Analysis

Significant differences across industries and regions in the costs of processing cash

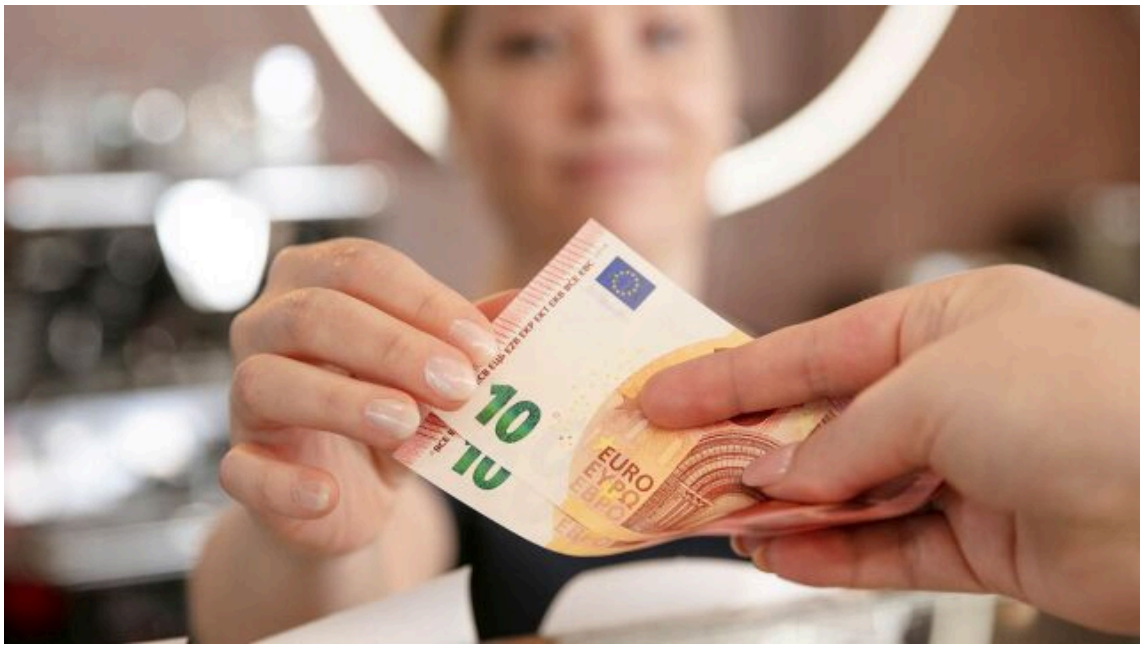
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Acceptance of cash as a means of payment is still important in the Finnish retail trade. The acceptance of cash in shops and various services ensures, in particular, the transactions of customers who do not have access to electronic means of payment or do not want to use them. It also ensures that consumers can pay for their purchases also when electronic payment systems are not available.



In early summer 2025, the Bank of Finland examined the external costs of cash supply incurred by retail trade entities. External costs refer to expenses paid by a company to external service providers for services related to the processing of cash. The purpose of the cost study was to

demonstrate how cash-related costs are distributed across industries and geographical areas. The study examined, for example, the share of cash payments, the practices of depositing and withdrawing cash as well as the formation of costs and their distribution between the various entities. The cost data refer to 2024. Table 1 shows the number of respondents by industry and Table 2 by geographical area.

Number of respondents, by industry

Industry	**Number of respondents**
Pharmacies	25
Service stations	23
Cafes and restaurants	78
Small food kiosks	30
Supermarkets and department stores	52
Total	**208**

Number of respondents, by region

	Number of respondents
Southern Finland	45
Eastern Finland	29
Western Finland	51
Northern Finland	24
Uusimaa	59

Number of respondents, by region	
Total	208

The acceptance of cash has sparked debate in recent years, as some retailers have refused to accept cash. According to the Bank of Finland consumer survey, 17% of consumers have experienced non-acceptance of cash payment even if they wanted to use cash. The European Central Bank's (ECB) Companies' Survey on Cash shows that one of the key reasons for a company's non-acceptance of cash in Finland is the inconvenience of depositing and/or withdrawing cash.

