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This is a summary of UK Cash & Cash Machines 2016, which presents information on how and where we obtain cash for daily use, as well as forecasts covering the next ten years. A full copy of this report can be purchased through: <http://www.paymentsuk.org.uk/industry-information/annual-statistical-publications>

## Cash use is still strong in the UK

In 2015 cash was still the most commonly used payment mechanism in the UK. However, for the second year in a row cash represented less than half of **total** payments.

During 2015 over 17 billion payments were made in cash, down by 6% on 18 billion in 2014. This decline has mainly been driven by increased use of other payment methods such as contactless cards alongside consumers using less cash as a budgeting tool as the economy improved.

Cash volumes in 2015 were still 70% more than the second most frequently used method – debit cards (10.1 billion) and represented a total of 45% of all payments made by consumers and businesses in 2015. Business use of cash is far less common than that of consumers. Whilst cash makes up less than 4% of businesses' payments, around half of firms make at least some payments this way. Smaller businesses are more likely to make cash payments than larger ones.



### ...this represented

50%\*  
of payments  
made by  
consumers



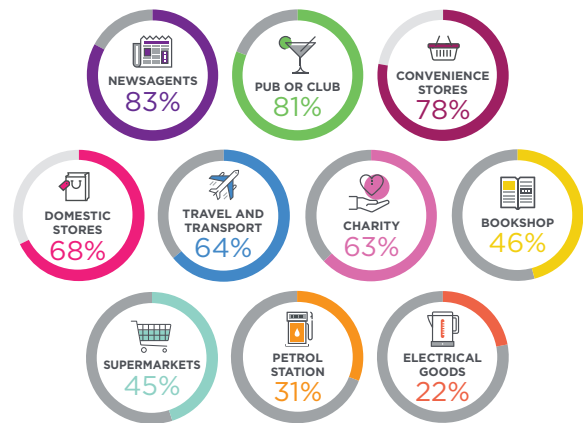
45%  
of payments  
volume

4%  
of payments  
made by  
businesses



\*actual percentage 49.8%

## Percentage of all consumer payments in selected sectors made using cash, 2015

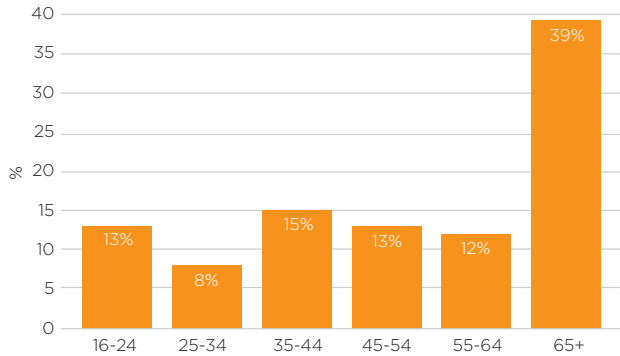


## Spending our cash

2015 was the first year when **consumers** used cash for less than 50% of payments. 26% of all consumer cash payments were for a value of **£1** or less, which increased to 61% for **£5** or less.

- 57% of spontaneous consumer payments were made using cash;
- Cash use is most prevalent in sectors such as retail, travel and entertainment where purchases are more likely to be spontaneous;
- Almost nine in ten cash payments made by consumers were in the retail, travel and entertainment sectors;
- The number of cash payments for less than £1 has halved over the past decade;
- Over three fifths of cash payments were for a value of £5 or less, suggesting that cash is highly valued for convenience-type purchases and is less used for high-value purchases;
- The average value of a cash payment has increased over the last 10 years from £10.97 in 2005 to £14.83 in 2015.

Consumers reliant on cash, by age, 2015



2.2 million consumers rely on cash to make their day-to-day payments, representing 4% of all adults. In contrast, 2.7 million consumers almost never use cash.

Almost 40% of cash only users are aged 65 or over, while younger people are less likely to rely on cash. Cash only users also tend to be in lower socio-economic groups with lower household incomes, likely driven by less access to credit as well as a preference to budget and pay bills by cash.

Over the next decade the number of cash payments is forecast to fall by 34% to 11.3 billion.

Cash as % of total volume of payments



2005



2015



2025

During the last ten years cash payment volumes have reduced by 28%. This decline is expected to continue and will likely be driven by the following factors:

- Cash migration to debit cards;
- Increasing prominence of contactless payments;
- Growth in mobile payment services such as Paym;
- Welfare reform of Universal Credit may also impact cash use in ways that are not yet clear.

