

# Cash use, access and acceptance in Spain: An analysis drawing on the 2023 Study on Cash Use Habits

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## Rationale

The Study on Cash Use Habits compiles valuable information on means of payment. This data can be used to assess the relevance of cash as a payment method and the prospects for its use going forward.

## Takeaways

- In 2023, 65% of the Spanish population used cash on a daily basis, while 60% said it remained their main means of payment at physical points of sale (POS).
- Cash remains widely used in Spain, with its demand shaped by various factors: the availability of non-cash alternatives, user preferences, ease of access and level of acceptance.
- Looking ahead, consumer expectations indicate a moderate shift in payment habits towards digital methods.

## Keywords

Use of cash, payment attitudes, access to cash, cash acceptance.

## JEL classification

E41, E51, J33.

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## CASH USE, ACCESS AND ACCEPTANCE IN SPAIN: AN ANALYSIS DRAWING ON THE 2023 STUDY ON CASH USE HABITS

### Introduction

The Study on Cash Use Habits conducted by the Banco de España compiles information on key issues in the area of payment methods, with a particular emphasis on cash. The study was first conducted in 2022, followed by a second edition in 2023.<sup>1</sup>

This article aims to analyse recent developments in the relevance of cash as a means of payment in Spain, along with the prospects for its use in the future. These prospects are conditioned by, among other factors, the availability and use of alternative payment methods and the accessibility and acceptance of cash.

### Availability of payment methods

Virtually all Spaniards aged 18 and older have access to cash (see Table 1). Bank cards are also widely available, with 88% of the population being cardholders, although that figure declines to 77.5% for the 65+ age group. Other digital payment methods are significantly less widespread: just 25.4% of the population have mobile payment apps<sup>2</sup> (5.4% in the 65+ age group and 55% for the under-25s).

As for alternatives to cash (bank cards, direct debits, bank transfers, mobile apps and online payment platforms), on average Spaniards have access to 2.6 non-cash payment methods. That figure declines with age: those aged 25-34 have access to 3.3 cashless payment methods, compared with just 1.7 for those aged 65 and older.

Municipality size seems to have no bearing on the availability of non-cash alternatives. Indeed, there is no significant difference between the average number of non-cash payment methods available in municipalities with more than 10,000 inhabitants (2.6 per person) and in those with fewer (2.4 per person).

Notably, cash was the only means of payment available for 7.8% of the population. This percentage was far higher among people aged 65 and older (15.2%).

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1 The predecessor to this study, the National Survey on Cash Use, compiled data on the use of cash and other means of payment, both for the general population and small traders, during the period 2005-2020. In 2022 it was superseded by the Study on Cash Use Habits, which updated the questionnaire to include variables on cash use, access and acceptance that are more relevant today. It also compiles specific information on places that are particularly vulnerable to the risk of financial exclusion, such as municipalities that have no stable bank branch presence.

2 Mobile payment apps include applications on mobile devices and smartwatches, such as Google Pay, Samsung Pay, Apple Pay or banks' own mobile applications.

Table 1

**Payment method availability (% of the population)**

Age groups	Age						Total
	18-24	25-34	35-44	45-54	55-64	65+	
Cash	99.1	98.5	98.7	98.5	99.1	99.7	<b>99.0</b>
Non-cash alternatives	90.1	96.4	97.0	95.9	90.6	84.8	<b>92.2</b>
Card	89.2	94.3	95.3	92.9	83.3	77.5	<b>88.0</b>
Direct debit	17.1	43.8	57.3	58.0	61.1	53.2	<b>51.9</b>
Bank transfer	31.5	48.5	50.4	43.9	36.3	22.5	<b>38.3</b>
Mobile payment app	55.0	49.5	31.9	23.8	14.1	5.4	<b>25.4</b>
Online payment platforms	41.4	39.2	32.8	19.7	14.1	4.7	<b>22.1</b>
Number of non-cash alternatives per person (average)	2.9	3.3	3.1	2.7	2.3	1.7	<b>2.6</b>

Municipality size	Number of inhabitants		Total
	Fewer than 10,000	More than 10,000	
Cash	100.0	98.7	<b>99.0</b>
Non-cash alternatives	91.4	92.4	<b>92.2</b>
Card	87.0	88.2	<b>88.0</b>
Direct debit	49.4	52.4	<b>51.8</b>
Bank transfer	32.3	39.8	<b>38.3</b>
Mobile payment app	21.9	26.3	<b>25.4</b>
Online payment platforms	20.1	22.5	<b>22.1</b>
Number of non-cash alternatives per person (average)	2.4	2.6	<b>2.6</b>

SOURCE: Banco de España.

