins; 34% would like to keep them.

What about in the event of a power cut? For and against cash

There are some arguments for cash: Electronic payment methods are susceptible to being exploited by hackers. And how are people supposed to pay when there is a power cut? Moreover, banks would effectively have a monopoly on the management of wealth. An important argument for eliminating cash is the fight against undeclared work.

Conclusion: If it remains up to the people, cash will be around for a long time to come. This coincides with the findings of a recent paysafecard study: In response to the question, “If you were able to use only two of the following payment methods in future, which two would they be?” 75.2% chose cash (highest amount) and 56.8% chose debit cards². Opposing this are forecasts predicting the elimination of coins and notes and which support this³. Co-Chief Executive of Deutsche Bank, John Cryan, expects cash to disappear within ten years. It is too cumbersome, unsafe and expensive. Harvard economist Kenneth Rogoff is of the same opinion: “I think that the simplest and most elegant solution would be to simply get rid of paper money.”⁴

Germany and Europe: How much cash is in circulation?

The amount of cash in circulation in the EU and Germany has, according to the ECB, continually risen since 2001.⁵ In 2015, it was 10,049 billion euros. In comparison, the total amount of cash was ‘only’ 240 billion in 2001. According to the German Federal Bank, the amount of cash in Germany is also continually increasing: In 2001, the amount was still at 68 billion euros; in 2015, it was already 244.2 billion.⁶

And how much cash do Germans have in their wallets on average? A survey by the German Federal Bank has the answer: 27% (the largest participant group) carried notes and coins worth between 50 and 100 euros with them in 2014.⁷ And for many, their own home is a second bank: The Federal Bank estimates the amount of cash hoarded by Germans to be 115 billion euros.⁸

1 Survey by consumer research association GfK for the Association of German Banks. 1,001 men and women aged 18 and over and living in Germany were polled in the period of 1 to 5 February 2016.

2 PR study paysafecard Germany, June 2015.

3 <http://www.sz-online.de/nachrichten/bankchef-sagt-bargeld-abschaffung-voraus-3304424.html>.

4 http://www.deutschlandfunk.de/muenzen-und-scheine-in-der-kritik-oekonomen-bargeld.724.de.html?dram:article_id=335066.

5 Cash in circulation in the Eurozone from 1999 to 2015 (in billions EUR) by the ECB.

6 Study “German contribution to cash in circulation in Eurozone from 1999 to 2015 (in billions EUR)” by the German Federal Bank.

7 Survey “Cash reserves in the wallets of Germans in the years 2008, 2011 and 2014” by the German Federal Bank.

8 https://www.bundesbank.de/Redaktion/DE/Reden/2015/2015_01_28_thiele.html.

From shells to coins: a brief history of cash

Cash is used on all seven continents. During the 6th millennium BC people still traded using natural produce, such as shells, salt or tea. They were light to transport and pay with. In 700 BC, people exchanged ingots and small pieces of metal. In 100 AD, we were already using coins as a payment method. The right to press coins lay with the senate and the emperor of the Roman Empire. In the Middle Ages, weight was used to establish the value of money rather than its denomination. Paper money was invented in China and also used in Europe in the Middle Ages: People recognised that paper money was much cheaper to produce than coins of expensive metals. However, in Germany, paper money was only recognised as a general payment method in the nineteenth century. In 1964, the first credit card came to Europe.

What you didn't know about money!