### Cash machine use

The number of cash machines surpassed 70,000 for the first time. Cash machines were used by 48 million people in 2015.

The number of cash machines continued to increase in 2015, reaching a record high of 70,270. This growth has mainly been driven by independent ATM deployers (IADs) taking over off-site estates previously owned by banks and building societies (BBS) and increasing the number of new free-to-use installations, typically at small convenience stores.



**70,270**  
cash machines  
in the UK

**2.8 billion**  
withdrawals

**£194 billion**  
withdrawn

Amount withdrawn daily per cash machine rose from £7,477 in 2014 to £7,576 in 2015.

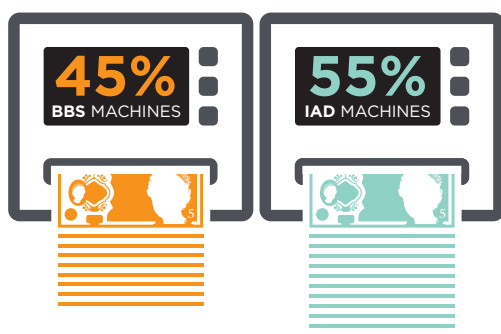
Cash machine withdrawals decreased by 1.2% to just below 2.8 billion, while the corresponding amount withdrawn grew at an annual rate of 2.6% to £194 billion, resulting in the average withdrawal value (ATV) increasing by £2 to a record high level of £69.

The total number of people using cash machines continued to grow and reached 48 million – an increase of 3% on 2014. Whilst some of this increase is attributed to population growth, the share of people who used a cash machine increased from 92% in 2014 to around 94% in 2015.



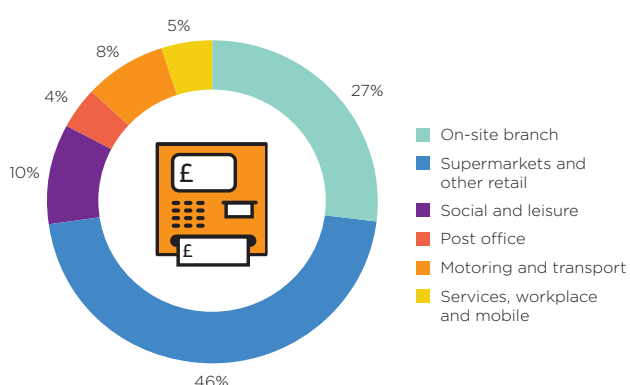
**89%** of cash machine users  
**withdraw cash**  
from a cash machine  
at least once a month

- The number of IAD machines grew by 9.5% in 2015 to reach 38,923; accounting for 55% of the total cash machine estate;
- By contrast the number of BBS machines fell to 31,347, following an annual decrease of 7.4%;
- In 2015 BBS machines made up 75% of the total number of withdrawals and 80% of the amount withdrawn;



- The number of on-site cash machines continued to decline, falling by 1.9% to 18,806;
- The rise of off-site cash machines continued during 2015, growing by 2.5% to a record high of 51,464, accounting for 73% of the total cash machine estate;
- Transactions at off-site machines accounted for 62% of total withdrawals by volume and 57% by value;

### Locations of cash machines in 2015 (as at year-end)



- In 2015 cash machines were available for 96% of the time. 47% of down time was due to a hardware fault and 18% as a result of there being no cash in machines.

## 98% of all cash machine withdrawals are free

- The number of free-to-use machines rose to a record level of 52,717, after increasing by 4.4% accounting for 75% of the cash machine estate;
- The number of pay-to-use machines declined by 7.0% to 17,553;
- Pay-to-use withdrawals in 2015 accounted for 2.0% of the total number of withdrawals and 1.7% of the total value.

### Other ways of getting cash

Over £31 billion was withdrawn using other methods than cash machines, down from £33 billion on 2014.

There are a number of other methods that account holders can use to withdraw cash. These include debit card cashback, withdrawals at counter using cards, cheque encashment and passbooks. Both volumes and values of cashback fell during 2015 to 235 million withdrawals, worth £5.9 billion. The number of cash withdrawals over the counter using cards was unchanged on 2014 at 42 million. Similarly, passbook withdrawal volumes have been broadly steady over the last few years at 40 million. In contrast, cheque encashment saw the steepest decline to 7 million, reflecting the broader trend in declining cheque use since 1990.

