

# Cash in the UK 2020

## Decline but not as we know it



# Executive summary



In 2020, a third of people (34%) said they made fewer payments as Covid-19 and lockdown caused a significant change in consumer spending behaviour. When they did make payments for day-to-day transactions, they used a mix of options and while debit cards reigned supreme, many relied on cash. One-in-ten (12%) used a debit card everyday and under half (44%) used it more than once a week. However, cash remained important for the day-to-day spending of over a fifth of people.

According to our analysis, 11.6 million people (22% of the adult population) used cash more than once a week to purchase day-to-day items. Of this, 2.6 million people used it everyday, 2.6 million people used it 4-6 days a week and 6.3 million 2-3 days a week. We call this group 'frequent cash users' - they are more likely to be older, earn under £25k a year, and live in Northern Ireland, the North East and North West of England.

Overall, we estimate that around 3.4bn cash transactions took place in 2020, much lower than the 6.2bn we were expecting and the 7.2bn made in 2019, caused by a combination of fewer opportunities to make payments and an acceleration of the migration from cash to cards, both direct impacts to Covid-19. While cash transactions may slightly increase over the next few years as the economy recovers, we expect the number to slowly fall to around 2bn by the end of the decade. The decline of cash may have become more pronounced due to Covid-19 but its use is becoming much more concentrated.

However, despite the change in payment behaviour, people think that payment choice when shopping is very important and most people think that the cashless society is happening too quickly. 86% of people think that shops should offer a wide range of payment options, including cash, and seven-in-ten (69%) think that the move towards a cashless society is happening too fast and could leave some people behind who are not used to card or digital payments.

# Introduction

Covid-19 has had an unprecedented effect on people's lives. Analysing this through the lense of consumer payments, the lockdown measures have had a colossal impact on the majority of businesses as they were forced to shut and people remained indoors in an effort to fight the virus.

These measures suppressed normal behaviour and, as a result, suppressed normal spending patterns: people made fewer payments as there were significantly fewer opportunities to buy clothes, a coffee or sandwich, visit the cinema or pub, or socialise with friends and family. According to our research, in comparison to pre-lockdown, two fifths (41%) of people said they are doing more online shopping but a third (34%) said they are making fewer day-to-day transactions will all methods of payment.

The vast majority of consumer payments are day-to-day transactions. They are the heartbeat of the economy, keeping UK businesses and the high street alive. The significant impact of the pandemic on this type of spending can be seen by looking at Bank of England's [CHAPS data](#), which shows that in the week to 14 January 2021, aggregate UK debit and credit card purchases were 35% below the previous average for February 2020.



# Cash 2020

What started as another year of predictable steady decline, as some people replaced their few remaining weekly or monthly cash transactions with a digital alternative, ended with the future of cash taking an unexpected turn. Cash is still declining but not in the way we expected.

2020 represented a step change in the total volume of cash transactions. We estimate that around 3.4bn cash transactions took place in 2020, much lower than the 6.2bn we were expecting and the 7.2bn made in 2019. This drop has been caused by a combination of fewer opportunities to make payments and an acceleration of the migration from cash to cards, both direct impacts of Covid-19.

This reduction pushes cash much further along its journey of decline. Taking the forecast from UK Finance as a guide, combined with our analysis, cash was used in 2020 at the level expected towards the end of the decade.

However, while the total volume might be low, our analysis shows that a significant segment of society used cash for day-to-day spending (11.6 million, over a fifth of the UK adult population). The decline of cash may have become more pronounced due to Covid-19 but its use is becoming much more concentrated.



# Looking ahead

A slow return of normal spending activity will likely result in an increase in the number of cash transactions in 2021 and 2022. However, it seems unlikely that the majority of frequent cash users will change their behaviour at the pace many of their fellow citizens displayed in 2020.

For this group their reasons for using cash are more entrenched and they may lack the confidence and digital capability to manage their finances in a different way. With the UK entering harsh economic times, using cash as a budgeting tool may prove an invaluable ally for individuals and families (as it did during the financial crisis in 2008/2009).

Taking this into account, we believe that rather than talking about the decline of cash, the remainder of the decade may be more appropriately viewed as the concentration of cash in certain pockets of society that aren't yet ready to move to digital payments.

By 2030, it could be the case that cash remains at a level of use slightly lower than 2020 but the gap between the cash and non-cash user is significantly greater.



# A note on the data



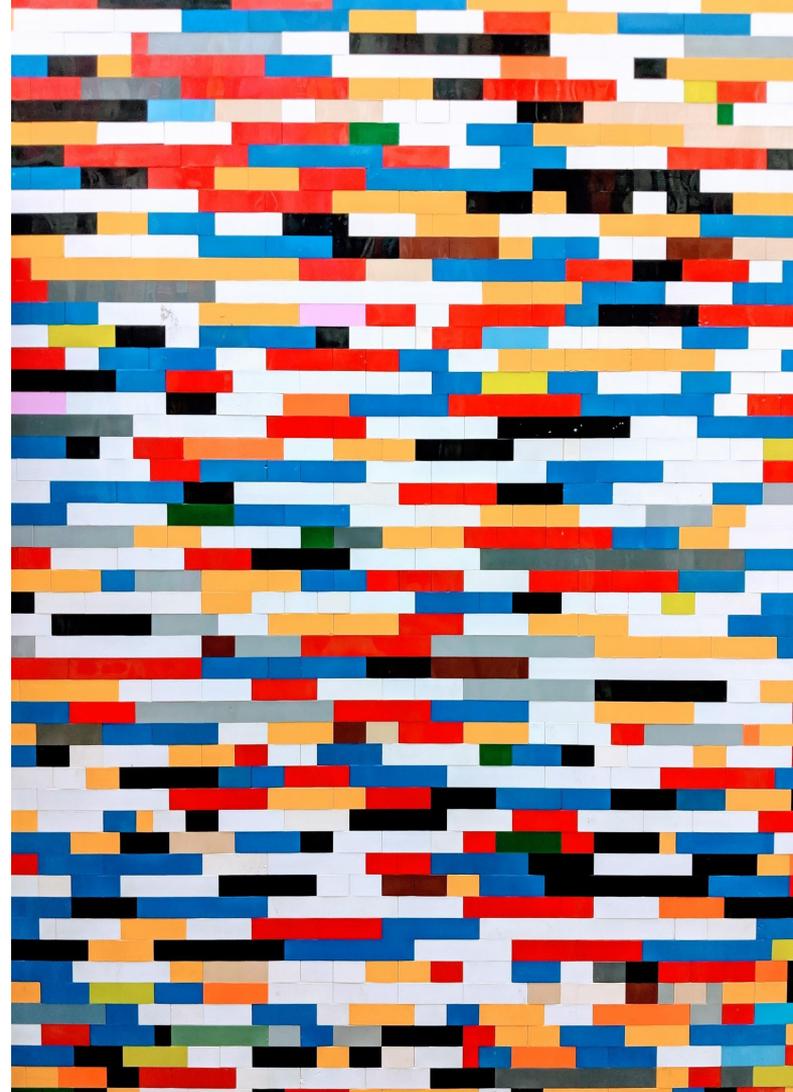
The data used in this report (unless otherwise stated) is the average results from four quarterly surveys commissioned by Enryo. These surveys were carried out online by YouGov Plc. Figures have been weighted and are representative of all UK adults (aged 18+). Survey dates and sample sizes:

