

# Considerations for a cashless future

SNS Finance panel  
22 November 2018

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



Cecilia Skingsley  
Deputy Governor of  
the Riksbank



# What this speech is about

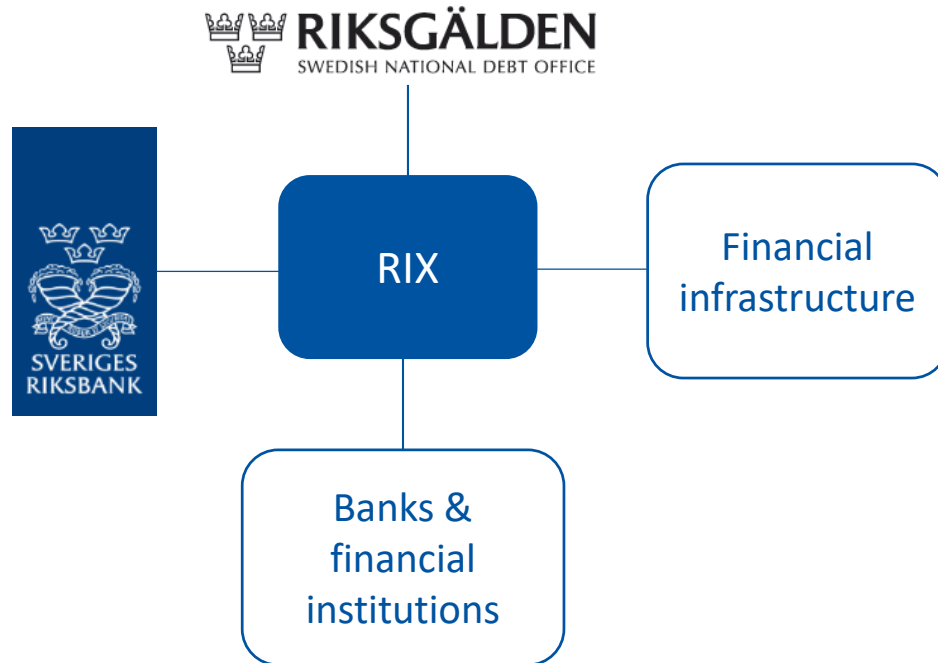
- The Riksbank's role on the payment market
- The e-krona project: The way forward in a Sweden where cash no longer works
- The alternative to issuing an e-krona: a privatised payment market
- The payment market's characteristics and why the state needs to regulate and oversee
- The Riksbank is developing solutions, but Sweden's choice will be made by legislators