## Use of payment methods

In 2023, cash was used on a daily basis by 65% of Spaniards. For 60% of the population, cash remained the main payment method at physical points of sale (POS). This is in line with the percentage in 2022 (see Chart 1), suggesting that the sharp decline seen in the wake of the pandemic may have levelled off somewhat (Ferrando and Posada, 2022). However, cash lost ground as the second choice payment method, with 30% of the population identifying it as their second most frequently used means of payment, down by 3 percentage points (pp) on 2022.

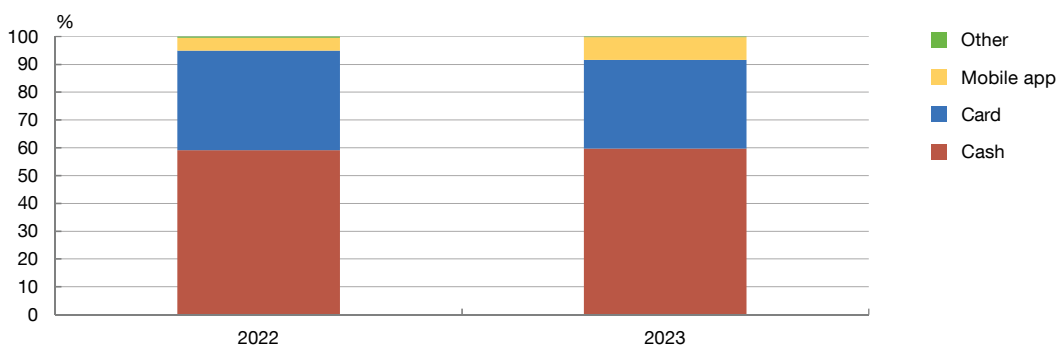
Notably, 11.6% of the population made all of their purchases exclusively in cash because they lacked, or chose not to use, other payment methods.

As was the case in 2022, there were substantial differences across sociodemographic groups in usage of the different payment methods. Age in particular was a very significant factor. For instance, cash was the usual payment method for 76% of those aged 65+, compared with just 36% for young people in the 25-34 age group.

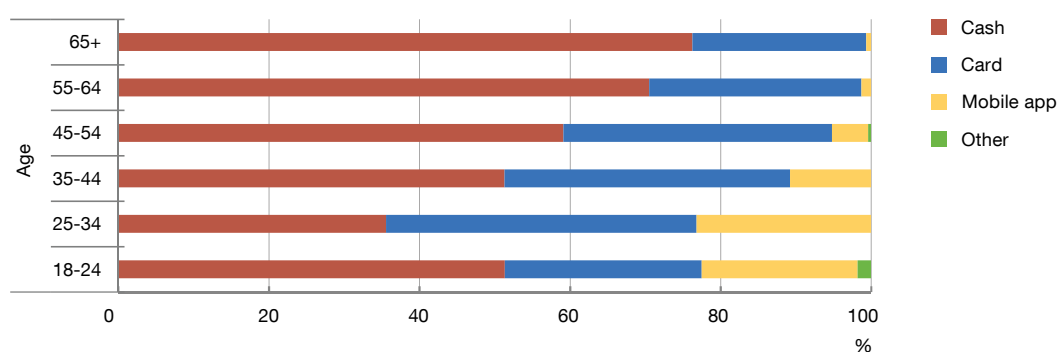
Education level is another important factor. Use of cash declines as educational attainment increases: 74% of those with primary education predominantly used cash, compared with 44% for those with university education.