1. 6th - 7th April 2020 (2,307 adults)
2. 1st-2nd July 2020 (2,117 adults)
3. 5th-6th October 2020 (2,294 adults)
4. 11-12th January 2021 (2,058 adults).

The data on slide 32 is from a survey commissioned by Enryo, carried out online by YouGov Plc. Fieldwork took place between 10th – 11th March 2021 and the sample size was 2,473 adults. Figures have been weighted and are representative of all UK adults (aged 18+).

The cash user groups, as well as the forecast for cash use in the UK for day-to-transactions in 2020 and future years has been calculated by Enryo.

Use of payment methods



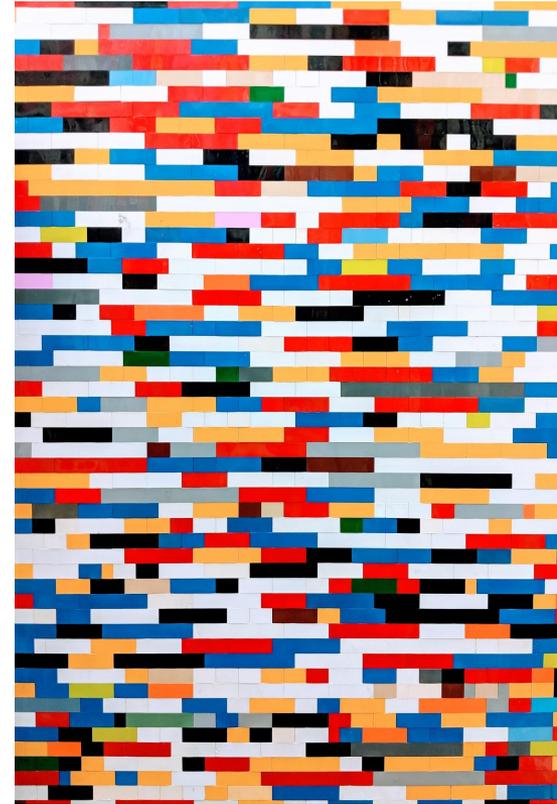
# Use of payment methods

There are more options available to make day-to-day payments than at any other time in human history. However, look a bit closer and you find that although contactless, chip & pin and the majority of online and mobile payments may seem different, they all run through the card payment rails.

This is reflected in the results of our 2020 research, which shows that **debit cards were by far the most popular method of payment in 2020**, with **one-in-ten (12%) using it everyday, under half (45%) using it more than once a week and nearly one-in-five (18%) using it once a week**, to purchase day-to-day items. Only 6% said that they never used a debit card.

In contrast, **5% of the UK population used cash to pay for day-to-day items everyday, nearly a fifth (17%) used it more than once a week and the same (17%) used it more than once a week**. Over 1 in 10 (13%) said they never used cash.

While the majority of people use debit cards for daily and weekly spending, a strong segment of society remain wedded to cash. This demonstrates the two different ends of the payment landscape and despite a multitude of options available, in 2020 many preferred old fashioned cash.