# Professor Pontus Fahlbeck, anno 1900:

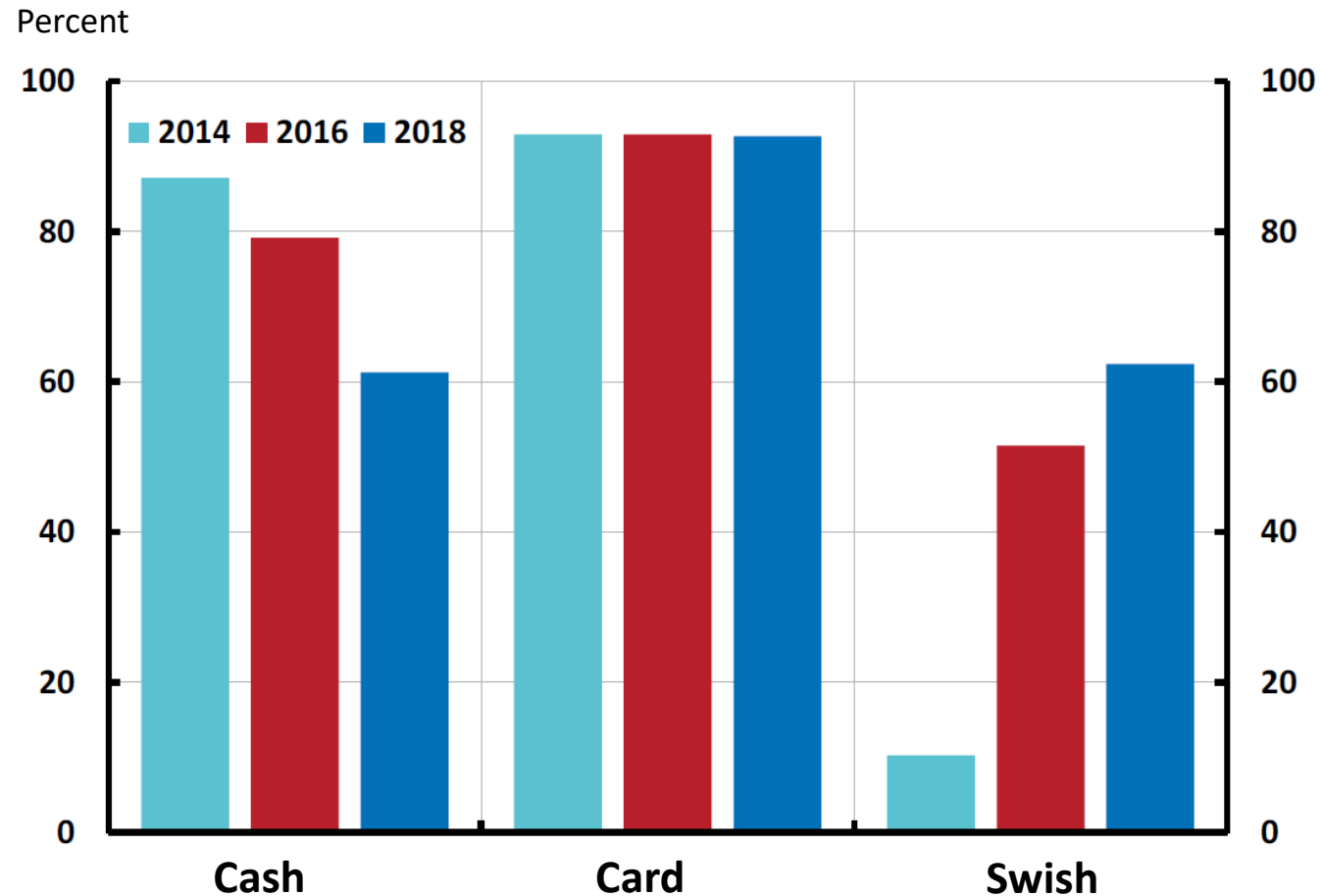


*"To now replace this order with a banknote monopoly would be to interrupt an organic development which clearly agrees well with our entire economic life, such as it has been formed since a hundred years ago."*

# The payment market is changing – with or without an e-krona



# Swish is now as common as cash payments



The figure shows responses to the question: Which means of payment have you used in the past month? Source: The Riksbank

# Should the Riksbank issue e-krona?



“Sweden is one of the first to phase out the use of a 350-year old method of paying.”