Chart 1  
Main payment method

1.a Main payment method



1.b Main payment method by age (2023)



SOURCE: Banco de España.

Lastly, cash was more widely used in smaller municipalities. In those with fewer than 10,000 inhabitants, 67% of the population used cash as their main payment method, compared with 61.3% in those with between 10,001 and 100,000 inhabitants and 54.5% in larger municipalities.

As for digital payment methods, 40% of the population habitually used these to make POS purchases. Cards remained the most frequent means of payment, followed by mobile payment apps. The latter have grown in popularity to the detriment of cards: in 2023, 8.2% of the population habitually used mobile apps, up from 4.6% in 2022.

In terms of frequency of use of the various payment methods, no significant changes were observed between 2022 and 2023. Of the means of payment used on daily basis, cash remained the most frequently used. Specifically, 65% of the population made cash payments every day, compared with 32% for cards and nearly 10% for mobile payment apps. Some of the population used more than one means of payment on a daily basis. For instance, 17% reported making daily use of both cash and cards.

Users' payment method choices are influenced by availability and individual preferences and needs. Preference for one or more payment method can partly depend on the consumer's needs.

Respondents who mainly used cash reported convenience (29%), habit (23%) and control over their spending (17%) as the main reasons. Meanwhile, those who mainly used digital payment methods noted their convenience (72%) and speed (13%).

## Access to cash

The main determinants of cash usage are ease of access (i.e. the availability of sufficient cash access points) and cost (both in time and monetary terms).

In line with previous years, ATMs were the main source of cash. Specifically, in 2023 74.5% of the population used ATMs as their main cash source, followed by bank counters (9.1%). Meanwhile, 8.8% of the population obtained cash through cash wages or takings from their business, while 6.6% regularly obtained cash from family or friends (see Chart 2.a).

Of those reporting cash as their principal means of payment, 64.4% obtained it from ATMs, 13.5% from bank counters and 12% from cash wages or business takings. Among those who mainly use digital payment methods, 89.6% obtained cash at ATMs, compared with just 2.4% at bank counters and 3% from cash wages or business takings.

By municipality size, the larger the municipality, the greater the use of ATMs. For instance, in municipalities with more than 100,000 inhabitants, ATMs were the main source of cash for 78% of the population, while 6.4% used bank counters. As municipality size decreases, so does the proportion of citizens primarily accessing cash from ATMs (72% in municipalities of between 10,001 and 100,000 inhabitants, in line with the figure for smaller municipalities with less than 10,000 inhabitants), whereas the use of bank counters rises (9.2% and 14.1%, respectively).

Residents in municipalities without a stable bank branch presence access cash either by alternative means within their own municipality or by travelling to nearby municipalities. In such municipalities, the main sources of cash were ATMs (for around 70% of the population), bank counters (for nearly 15%) and family and friends (for approximately 9%).

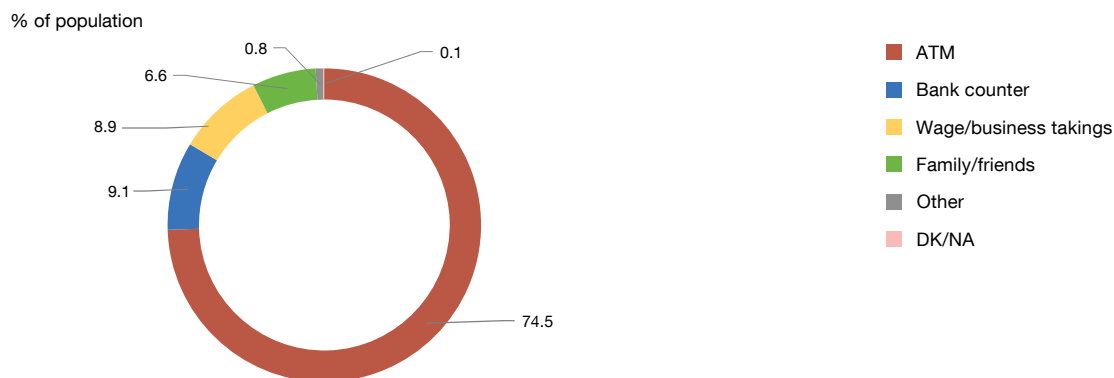
New means of accessing cash have emerged in recent years (financial agents, mobile branches, cashback and *Correos Cash*), which serve as alternatives to bank branches and ATMs. As yet, only a minority of customers use these channels as alternatives to bank branches, with around 1% routinely using them to conduct their banking affairs (Banco de España, 2023b).