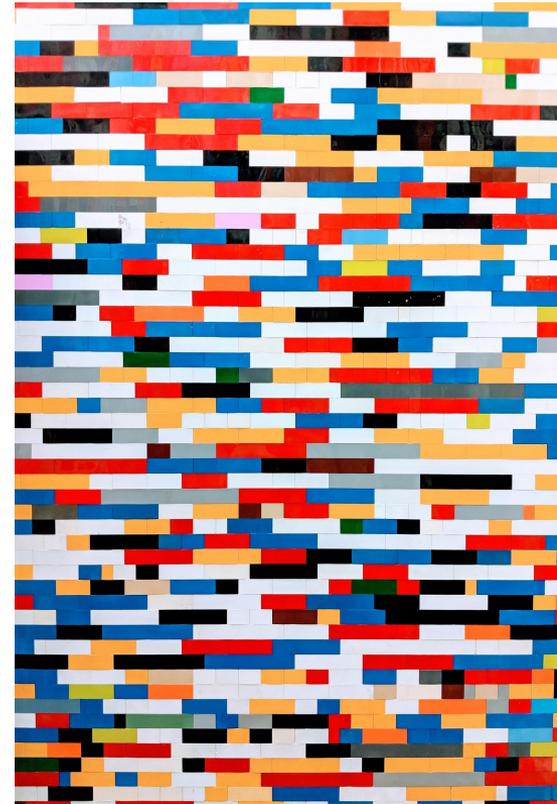
# Use of payment methods

**Two-fifths (39%) of people in the UK said that they never used a credit card** for purchasing day-to-day items.

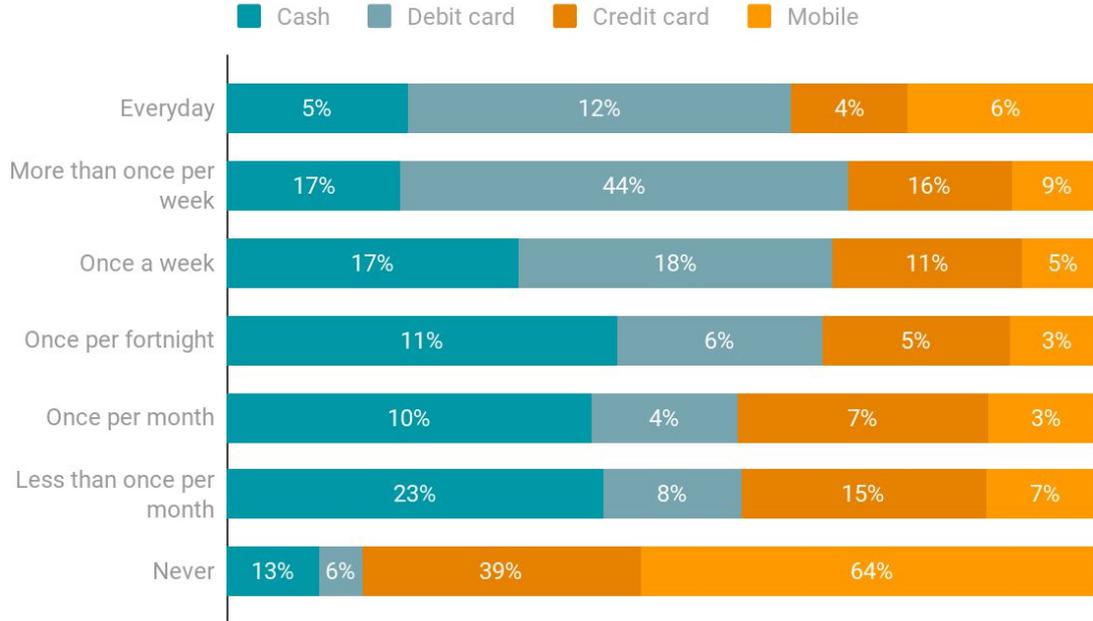
Of those that did use one, **4% said they used it everyday, 20% more than once a week and 11% once a week.** Infrequent use was also popular: **15% said they used a credit card less than once per month.**

Looking at mobile payments, **nearly two-thirds (64%) of people in the UK said they never used mobile payments for day-to-day items.** This is not surprising, given the dominance of debit card payments noted earlier. Of those that did make a mobile payment, **6% did so everyday, 15% more than once a week and 8% less than once a month.**

This suggests that those that are comfortable with mobile payments are using them all the time, however other users are only making one or two regular payments with their mobile and some making very few. It can take time for people to change their payment preferences and those using card or contactless payments are likely to continue to do so until they have a specific need to reason to switch to mobile payments.



# Use of payment methods



In a year where spending took an unexpected turn, we can see from our research that consumers used a mix of payment methods to make day-to-day transactions.

While debit cards reigned supreme, many relied on cash.

Note - 'don't know' or 'can't recall' have not been included.

*This research explores payment behaviour for purchasing day-to-day items - payments made for high street goods that support our daily lives. These include groceries, public transport, newsagents, restaurants, pubs, cinemas and more. Day-to-day transactions are the heartbeat of the economy and have been the focus of our research.*

Use of cash



# Use of cash

We have created three categories of cash user to provide a picture of cash use in the UK:

1. Those that **frequently use cash** to pay for day-to-day items (every day or more often than once a week)
2. Those that **regularly use cash** to pay for day-to-day items (once a week or once a fortnight)
3. Those that **rarely use cash** to pay for day-to-day items (once a month, less than once a month or never).

Using the results of our research, we have calculated that in 2020:

- **22%** or **11.6 million adults frequently used cash**
- **27%** or **14.4 million adults regularly used cash**
- **46%** or **24.4 million adults rarely used cash.**

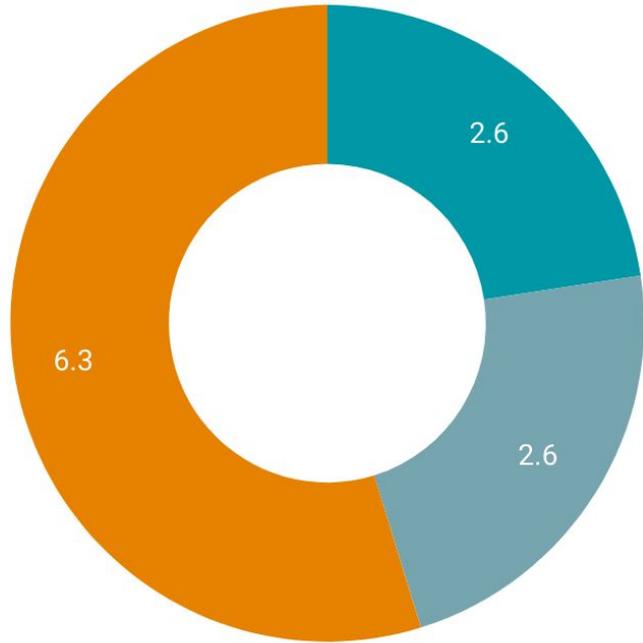
While debit cards remain the most popular method of payment, we can see that cash remains important for the day-to-day spending of over a fifth of the population, with over a quarter continuing to use it on a regular basis.



# Use of cash



● Every day ● 4 to 6 days a week ● 2 to 3 days a week



Our research shows that **11.6 million people** (around 22% of the adult population) used cash more than once a week.

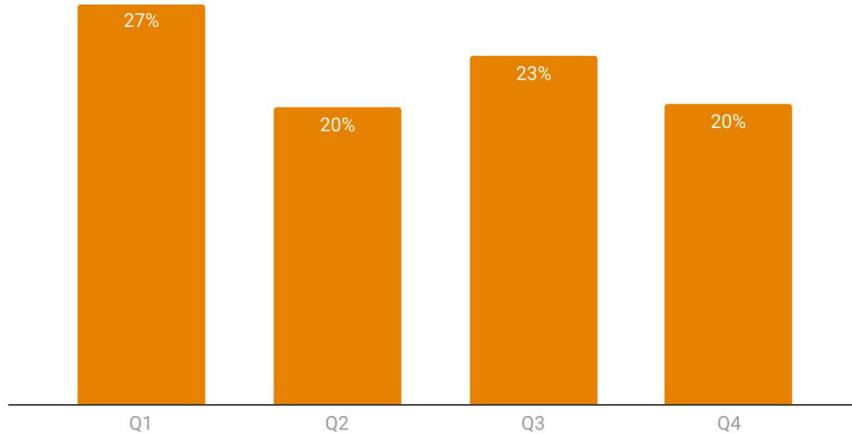
Looking at that group in more detail we can see that:

- **2.6 million** people used cash **everyday**
- **2.6 million** people used cash **4-6 days a week**
- **6.3 million** people used cash **2-3 days a week**