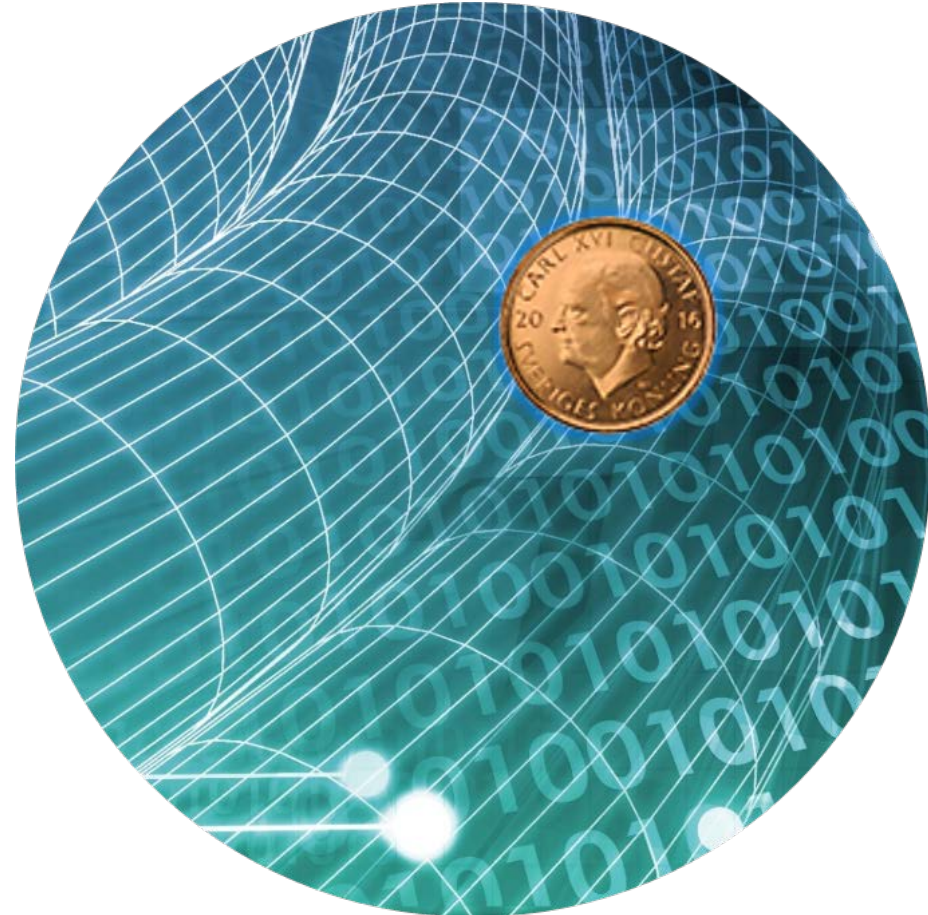
“For example, this could, according to Skingsley, happen through a cash card connected to an account in the Riksbank or through a payment app.”

Source: SvD, 16 Nov 2016.



# Conclusions from work on the e-krona

- Can be developed with existing technology
- Can be designed so that the consequences for monetary policy and financial stability will be limited
- Legal support for value-based e-krona



# Increasing numbers of shops are cash-free





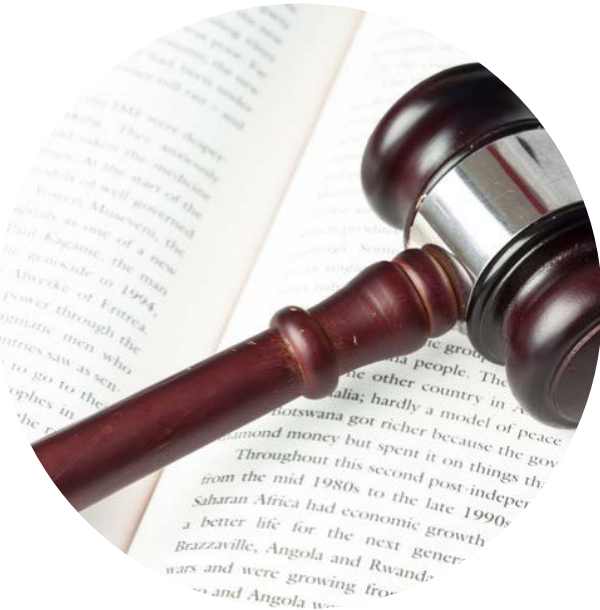
# It will probably be hard to stop the trend towards reduced cash usage



New technology and  
innovation



New consumption patterns



Obligation to accept cash  
can be waived

# Digitalisation affects everyone – central bank digital currencies are being analysed in many countries

“In circumstances where the traditional approach to the provision of central bank money – in physical form to the general public and in digital form to banks – was altered by the disappearance of cash, the provision of CBDC could bring substantial benefits”