In terms of cash transactions, cashback and *Correos Cash* (a cash withdrawal service at post offices) are used on an occasional basis. Spaniards are still relatively unaware of these services (just 14% were familiar with cashback and around 22% with *Correos Cash*) and take-up remains low: 2.5% of the population made occasional use of cashback in 2023 (4.2% in 2022) and 1.7% made use of *Correos Cash*. Nonetheless, Spaniards may be more willing to use such services in the future.

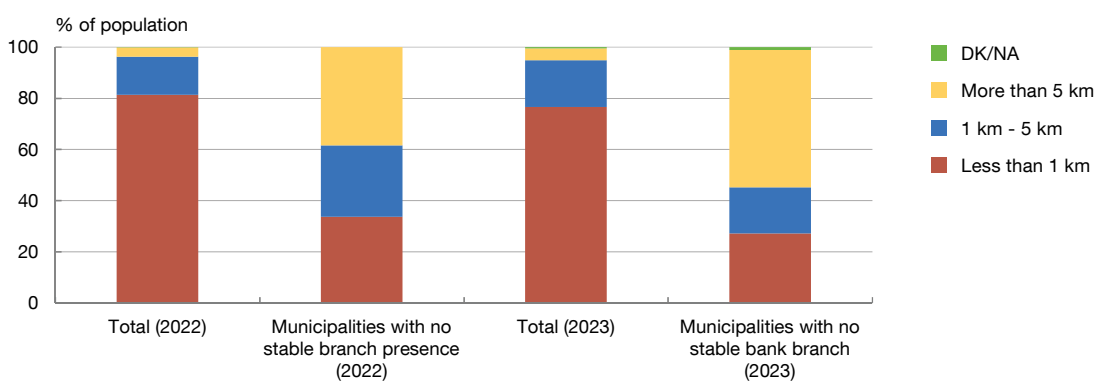
Chart 2

Access to cash

2.a Main sources of cash



2.b Distance to closest access point



SOURCE: Banco de España.



Given that the distance to a cash withdrawal point represents a cost for people in terms of time, it is worth analysing how this can affect the use of cash. While distance does not represent a significant impediment for the population as a whole, the average distance to Spaniards' usual cash access point appears to have increased over the past year (Banco de España, 2023a). In particular, the share of the population whose usual withdrawal point is less than 1 km away now stands at 76.5%, down by almost 5 pp on 2022 (see Chart 2.b). Meanwhile, the percentage of people who have to travel between 1 and 5 km has risen (18.3%, vs 15% in 2022), as has the share of those forced to travel even further (4.6%, up from 3.6% in 2022).

The distance from a cash withdrawal point may be a significant factor when deciding whether or not to use this payment method. Of the consumers who use cash as their primary means of payment, 79% are less than 1 km away from their nearest cash withdrawal point, while 16.5% are at a distance of between 1 and 5 km. However, for those who mainly use digital payment methods, these figures stand at 73% and 21%, respectively. This could indicate that the greater the distance and therefore the less accessible cash is, the more likely consumers are to favour digital payment methods.

Meanwhile, the smaller the municipality, the greater the distance to the usual withdrawal point, particularly in municipalities without a stable branch presence. In such municipalities, 27.2% of locals have less than 1 km to travel in order to withdraw cash, 18% are at a distance of between 1 and 5 km, and 53.6% are more than 5 km away.