- *"As rich as Croesus"*, *"Not worth a red Heller"* (German expression equivalent to *"not worth a brass farthing"*), and *"Moneten"* (equivalent to *"dough"*) are expressions everyone knows. But where do they come from? Here come the answers: King Croesus (590-541 BC) was king of Lydia in Asia Minor, who first minted coins. The Romans minted their coins in the temple of the goddess Moneta. The expression, *"not worth a red Heller"* is thanks to Emperor Frederick Barbarossa. In the 12th century, he had the *"Heller"* minted as a pure silver coin. However, over time the proportion of silver was increasingly replaced by copper: The coin took on a reddish colour and lost its value.
- There remain billions in Deutschmark bank notes and coins still in circulation. A statistic from the German Federal Bank estimates the value of Deutschmark coins still in circulation in 2015 to be a proud 6.77 billion, with 6.04 billion in bank notes.
- *Dirty money* is an expression we can take literally. DNA analysis of bank notes has found around 3,000 types of bacteria on them. Coins are more hygienic: silver and copper kill bacteria.

First place: Cash is still the most popular payment method

Not only do Germans cling to cash, they continue to use it a lot. Despite an increasing number of alternatives, cash is, at 62%, still the most popular payment method. This is the finding of a survey by industry association Bitkom.⁹ Cash is able to hold its ground because it offers decisive advantages: security, anonymity and spending control. "What people value about cash, in contrast, is the fact that using bank notes and coins gives them a good overview of their spending," asserted Carl-Ludwig Thiele, Member of the Board of the German Federal Bank at the fifth German Cash Logistics Congress 2015. He also added: "The figures ultimately speak for themselves: Over fifty percent of POS sales are still paid in cash."¹⁰

paysafecard — as safe as cash

Not having to reveal any personal information, not spending more than you have, and pay securely: Anyone who values the advantages of coins and notes, doesn't have to forgo them when paying online, because payment methods such as paysafecard transport the advantages of cash to the Internet. With this simple and safe payment method, paysafecard meets a need of the digital age: because security when shopping online is of the utmost value to people. Data security is the most important aspect of paying for online activities, according to 86% of those asked in a paysafecard study.¹¹ "Overview of spending" is important to 53.8%.

9 Study "Every third person prefers to pay without cash" by industry association Bitkom, June 2014.

10 https://www.bundesbank.de/Redaktion/DE/Reden/2015/2015_01_28_thiele.html.

11 „PR Study paysafecard“ by Marketagent, November 2015.

People who wish to take advantage of the opportunities of the Internet, but who do not want to take any risks, have a genuine alternative in paysafecard. Customers do not need to enter any personal information or details about their bank account. Thousands of online shops in the games, communities, music, and film and entertainment industries accept paysafecard.

How paying with paysafecard PINs works: Customers use the search feature on the website to find their nearest sales outlet. At the sales outlet they can choose between PINs worth: 10, 15, 20, 25, 30, 50 and 100 EUR. Then they need only enter the 16-digit PIN to pay at online shops. Personal online payments account my paysafecard allows customers to always have an overview of their PINs and balance.

About paysafecard:

paysafecard.com Wertkarten GmbH (holding of all paysafecard companies), www.paysafecard.com is based in Vienna with subsidiaries in London, Dusseldorf, Lucerne, New York and Buenos Aires, among other places. The company was founded in Austria in 2000 and is part of Paysafe Group plc, which is listed on the London Stock Exchange with ticker symbol PAYS.

The company is now present in 43 countries at over 500,000 sales outlets worldwide with its core product paysafecard. paysafecard is a prepaid online payment solution which anyone can use. No bank account or credit card is necessary. The 16-digit paysafecard PIN is all that's needed to complete a payment transaction. paysafecard can be used at thousands of online shops. The company has become the global market leader in prepaid payment solutions with the brands paysafecard, my paysafecard and paysafecard MasterCard®.

paysafecard has received numerous awards over the years. These include the Paybefore Award in the categories of Best Digital Currency, Best Virtual or Digital Program and Top Digital Dollars, as well as in the newly created category Consumer Value in early 2015. paysafecard has also been awarded the Paybefore Award Europe in the categories of Most Innovative Prepaid Solution and Consumer Champion. In 2014, The New Economy recognised paysafecard as one of the 40 most innovative companies of 2013. In 2015, paysafecard was awarded first place as Austria's Leading Company in the category of Big Player Vienna.

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