### Average value of a cash withdrawal in 2015

Debit card cashback:	£25
ATM withdrawal:	£69
Counter withdrawal using cards:	£271
Cheque encashment:	£158
Passbook withdrawal:	£358

## Industry developments

The past year has seen significant changes in the regulatory environment for LINK and the ATM industry.

On the 1st April 2015 the Payments Systems Regulator (PSR) was established as the new regulator for payment systems in the UK, thereby becoming the regulator of LINK.

In May 2016 the Treasury announced that LINK was recognised by the Bank of England under the Banking Act 2009, acknowledging the crucial role that LINK plays in the UK economy as the main facilitator of free-to-use cash withdrawals. On 1st April 2016 LINK announced a new processing agreement and separation from VocaLink, restructuring the LINK Scheme into a new company LINK Scheme Limited.

The industry invests over £800,000 a year in the LINK Financial Inclusion Programme. At the end of 2015, an additional 970 machines had been provided with 1,489 of the 1,694 target areas reached.

### Polymer banknotes

The Bank of England periodically replaces notes to introduce the latest new security features and stay ahead of counterfeiters. It also means that new characters can be featured. In March 2015 Clydesdale Bank issued the first plastic banknotes in Great Britain<sup>1</sup> to mark the 125th anniversary of the Forth Bridge. It has been decided that the next £5, £10 and £20 notes will be printed on polymer<sup>2</sup>, a thin flexible plastic, because polymer notes last longer, stay cleaner and are harder to counterfeit than paper notes. 87% of people who commented in the Bank of England's 2013 consultation supported the idea, 7% were neutral and 6% opposed.

### New £1 coin

The current £1 coin, first issued in 1983, is one of the oldest British coins in circulation and has become vulnerable to sophisticated counterfeiting. A new £1 coin was announced in 2014 to help reduce counterfeiting and ensure the integrity of the United Kingdom's currency<sup>3</sup>. The new 12 sided £1 coin will enter circulation in March 2017. The new design features four emblems to represent each of the nations of the United Kingdom – the English rose, the Welsh leek, the Scottish thistle and the Northern Irish shamrock – emerging from one stem within a royal coronet.



2nd June 2016	13th September 2016	May 2017
<p><b>Launch Event</b></p> <p>The New Fiver was unveiled at Blenheim Palace on 2 June and will be shown to the public at a number of events across the UK this summer.</p>	<p><b>New £5 goes into circulation</b></p> <p>The New Fiver will enter circulation on 13 September. It will then take a few weeks for the notes to spread across the country to shops, businesses and banks.</p>	<p><b>Old £5 goes out of circulation</b></p> <p>In May 2017 paper £5 notes will cease to be legal tender and will no longer be accepted by shops and banks.</p>
<p><b>Next steps</b></p> <p>Once The New Fiver has entered circulation, paper £5 notes will be withdrawn gradually as they are banked by retailers and businesses. If, after May 2017, someone still has some paper £5 notes they will be able to exchange them at the Bank of England. But until then spending paper £5 notes continues as usual.</p>	<p><b>Future banknotes</b></p> <p>The New Fiver is the first of the Bank of England's new series of polymer notes, with the £10 and £20 notes to be replaced with polymer designs over the coming years.</p>	
<p><b>Other notes and coins</b></p> <p>The three Scottish banks are also printing their next £5 and £10 notes on polymer. Clydesdale Bank will be issuing a polymer £5 on 15 September, the Bank of Scotland on 4 October and RBS in November 2016. The Royal Mint will issue a new £1 coin on behalf of HM Treasury in March 2017.</p>	<p><b>New ten pound note</b></p> <p>The new polymer £10 note featuring Jane Austen will enter circulation in summer 2017.</p>	<p><b>New twenty pound note</b></p> <p>The new polymer £20 note featuring JMW Turner will enter circulation by 2020.</p> <p>There are currently no plans to replace the £50 note featuring Boulton and Watt and the material for future £50 notes will be announced in due course.</p>

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<sup>1</sup> <http://www.thisismoney.co.uk/money/news/article-3007780/Clydesdale-Bank-issues-Britain-s-plastic-banknotes.html>

<sup>2</sup> <http://www.bankofengland.co.uk/banknotes/polymer/Pages/default.aspx>

<sup>3</sup> <http://www.royalmint.com/corporate/circulating-coin/the-new-one-pound-coin>