Use of cash is also shaped by the cost of withdrawals and deposits. In 2023, almost 85% of ATM users paid no cash withdrawal fees, either because they were not charged or because they opted to cancel the transaction when informed of the cost. Meanwhile, 13.6% paid some sort of charge. This figure rises to 19.6% in municipalities without a stable branch presence, possibly because users in such regions find it more difficult to locate alternative free-of-charge ATMs. Thus, the percentage of consumers who decide to cancel a transaction when faced with a charge is just under 9% in municipalities without a stable branch presence, compared with almost 14% nationwide.

Although cash access points are widely available in Spain (Alonso, Gutiérrez, Moral-Benito, Posada, Tello-Casas and Trucharte, 2022, and Posada, 2021), consumers may find it hard to access cash for reasons relating to how these services are provided. For instance, 21% of bank branch users reported difficulties in withdrawing or depositing cash due to lengthy waiting times, while nearly 30% faced difficulties as a result of limited bank counter service hours (Banco de España, 2023b).

Among ATM users, almost 50% reported no difficulties when withdrawing or depositing cash. Their main difficulties were due to ATMs being out of cash or out of order (37.4%).

## Acceptance of cash

The use of a payment method also depends on the extent to which it is accepted. In the case of cash, such acceptance remains very widespread. In 2023, 90% of consumers were able to use this payment without difficulty (vs 92% in 2022). However, 2.6% of the population found themselves unable to pay with cash fairly frequently due to a refusal to accept this means of payment, while just under 7% had cash payments refused on rare occasions only (see Chart 3).

The extent to which small traders find it easy or hard to manage their cash takings may affect how willing they are to accept cash as a means of payment. Their ability to withdraw and deposit cash at their branch and to ensure they have the change they need is crucial in this regard.

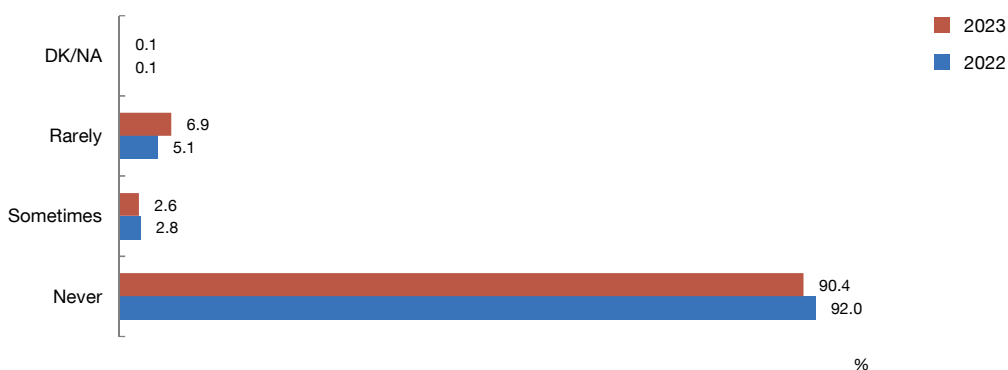
Broadly speaking, banking services remain readily accessible to small establishments. 83% of small traders are at a distance of less than 1 km from their nearest branch, and almost 14% are between 1 and 5 km away. However, much like the general public, a sizeable share of retailers have had difficulties in withdrawing or depositing cash for reasons relating to the standard of service (limited opening hours, waiting times, etc.). Distance is also a notable hurdle in municipalities without a stable branch presence.

As long as small traders continue to have access to banking services, cash is likely to remain a widely accepted means of payment. This is key since the public is in favour of maintaining the

Chart 3

**Cash acceptance at small traders**

## 3.a Cash payments refused or unavailable



SOURCE: Banco de España.

option of paying in cash in the future (82% consider this important). This preference is more widespread among routine cash users (92.2%) than among those who use digital payment methods more often (68%).

## Expectations of future cash use

As noted above, cash remains the method of choice for a sizeable share of Spaniards, although its use as a second choice method has declined slightly. This could indicate that while routine cash users are more likely to maintain this habit over time, those that use cash as an alternative to digital methods may be shifting further away from cash in favour of such methods. The feedback from consumers on their past and expected payment behaviour bears out this view, and suggests that such changes in payment habits are likely to continue in future.

