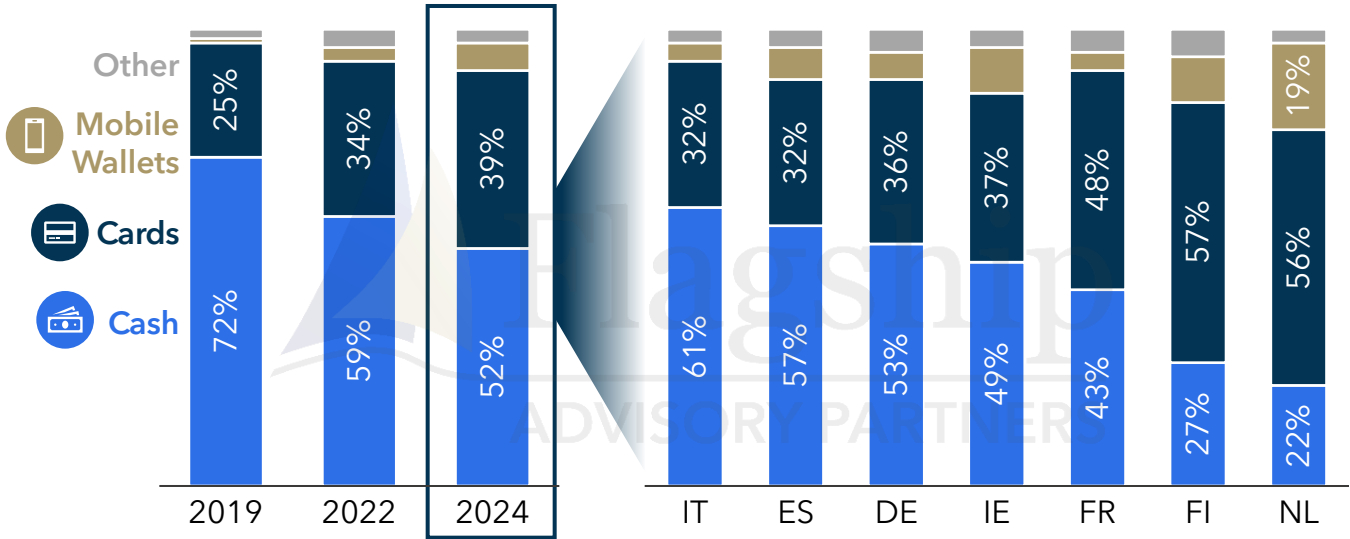


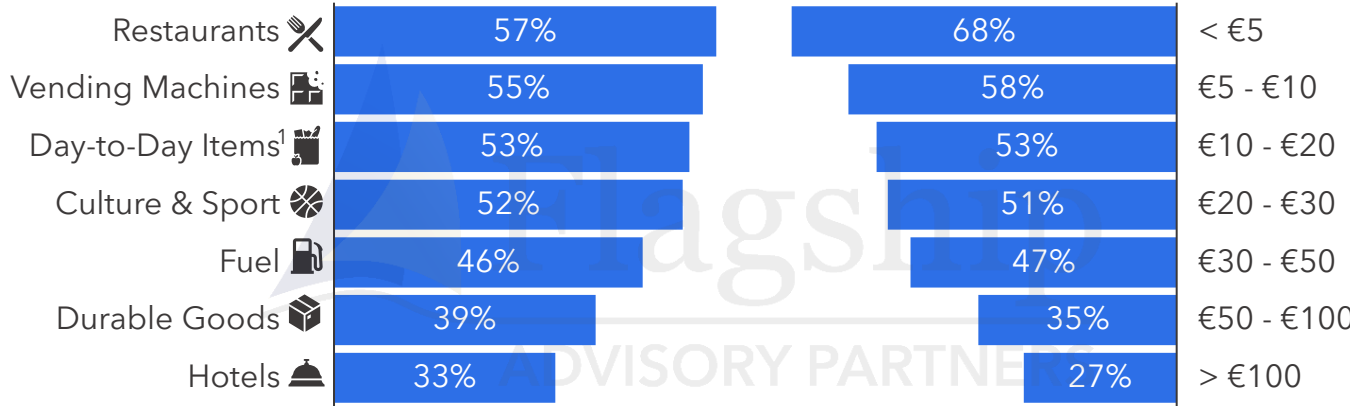
Cash is Still King in Europe, but Declining Rapidly

