

## Chapter 5

# Cash in the Swedish Payment System Today



The use of cash in Sweden peaked in the end of 2007 and has been decreasing ever since. The decrease in 2017 has been remarkable when looking at value of cash in circulation. The value of Swedish cash in the end of October 2017 was 26% (!) lower than in the end of 2016. The decrease since the peak in 2007 is over 50%. And it should be noted that this decrease is mainly a result of how the so-called market—banks, merchants, and consumers—supplies and demands cash. The main action by the state—or rather the Riksbank—in this period is to have decided that new bills and coins are introduced in the period from 2015 to 2017. When studying (Table 5.1), it seems that the introduction of new bills and coins has had a negative effect on the use of cash where some of the decline is caused by the fact that all old cash is simply not returned to the central bank at all. There were cash with a total value of 8 billion SEK that had not been returned to the Riksbank by October 31, 2017, and thereby no longer were legal tender. This means that around a third of the decrease of cash in circulation was bills and coins that lost their status as legal tender in June 2017 but that nevertheless were not returned to the central bank. Despite this large temporary reduction due the new bills and coins, the decline was strong and critical.

In the latest report from CapGemini and BNP Paribas (World Payments Report, 2018), Sweden has actually passed the United States as the country where the most noncash transactions per capita are made. Sweden recorded 461.5 noncash transactions per inhabitant in 2016, whereas the former number one, the United States, recorded 459.6 transactions (World Payments Report, 2018, p. 8). This is yet another indicator showing the process toward a possibly cash-free society in Sweden is real and must be taken seriously.

We should note that the strong downward trend in the use of cash in Sweden is not representative for the globe.<sup>1</sup>

---

<sup>1</sup>See 2016 World Payments Report by CapGemini (page 11).

**Table 5.1** Value of cash in circulation (SEK; annual average based on last day of every month)

	2013	2014	2015	2016	2017	2018 <sup>a</sup>
Nominal value (billion SEK)	88	80	77	65	57	54
Change from previous year (%)	-2.8	-9.1	-3.7	-15.6	-12.3	-5.3
Nominal value as share of GDP (%)	2.2	2.0	1.8	1.3	1.2	n.a.

Sources: The Riksbank and SCB (<https://www.riksbank.se/en-gb/statistics/payments-notes-and-coins/notes-and-coins/>)

<sup>a</sup>2018-10-31

**Table 5.2** Average value of card payments in Sweden (SEK)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Average value of card payments in Sweden (SEK)	464	435	420	403	411	388	375	374	322	316

Sources: The Riksbank and SCB

The total number of retail payment is of course not decreasing, quite the contrary. But cash payments are being replaced primarily by card payments and mobile payment services like Swish. Card payments are used for lower and lower values and therefore more frequently and covering more value (Table 5.2). Now we also see that the launch of contactless cards in Sweden drive the use of cards even further. Contactless cards came late to Sweden, but the industry now has ambitious plans. The plan for launching contactless cards in Sweden was developed by the Contactless Forum,<sup>2</sup> which was a forum for collaboration between card companies, banks, and technology providers with the aim to realize a system for contactless card payments in Sweden.

Their aim was that 54% of cards and 46% of POS-terminals should be a reality by the end of 2017,<sup>3</sup> which were targets that were reached. Contactless card payments are interesting since they, first, constitute a direct substitute to cash as the payment process is quick and easy, and, second, they are likely to strengthen the use of mobile payment services by realizing an infrastructure and start changing our behavior when making payments. The introduction of contactless cards drove installment of NFC-readers in stores which will make the transition into mobile payments via NFC easier.

The increase of e-commerce over purchases in physical stores also stimulates card payments and other electronic forms of payment over cash payments. Finally, Swish payments have grown significantly and become an important substitution to cash (Tables 5.3 and 5.4).

<sup>2</sup><http://contactless.se/om-contactless-forum/>

<sup>3</sup>It should be noted that this forum later was replaced by Card Payments Sweden (CPS) (<http://contactless.se/bild-ett/>).

**Table 5.3** Growth of Swish 2012–2017

	2012	2013	2014	2015	2016	2017
Private users (millions)	0.09	0.7	2.1	3.8	5.1	6.1
Transactions private users (billion SEK)	0.02	1.9	10.9	41.4	87.1	135.4
Retail and organizational users (thousands)	Not in use	Not in use	10	49	100	147
Transactions retail and organizational user (billion SEK)	Not in use	Not in use	0.06	0.8	4.5	14.7

Source: [www.getswish.se](http://www.getswish.se)

**Table 5.4** The use of Swish in September 2018

	Number of users (millions)	Payments (millions)	Value of transactions (billion SEK)	Average value per transaction (SEK)	Growth of users last year (%)	Growth of value of transactions last year (%)
Private	6.6	25.5	15.2	597	12	+29
Business	0.17	4.4	1.5	340	31	+55
Retailers	0.03	4.8	1.1	237	124	+137
Total	6.8	34.7	17.8	515	13	+35

Source: [www.getswish.se](http://www.getswish.se)

## Reference

World Payments Report 2018 by CapGemini and BNP Paribas.

**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution 4.0 International License (<http://creativecommons.org/licenses/by/4.0/>), which permits use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons licence and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons licence, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons licence and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