Of the consumers who identified cash as their routine payment method, 77% said their use of cash did not change in 2023, while 9% used cash more and almost 14% used cash less. Meanwhile, among routine users of digital payment methods (specifically, cards), use of cash remained unchanged for 39%, while 7.2% used cash more and 52% used cash less.

The main reasons for the decline in the use of cash among both groups are, first, the fact that it is increasingly easy to pay using digital methods (72%) and, second, the fact that ATMs and bank branches are increasingly hard to come by (19.4%).

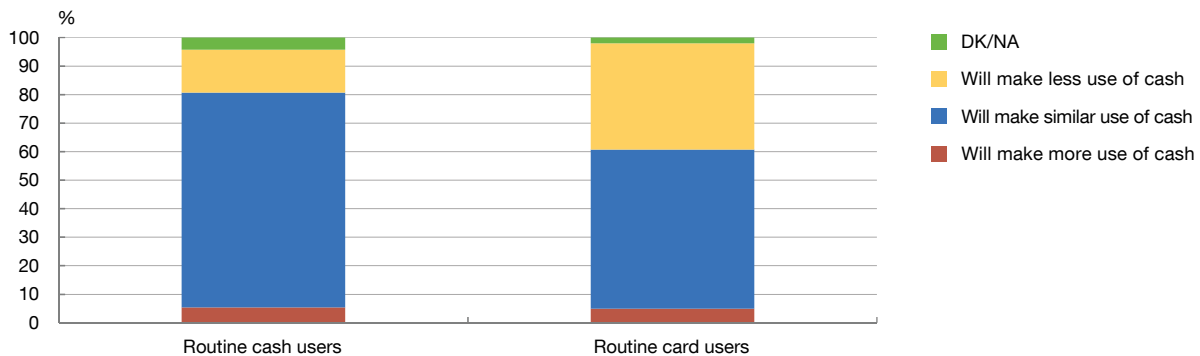
Looking ahead, the shift towards digital payment methods is likely to continue (see Chart 4). Thus, of the Spaniards that use cash as their routine payment method, 15% expect to use it less in the coming year, while 75% have no plans to change their payment habits and 5.3% believe they will use cash more. The intention to cut down on the use of cash is more prevalent among users whose



Chart 4

**Expectations for cash use over the next year**

## 4.a Expectations by user type



SOURCE: Banco de España.

routine payment method is a card. Specifically, 35% expect to use cash less, while 56% expect to carry on as now and 5% expect to use it more. The idea of switching to digital payment methods is slightly more popular among young adults over the age of 24 and the middle-aged population.

Thus, the feedback from consumers on their past and expected payment behaviour suggests a certain willingness to shift towards digital payment methods, although this change is likely to be moderate.

## Conclusions

According to the 2023 Study on Cash Use Habits, cash remains a key means of payment. 65% of Spaniards reported using cash on a daily basis for their payments at POS, while 60% of the population considers it their main means of payment.

In 2023, most regular cash users appear to have continued using this means of payment in line with the trend observed in 2022. However, the more digitally savvy consumers appear to be gradually reducing their cash usage.

Users are likely to remain in the habit of using cash for day-to-day purchases, not least because they find it convenient and are familiar with it. Nonetheless, this cash preference may also be related to the fact that certain groups of users are less digitally savvy. For example, among habitual users of cash, the older age group use a below-average number of digital payment methods and are more likely to access cash using methods that do not call for digital skills, such as branch counter services.

Accessibility is key to ensuring that consumers who wish to use this means of payment can continue to do so. At present, most of the population can still access cash with relative ease.

However, any increase in the cost of using this payment method and/or in the distance to a cash access point could act as a deterrent. For instance, the average distance to the nearest access point is shorter for Spaniards reporting cash as their main means of payment.

Acceptance is another key factor shaping the extent to which cash can be used. At present, this payment method is still widely accepted at physical POS.

Despite its current importance, consumers' expectations regarding their future use of cash point to a moderate shift towards digital payment methods, driven mainly by those already favouring digital methods over cash for their day-to-day purchases.

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