# Use of cash



Hygiene concern may lead to less cash use



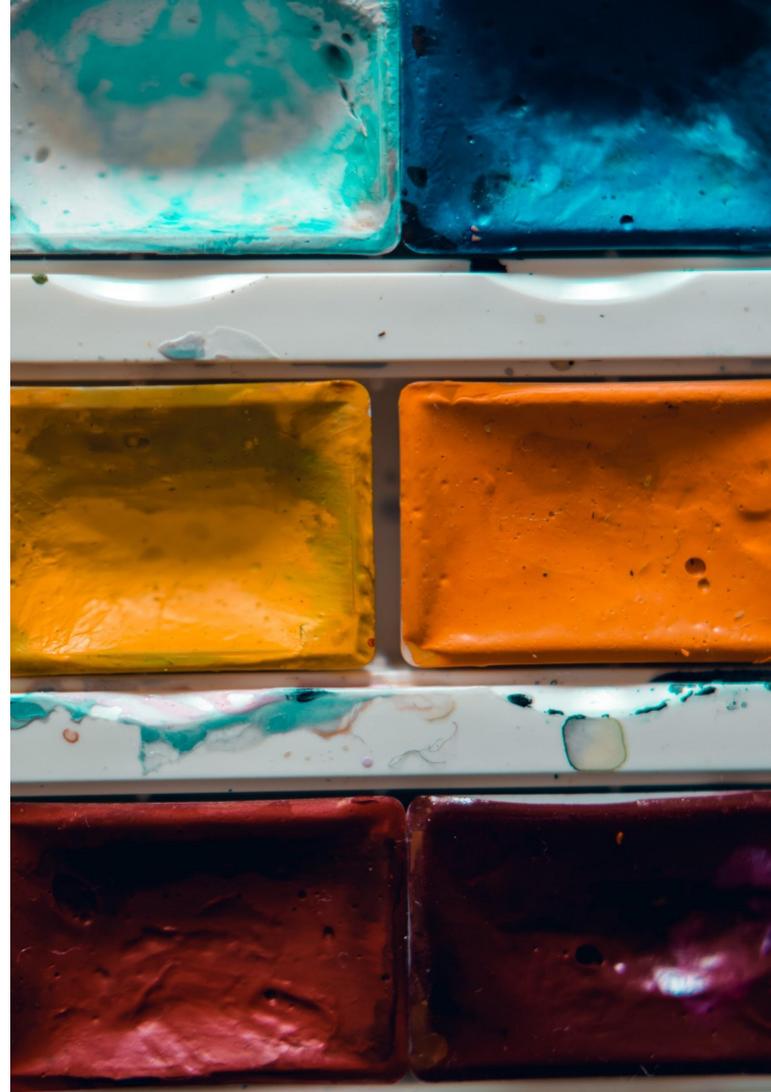
In the early days of the pandemic, cash was in the headlines as a high transmitter of Covid-19. In November 2020, the Bank of England released a [study](#) that indicated the risk of transmission via banknotes is low.

However, people are influenced by the media and we asked in our quarterly surveys if people would use cash less because of hygiene concerns.

**We can see that over the course of the year, this concern fell from a high of 27% in Q1 to 20% by Q4.**

This suggests that the media attention had an impact on people's attitude to cash but it weakened as the year went on.

The cash user

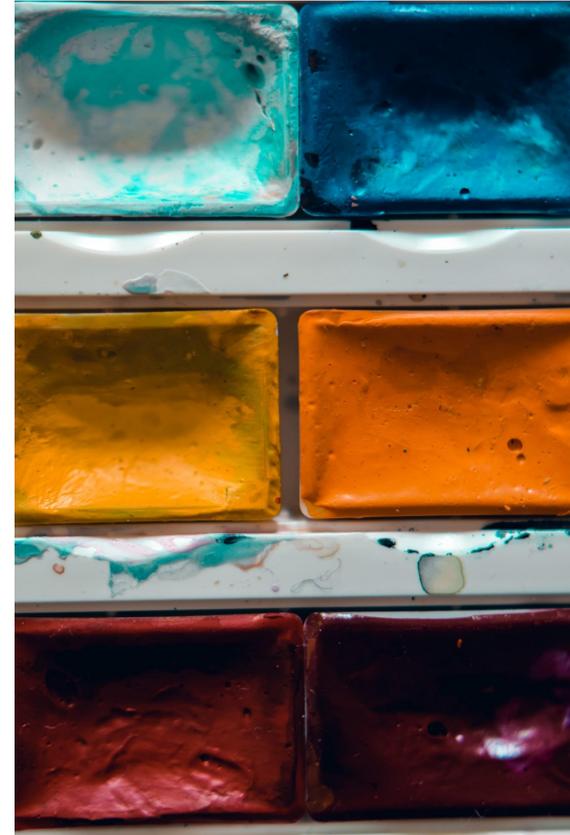


# The cash user

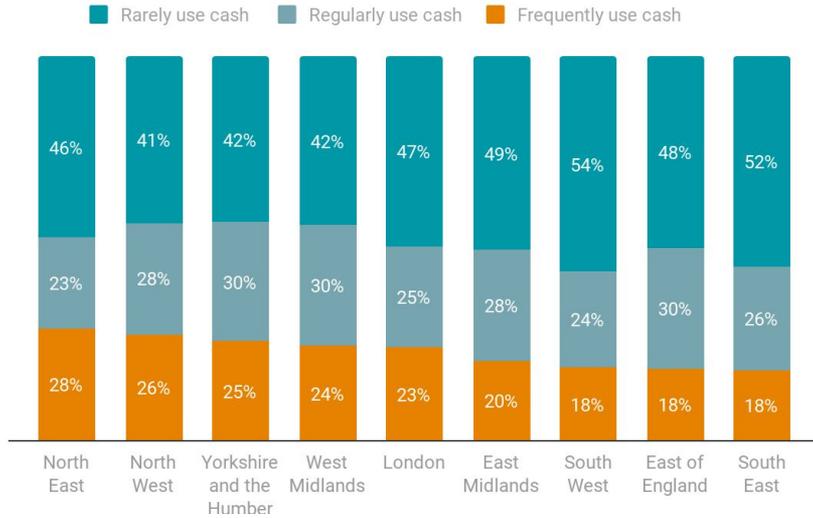
In truth, there is no 'typical' cash user as there are lots of different reasons and circumstances why people choose cash over other payment options. However, we are able to provide some insights into who is using cash the most and where in the UK they live.

