

1.1.1. Business environment

Cash transactions are still the most commonly used option when making payments around the world. It is an indisputable reality that there is more cash in circulation every year, and it grows in both absolute and relative terms. This has been confirmed by the central banks of each country.

In the eurozone, for example, Cash has experienced an annual growth rate of 4 percent in the last decade, according to a European Central Bank study assessing trends and development in cash use between 2008 and 2018. In areas of Latin America, the increase in cash demand is even greater. In Mexico, cash in circulation increased from 15 to 31 percent between 2000 and 2015, while in Colombia it grew from 10 to 16 percent between the '80s and 2018.

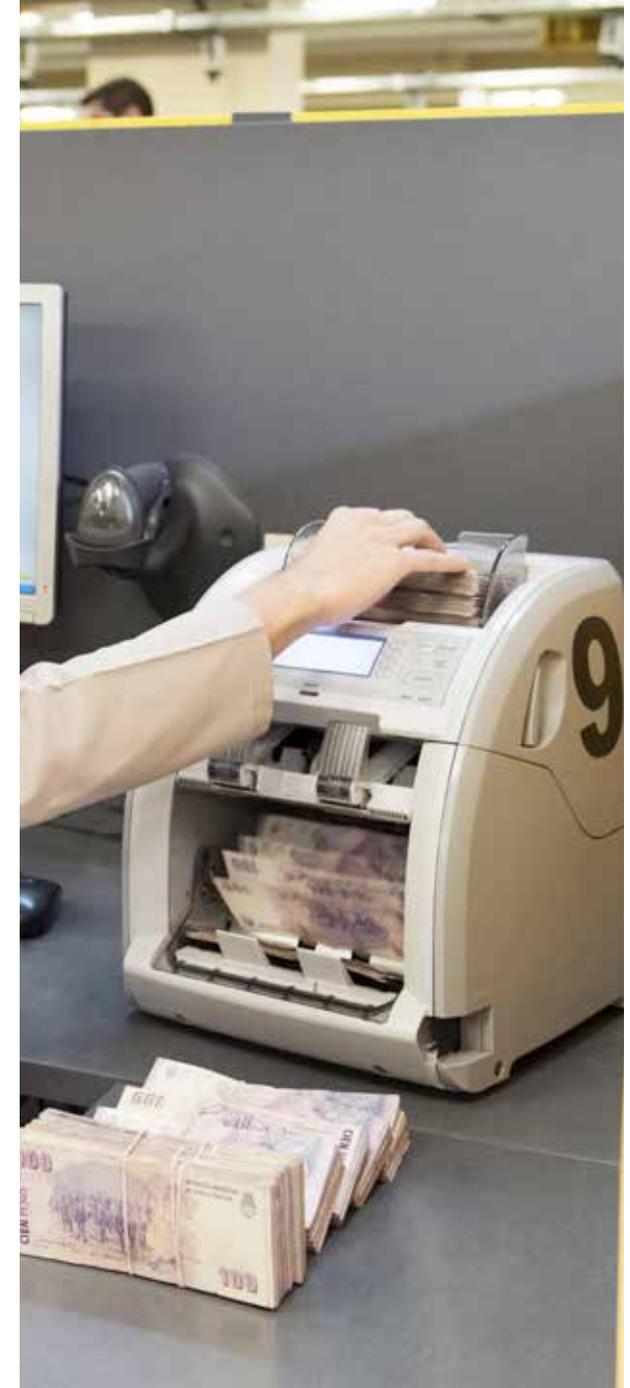
However, the international panorama of means of payment is at a constant boiling point. New payment methods and new players are emerging in the industry every day with innovative and disruptive proposals. We attend big launch events, mass presentations that generate enormous expectations. In certain environments, perhaps the most cosmopolitan, this huge activity, coupled with the huge wave of digitalisation, which seems to flood everything, has generated the feeling that cash is

in disuse and that it could soon disappear. There are many and very powerful reasons that indicate that cash will survive. First, it should be noted that, to date, there has been no alternative payment method that is able to match all the benefits that cash entails for users.

Cash is universal and inclusive. It is the only means of payment accessible to everyone. It is estimated that more than two billion people around the world do not use banks and fully depend on this means of payment.

Cash also provides privacy and gives the user a sense of trust. Both factors are becoming increasingly relevant given the increasing exposure of users to security breaches in digital environments. Personal data protection is a key element of increasing interest to people, and where cash plays a crucial role.

Cash is also a secure means of payment. The number of counterfeit banknotes withdrawn from circulation in the Eurozone has been steadily declining since 2014. In 2017, just 30 were withdrawn for every million banknotes in circulation. An extremely low percentage.



In addition to being safe, cash is efficient. The UNICEF 2017-2018 Winterization Campaign in Zaatari and Azraq showed how cash delivered to Syrian families in two refugee camps in Jordan contributed “more effectively” to purchasing basic goods to get through the winter.

What’s more, cash is resilient. Paradoxically, Sweden, the leader of the cashless movement, recommended the convenience of holding on to cash in a guide created by its Government. This guide shows how effective cash is in extreme situations and the need for different methods of payment to be brought together.

In short, this coexistence ensures the user’s freedom of choice, whilst promoting necessary competition between the different means of payment, which again benefits users.

Along the same line, in 2018, Yves Mersch, a member of the ECB’s executive committee for Project Syndicate, said that “if electronic payment methods one day replace cash, the decision should be the result of the will of the general public, not the force of lobbies.”

As such, Prosegur Cash believes that cash represents a vital part of the modern economy, and therefore has an important role to play.