BIS, 2018

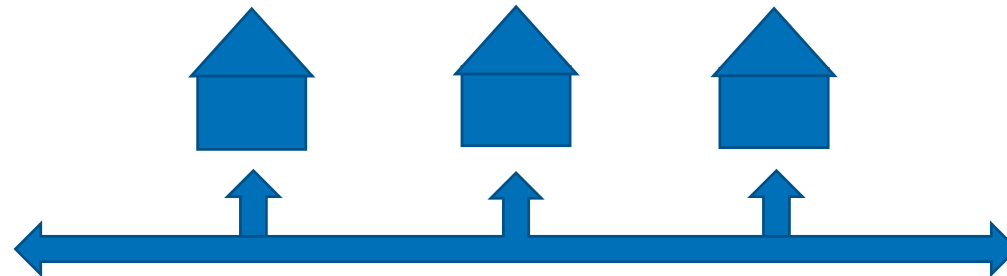


“I believe we should consider the possibility to issue digital currency. There may be a role for the state to supply money to the digital economy”

Christine Lagarde, 2018

# The payment structure – a natural monopoly

- Double infrastructure is inefficient
- Leads to one dominant company
- If unregulated, excessive prices can be charged, competition & innovation can be hindered
- Cash has acted as a disciplining alternative



# Payment infrastructure – complicated to steer so that social needs are satisfied

High entrance  
barriers

Few actors on the  
supply side

Economies of scale

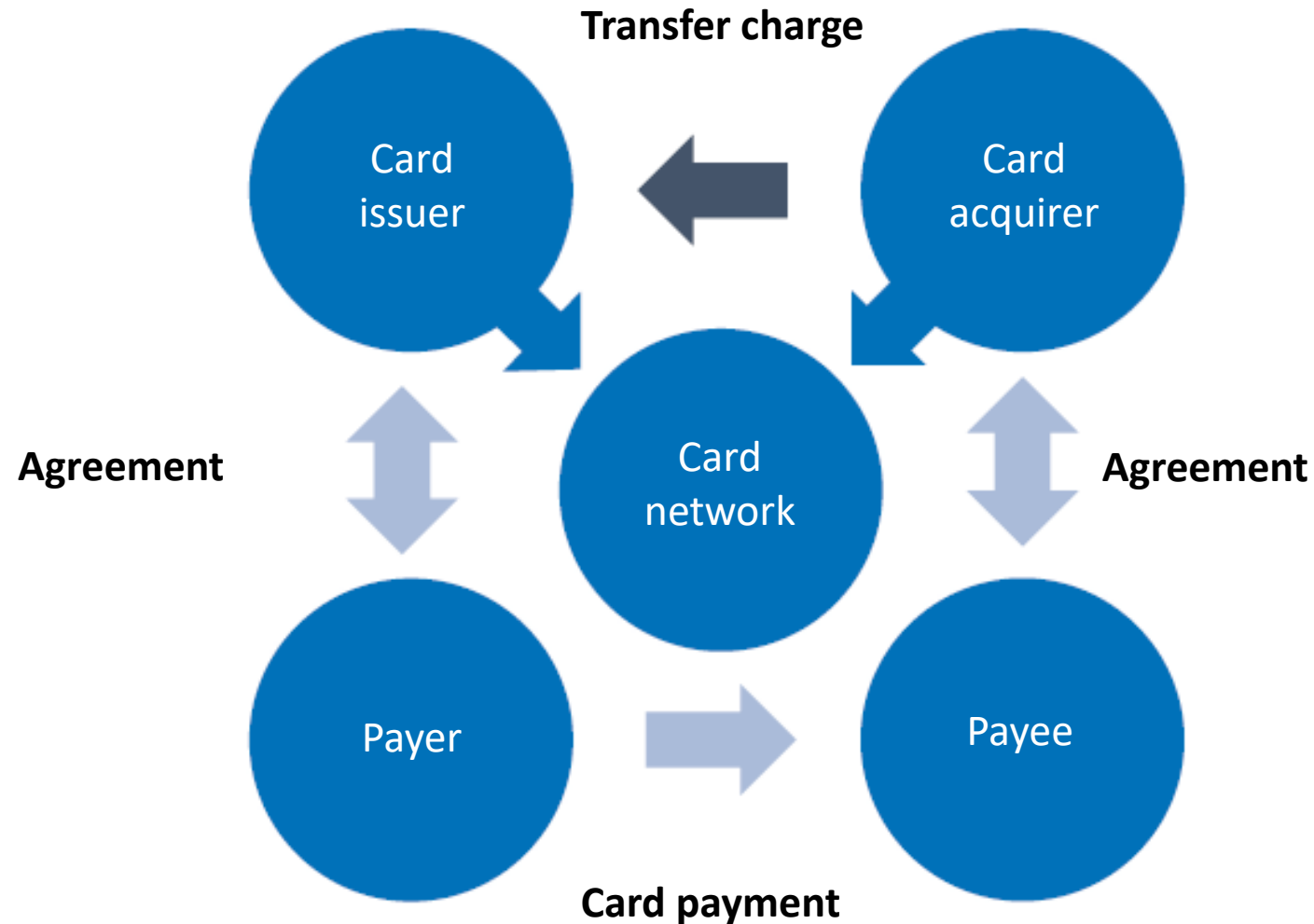
High network  
effects



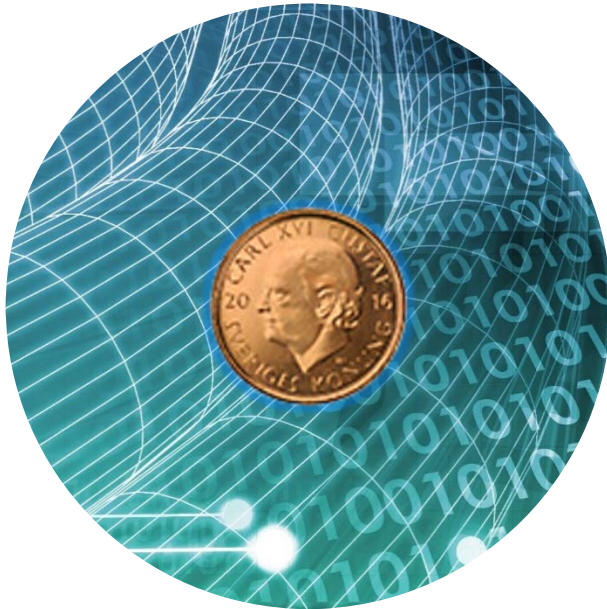
Important to ensure  
accessibility and  
protection against  
shocks