Our research shows that **frequent cash users** (those using cash everyday or more than once a week for day-to-day items) are likely to be **older and live in Northern Ireland, the North East and North West of England.**

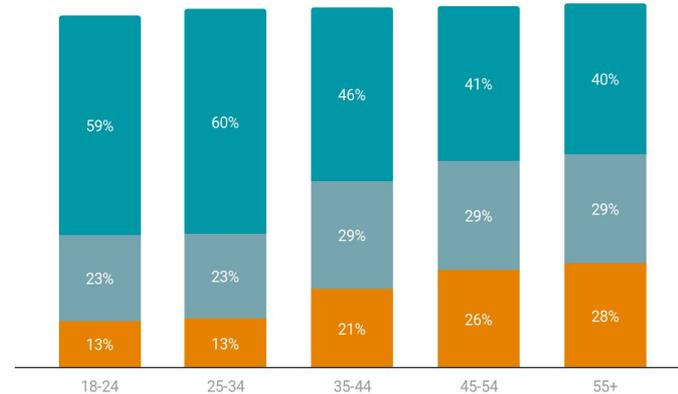
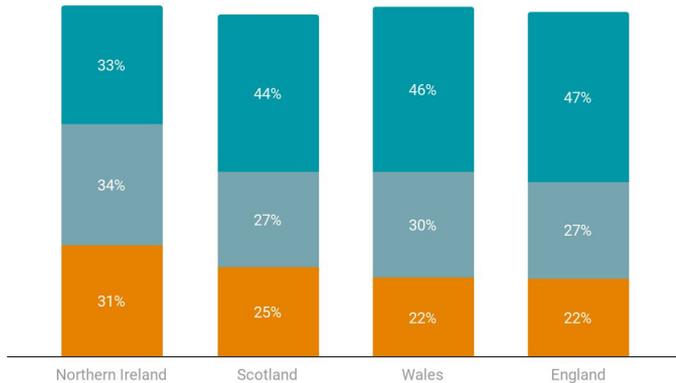
The frequent cash user is more likely to earn under £25k a year, however the correlation between personal income and cash use is not particularly strong. Our research shows that only 25% of that income group use cash frequently, while 27% use it regularly and 45% use it rarely. This suggests that low personal income does not necessarily mean high cash use.



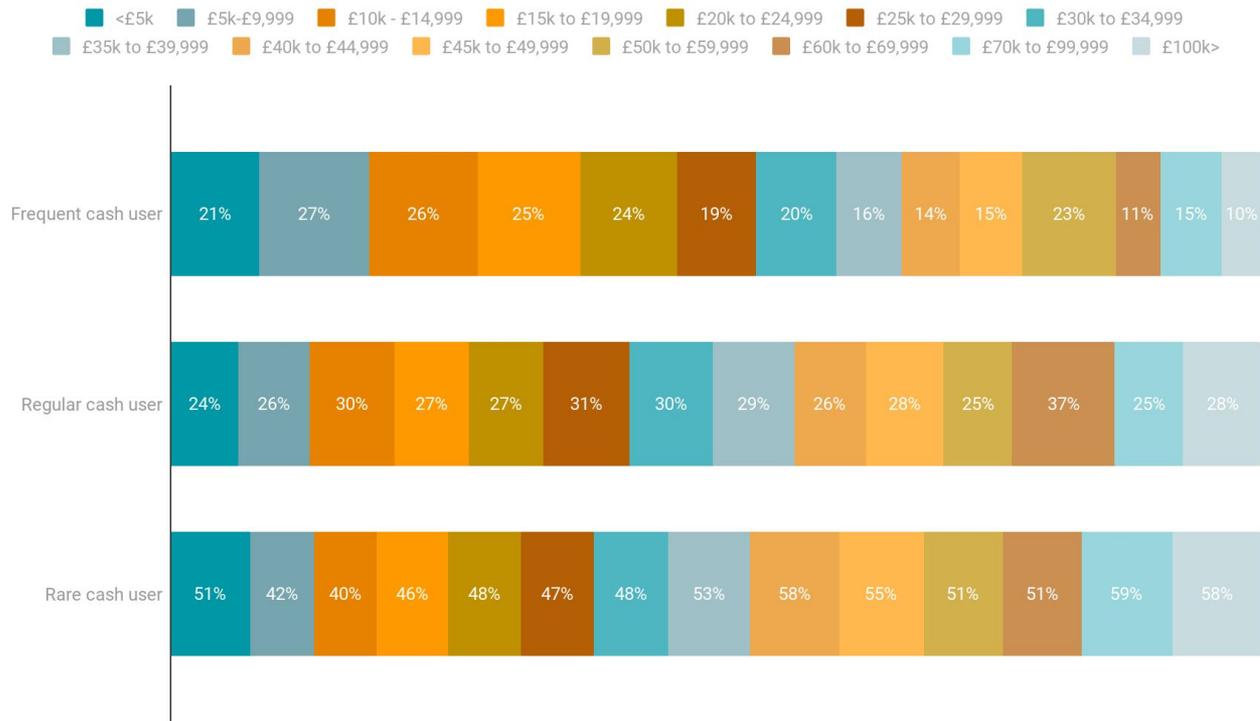
# The cash user - age and location



Frequent cash users are more likely to be **older** and live in **Northern Ireland, the North East and North West of England.**



# The cash user - personal income



While frequent cash users are more likely to earn under £25k a year, a higher proportion of that income group are rare cash users.

This suggests that low personal income does not necessarily mean high cash use.

Spending cash



# Spending cash

Lockdown restrictions had a huge impact on high street businesses in 2020. Shops offering essential goods, such as food and medicine were able to remain open, while others, including the service and hospitality industry, were forced to close for the best part of the year.

Cash is a 'bricks and mortar' method of payment and relies on shops being open. Despite the bad year for the high street, we know that millions still used cash to purchase day-to-day items. As part of our research, we asked people where they were likely to spend cash.