1 Transaction Volume at Physical Point-of-Sale in the Eurozone (left - across eurozone, right - by select geographies in 2024)



Note: Cards include physical cards and prepaid cards. Mobile wallet payments are transactions conducted using digital payment wallets on smart devices. Other include bank cheques, credit transfers, direct debit, gift cards, and other payment instruments
Sources: ECB Space Report 2024, Flagship Advisory Partners analysis

2 Cash Usage by Vertical and Ticket Value at Physical Point-of-Sale (across eurozone, selected verticals, 2024)



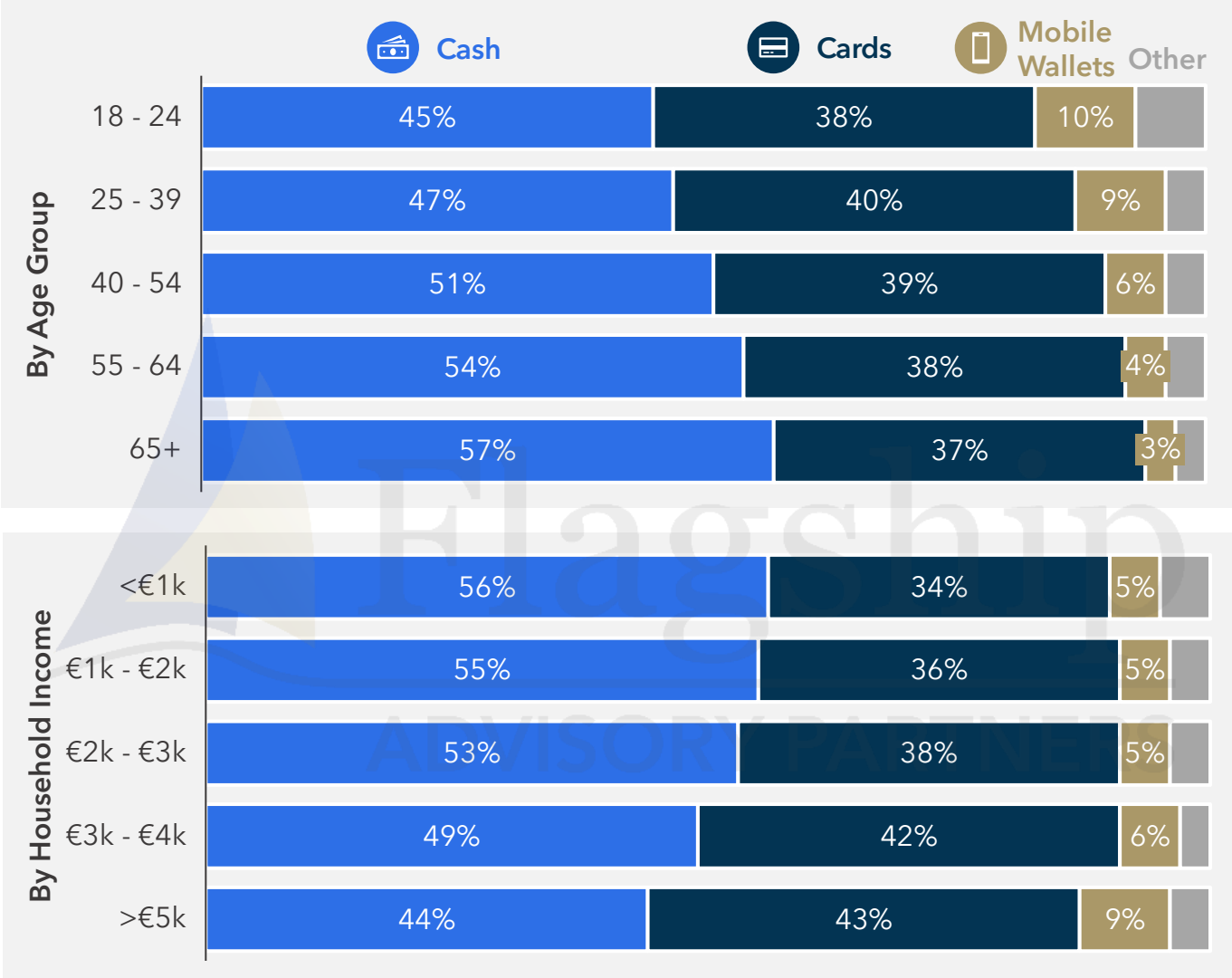
Note: ¹ Day-to-day items include purchases from supermarkets, shops selling day-to-day items (e.g. bakery, drugstore, pharmacy, kiosk) and street markets or vendors.
Sources: ECB Space Report 2024, Flagship Advisory Partners analysis

Methodology

- The ECB's SPACE study comprises surveys conducted in 2019, 2022, and 2024, with the most recent data collected between autumn 2023 and spring 2024.
- The study includes responses from 40,981 participants across 18 countries. The data for the Netherlands and Germany were sourced from their national central banks.
- Country-specific sample sizes were determined based on the volume of point-of-sale transactions and additional demographic considerations.