Safeguard competition  
and promote the  
private sector's  
innovative capacity

# Offline: Ability to pay are governed by the international card networks



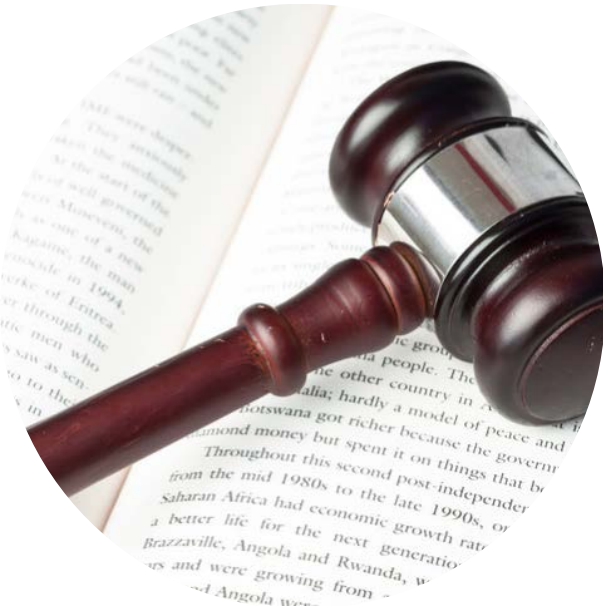
# Next step in the work on the e-krona



E-krona pilot

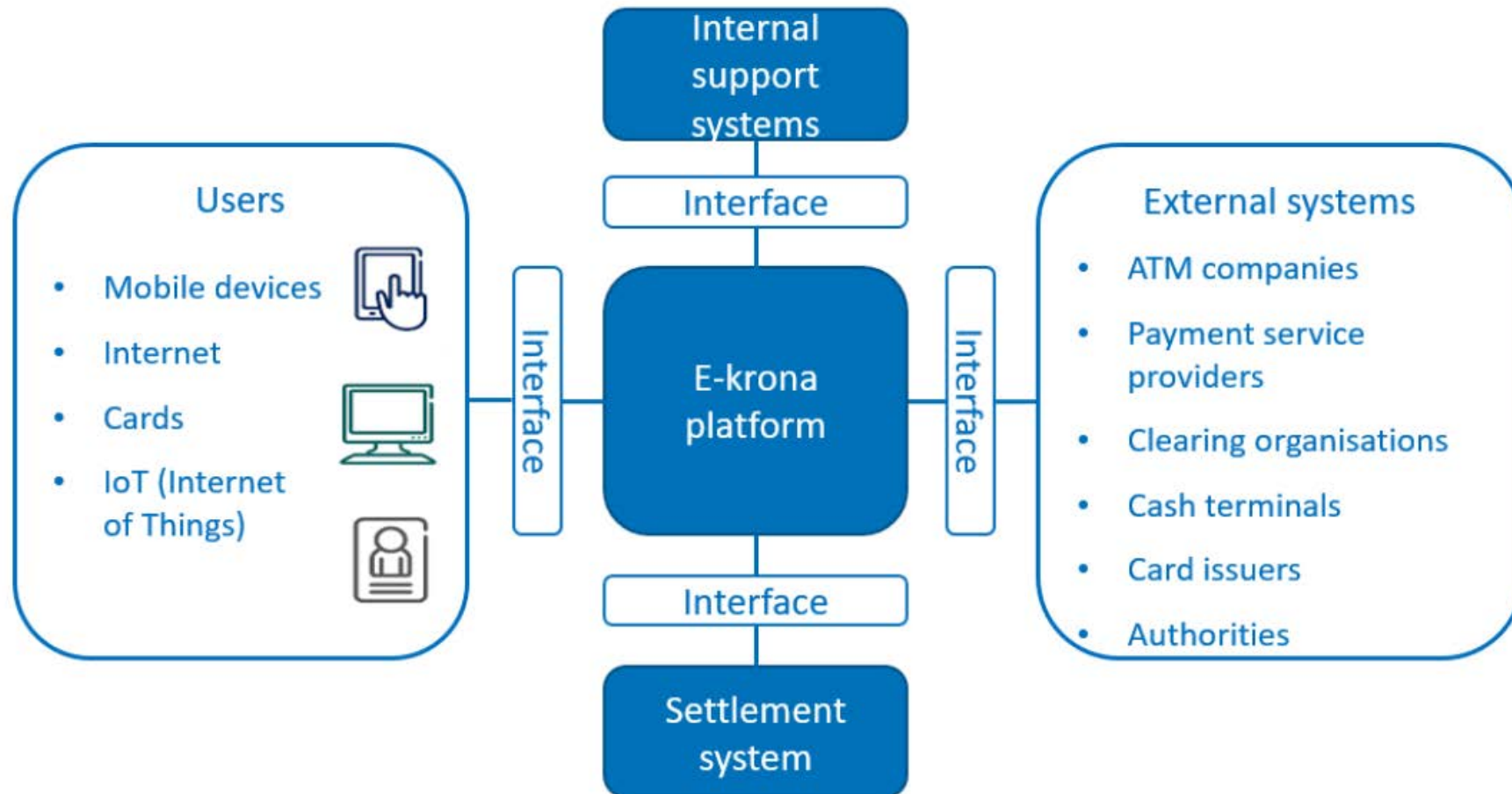


Continued analysis &  
dialogue with authorities



Proposals for  
legislative amendments

# Possible e-krona system



# Money has been adjusted to technology and needs throughout history

Government money



Private money



Government currency

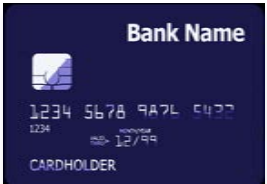


Private electronic money



swish®

iZettle



Government electronic currency