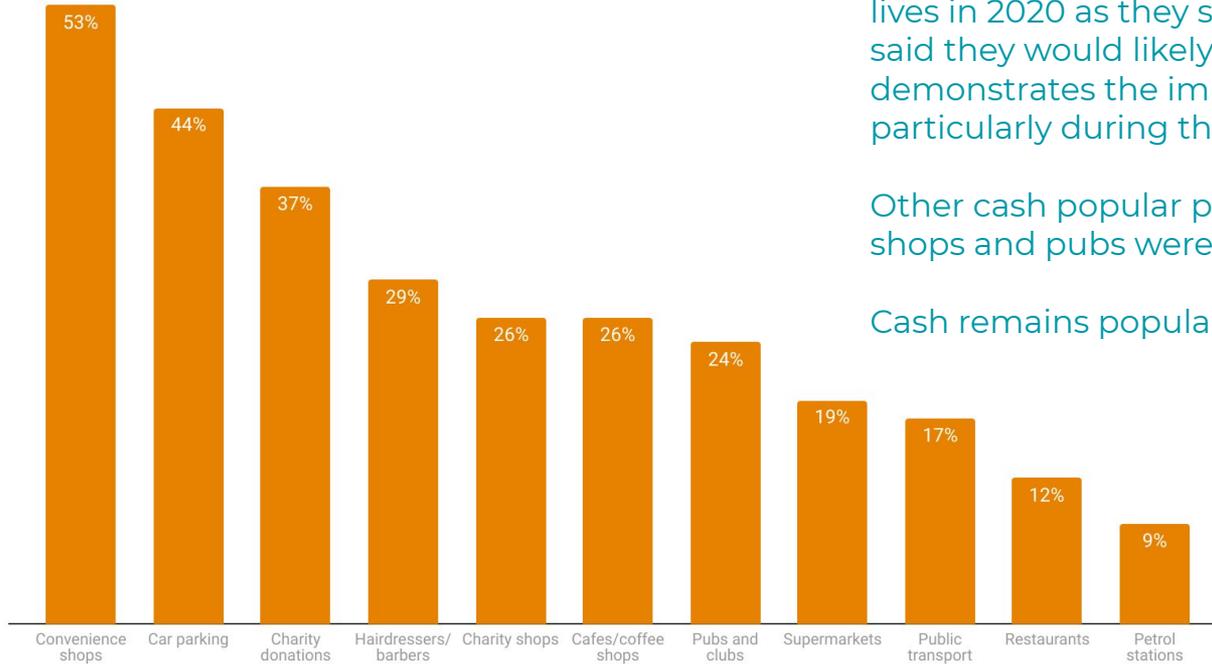
Local convenience shops accounted for the most popular response with over half (53%) of the population likely to spend cash there. This was followed by car parking (44%), charitable donations (37%), hairdressers/barbers (29%), charity shops (26%), cafes (26%) and pubs and clubs (24%).

The use of cash in supermarkets was applicable for 19% of people, 17% said they were likely to use cash on public transport, 12% said restaurants and 10% said petrol stations.\*

\*Added up averages for all four quarterly surveys, apart from car parking which was not asked in Q1.



# Spending cash



Convenience stores played a much greater role in people's lives in 2020 as they stayed local. Around one-in-five (19%) said they would likely spend cash in a supermarket, which demonstrates the importance of cash tills and acceptance, particularly during these hard times.

Other cash popular places, such as hairdressers, cafes, charity shops and pubs were closed for a large part of 2020.

Cash remains popular for car parking and charity donations.

# Impact of C19 on payments



# Impact of C19 on payments

The lockdown measures suppressed normal behaviour and, as a result, suppressed normal spending patterns. People made less payments as there were significantly fewer opportunities to spend.

This is reflected in our survey results, which shows that in 2020, **a third (34%) people said they made fewer payments** in comparison to pre-lockdown, while **two fifths (41%) said they were doing more online shopping**.

Looking at payment choice, we can see that while **31% said they were making fewer cash payments**, only **16% said they were making fewer with card**.

A notable change in shops and supermarkets has been the introduction of signs encouraging people to use contactless when they can. In our survey, **34% said they were making more contactless payments because shops encouraged them to do so** and **a fifth (21%) said they had wanted to use cash but used card as they were encouraged to do so**.

It therefore seems while the lack of opportunity to spend has resulted in less payments, the in-shop experience and preference for card over cash is impacting some people's spending habits.

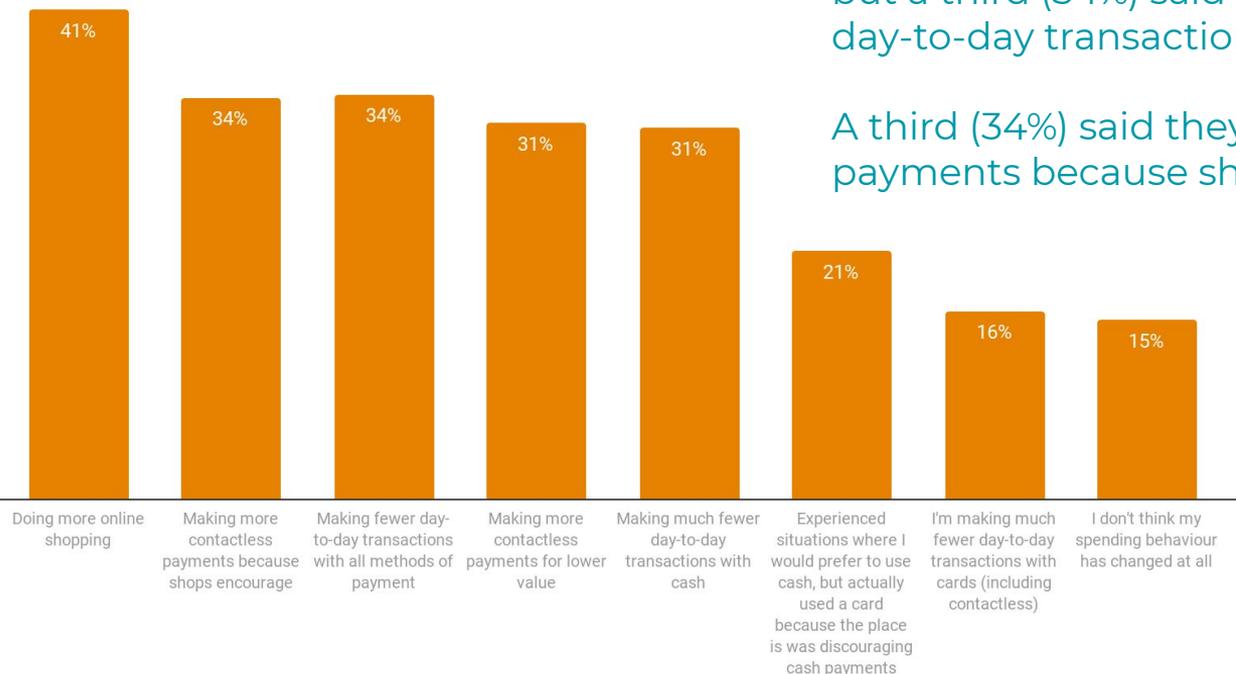


# Impact of C19 on payments



In comparison to life pre-lockdown, two fifths (41%) of people said they are doing more online shopping but a third (34%) said they are making fewer day-to-day transactions will all methods of payment.