3

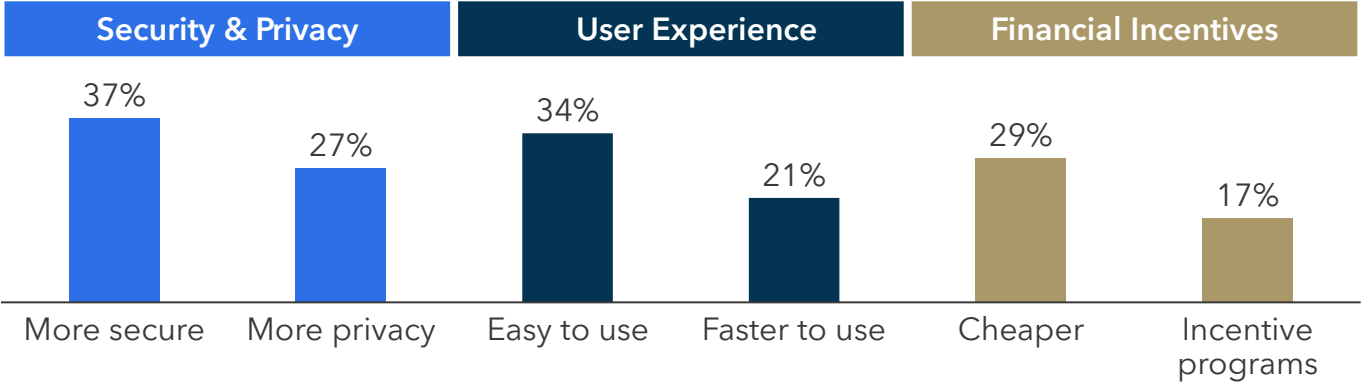
2024 Transaction Volume At Physical Point-of-Sale by Demographics in the Eurozone



Note: Cards include physical cards and prepaid cards. Mobile wallet payments are transactions conducted using digital payment wallets on smart devices. Other include bank cheques, credit transfers, direct debit, gift cards, and other payment instruments
Sources: ECB Space Report 2024, Flagship Advisory Partners analysis

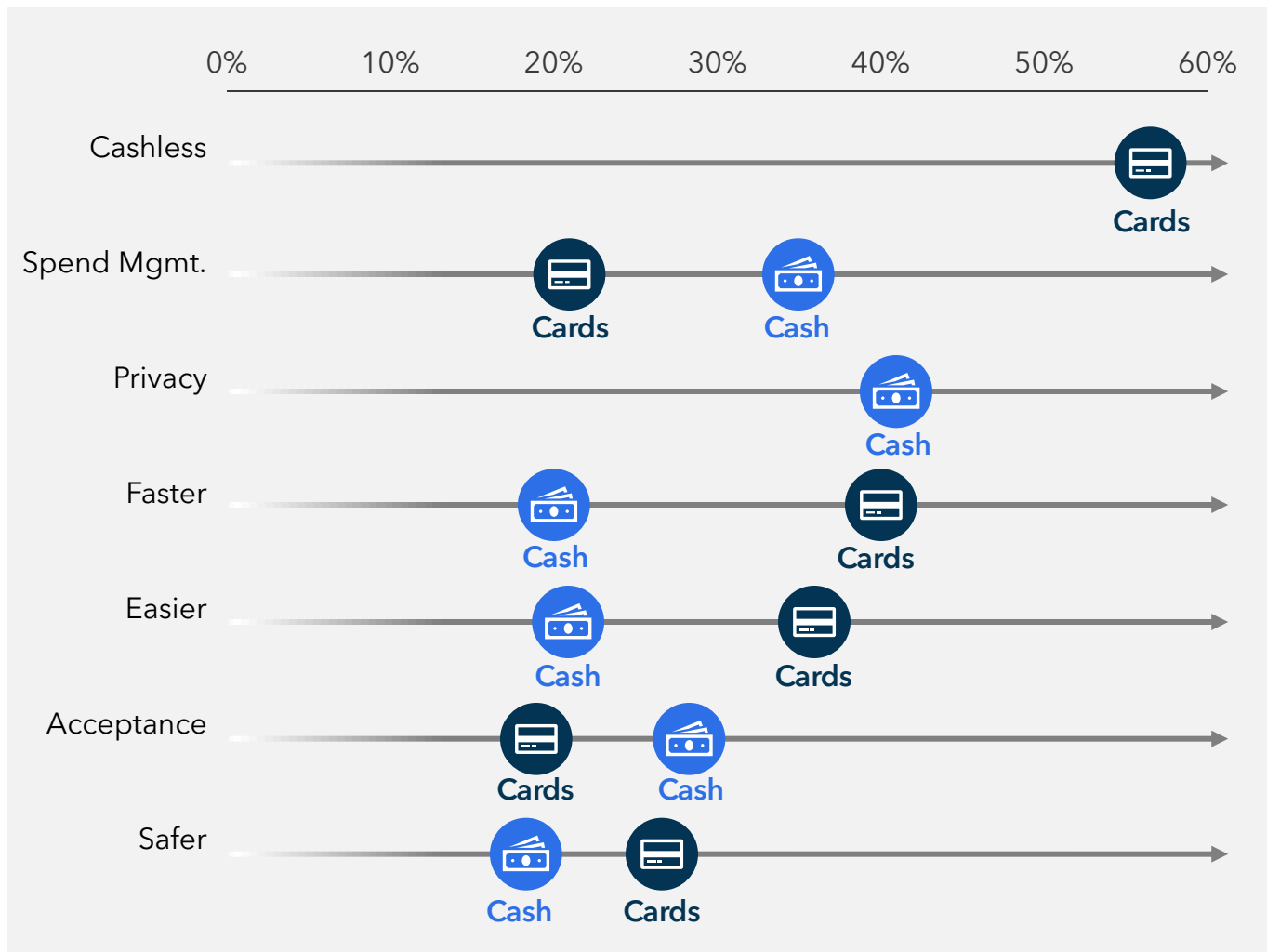
4

What Would Persuade Consumers to Try New Payment Solutions?
(2024 survey across eurozone, n=40,981)



Sources: ECB Space Report 2024, Flagship Advisory Partners analysis

Consumer Perceived Advantages of Cash and Cards (2024 survey across eurozone, n=40,981)



Sources: ECB Space Report 2024, Flagship Advisory Partners analysis

Implications

- Even though the industry narrative often downplays the role of cash, cash remains significant at the European point of sale (POS). As a result, ATMs and other cash-related businesses have a viable path forward, though they must adapt to declining volumes and find ways to sustain/grow revenues, such as adding new value-added services, leveraging existing distribution networks, etc.
- European policy initiatives present a unique contrast: while there is a concerted governmental effort to reduce cash usage, primarily to combat the gray economy and advance payment digitalization, there is also a strong push to maintain access to cash.
- The ECB continues to encourage banks to provide cash services, such as free or low-cost withdrawals, despite the high operational costs associated with handling cash.
- To capture the market opportunity left behind as cash use declines at European POS, fintech companies must prioritize building secure, reliable solutions that earn consumer trust while delivering fast and seamless checkout experiences at the point of sale.

NAVIGATING FINTECH INNOVATION

Flagship Advisory Partners is a boutique strategy and M&A advisory firm focused on payments and fintech. We serve clients globally and have a team of 30+ professionals who have a unique depth of knowledge in payments and fintech.



For any questions, please do not hesitate to contact the authors:



Erik Howell
Partner

Erik@FlagshipAP.com



Alessandro Mighetto
Consultant

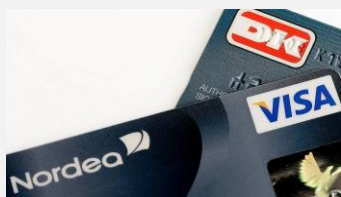
Alessandro@FlagshipAP.com



Levi van Dalen
Analyst

Levi@FlagshipAP.com

Read some of our featured insights:



Europe's Local Card Schemes on a Steady Decline

September 2024



Apple Opening Up iOS NFC in Europe - Will it Change the Game for In-Store Payments?

March 2024