A third (34%) said they are making more contactless payments because shops encourage them to do so\*.

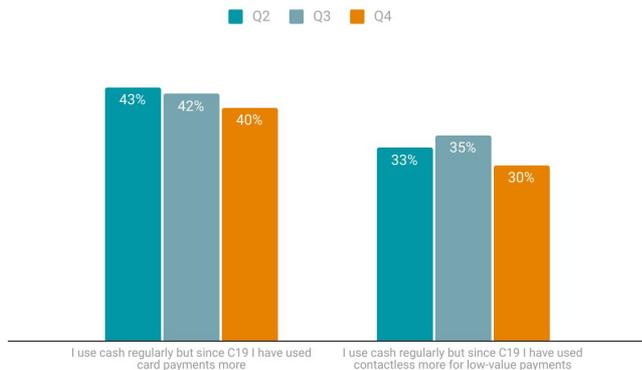


\*Added up averages for Q2, Q3 and Q4. Question not asked in Q1.

# Impact of C19 on payments



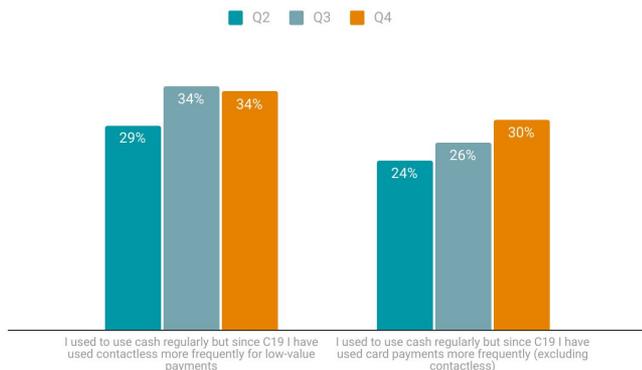
Frequent cash users



Since the outbreak of Covid-19, around **two fifths of frequent cash users have used card payments more**, and around **a third have used contactless payments more often for low value payments**.

Around **a third of regular and rare cash users said that they used to use cash more often** but since the pandemic have used contactless more frequently for low value payment. Around **a quarter said that since Covid they have used card payments more frequently**. This is an important group as it represents those that have moved from using cash everyday or more often than a week, to less often than once a week or less frequently. In other words, they have moved from cash to card for day-to-day transactions.

Regular & rare cash users



Drivers of change



# Drivers of change

Our research shows that some people have changed their payment behaviour as a direct effect of Covid-19 and lockdown. But what else would make them stop using cash?

Acceptance in shops is the most common reason (42% of respondents) with having to pay for access to cash in second (37%) followed by a lack of free-to-use ATMs. With some shops encouraging card payments (and some going cashless) as a result of Covid-19, as well as a reduction in the free-to-use ATM network, we are set to see some people deciding to stop using cash as cards and other payment methods become more convenient.

A quarter of people (26%) said they prefer not to use cash since the outbreak of the pandemic and the same amount said they would use less cash if more places accepted non-cash payments (25%).

Interestingly, more people said they would stop using cash if the contactless limit increased from £30-£45 (25%) than said they would if it increased to £100 (17%), the former having being introduced during the pandemic and the latter set to come into effect in 2021.

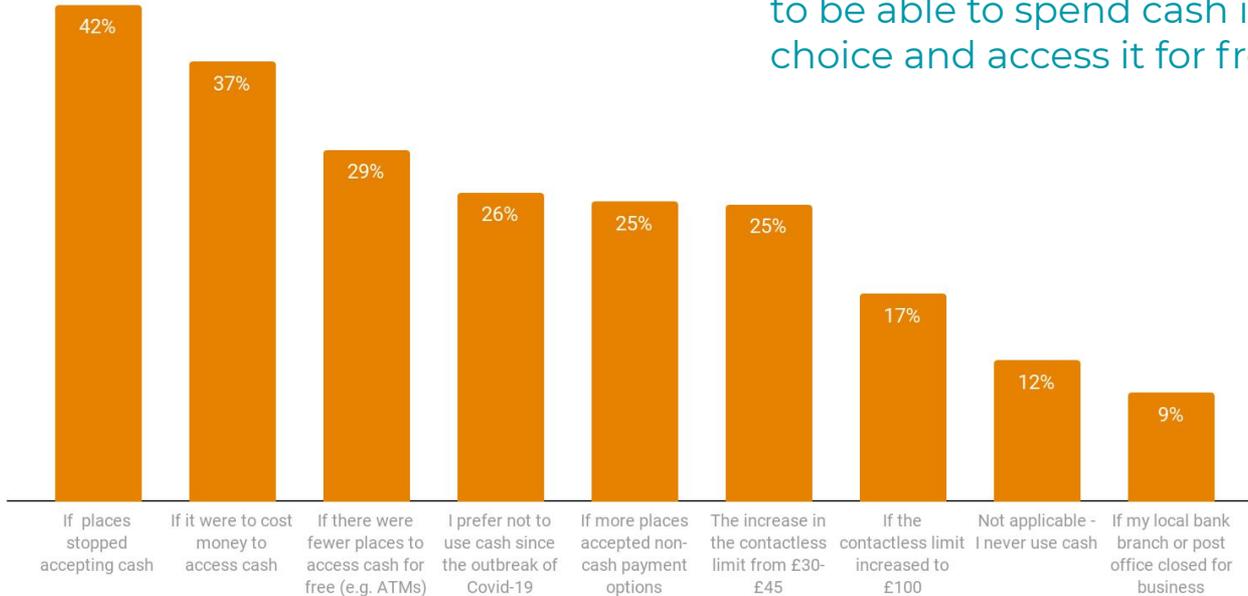


# Drivers of change



What would make you stop using cash?

Our research shows that acceptance and cost are the two dominant factors that would drive people to stop using cash. People want to be able to spend cash in their shop of choice and access it for free.



The future



# The future

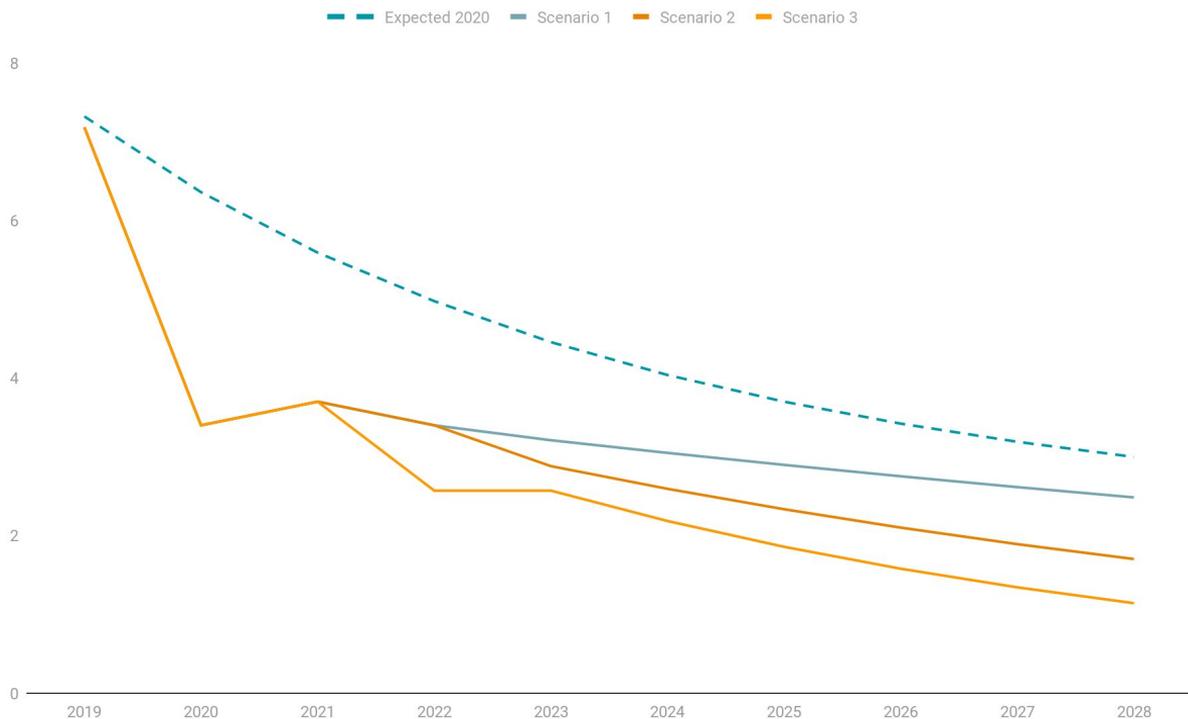
2020 represented a step change in the total volume of cash transactions. We estimate that around 3.4bn cash transactions took place in 2020, much lower than the 6.2bn we were expecting and the 7.2bn made in 2019. This drop has been caused by a combination of fewer opportunities to make payments and an acceleration of the migration from cash to cards, both direct impacts to Covid-19.

A slow return of normal spending activity will likely result in an increase in the number of cash transactions in 2021 and 2022. However, it seems unlikely that the majority of frequent cash users will change their behaviour at the pace that many of their fellow citizens have displayed this year. Their reasons for using cash are more entrenched and they may lack the confidence and digital capability to manage their finances in a different way. With the UK entering harsh economic times, using cash as a budgeting tool may prove an invaluable ally for individuals and families (as it did during the financial crisis in 2008/2009).

Taking this into account, we believe that rather than talking about the decline of cash, the remainder of the decade may be more appropriately viewed as **the concentration of cash in certain pockets of society that aren't yet ready to move to digital payments.** By 2030, it could be the case that cash remains at a level of use slightly lower than 2020 but the gap between the cash and non-cash user is significantly greater.



# The future



Our forecast provides three scenarios for cash use. All predict a slight increase in 2021.

Scenario 1 shows a slight drop in 2022 and then a 5% year-on-year decline, much lighter than the rate pre-Covid. This results in c.2.5bn cash transactions by 2028.

Scenario 2 follows the same path until 2023 when cash falls at 10% year-on-year. Again, this is lighter than pre-Covid and results in 1.7bn cash transactions by 2028.

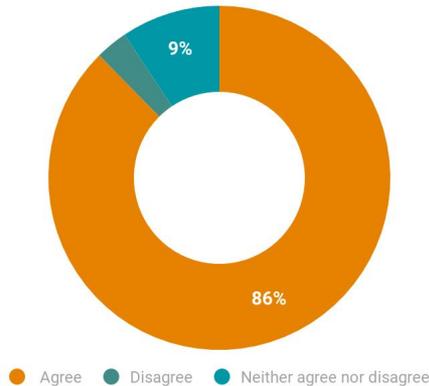
Scenario 3 sees a return to decline in 2021 and represents a 15% year-on-year decline. This is around pre-Covid level and results in c.1.1bn cash transactions by 2028.

# The future

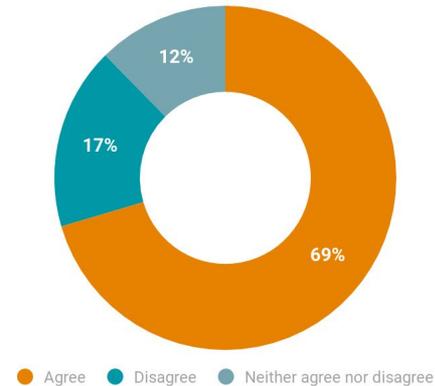
Our research shows that people think that payment choice when shopping is very important and most people think that the cashless society is happening a bit too fast.

**86% of people think that shops should offer a wide range of payment options**, including cash, and **seven-in-ten (69%) think that the move towards a cashless society is happening too fast** and could leave some people behind who are not used to card or digital payments.

I think it is important that shops offer a wide range of payment options, including cash, card, mobile payments etc



I think that the move towards a cashless society is happening too fast and could leave some people behind who are not used to card or digital payments



# Enryo

*Intelligent solutions in times of change*

An independent consultancy designed to support the financial services industry as it navigates times of change. We offer support and guidance by providing agile and innovative solutions to:

Research & education  
Stakeholder & political engagement  
Risk & resilience planning

For more information, please contact

[David Fagleman](#) or [David Hensley](#)

or visit [enryo.org](http://enryo.org) / [LinkedIn](#)

Enryo

Intelligent solutions in times of change