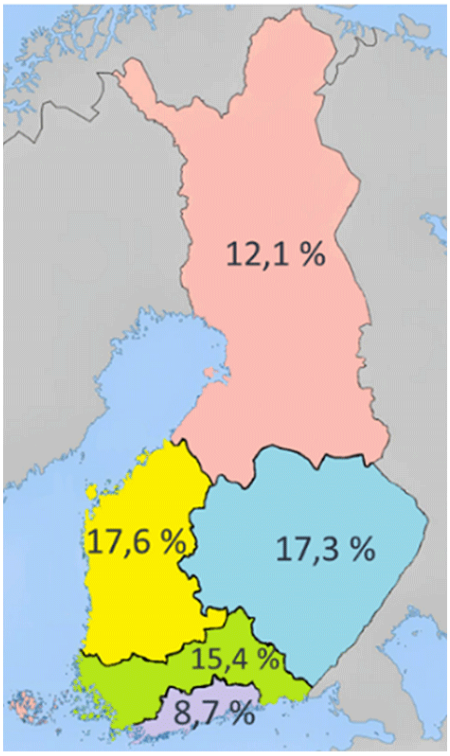
Prevalence of cash payments varies across regions and industries

Retailers were asked to estimate the share of cash payments in payment transactions. The share of cash payments varies considerably both by industry and region. Of the various industries, the share of cash payments is larger in pharmacies, service stations and grocery stores than in cafes and restaurants or small food kiosks. The differences across the regions are significant: in sparsely populated areas, cash is still an important means of payment. The share of cash in payment transactions is smallest in Southern Finland.

Share of cash payments in payment transactions, by industry	
	Share of cash payments
Pharmacies	13.6%
Service stations	18.3%
Cafes and restaurants	11.6%
Small food kiosks	13.2%
Supermarkets and department stores	16.1%
	13.9%

Chart 1.

Share of cash payments, by region



Source: Bank of Finland

Share of cash payments, by region	
	Share of cash payments
Sparsely populated area	15.0%
Other municipal centre / population centre	15.1%
Large city (e.g. Helsinki Metropolitan Area, Tampere, Turku, Oulu)	11.4%
	13.9%

In the Bank of Finland's consumer survey, 14% of the respondents stated that they use cash or cash and an electronic means of payment equally often. According to the ECB's latest SPACE study, cash payments accounted for 27% of POS transactions in Finland. This is the second lowest share in the euro area; the share was lower only in the Netherlands (22%).

The practices and challenges of depositing and withdrawing cash

The study examined various methods of depositing cash, for example depositing at the bank counter, via a deposit ATM (cash-in machine) or in a night vault, and the use of a cash-in-transit company.

The use of a cash-in-transit company was clearly most common in the case of pharmacies and supermarkets. In the case of service stations, the methods of depositing were distributed more evenly: depositing at the bank counter and in a night vault are equally popular (26%), deposit ATM 17%, cash-in transit company 22% and other methods 13%.

Depositing, by industry

	Bank counter	Night vault	Deposit ATM (cash-in machine)	Cash-in-transit company	Other
Pharmacies	24%	4%	8%	64%	0%
Service stations	26%	26%	17%	22%	13%
Cafes and restaurants	14%	24%	41%	10%	22%
Small food kiosks	33%	10%	40%	17%	13%
Supermarkets and department stores	17%	12%	17%	52%	6%
	20%	**17%**	**28%**	**29%**	**13%**

In the case of cafés and restaurants, the alternative ”other” is the most prevalent, which indicates that they use non-traditional solutions for depositing cash. In practice, the companies use part of the cash directly for paying suppliers and for paying other bills – in that case, cash is recirculated instead of deposited with a bank. Excess cash may also be collected in a safe for later use. This shows that cash plays a key role also in daily payments and cash management.

The means of depositing cash also vary by region. For example in Northern Finland, depositing over the bank counter or via a deposit ATM are the most common methods, whereas in Uusimaa,

the use of a cash-in-transit company and deposit ATMs is more common. In turn, in Southern and Eastern Finland, the use of a cash-in-transit company and depositing via an ATM are the most common ways of depositing cash. There is a user group for all the methods of depositing cash, and it is therefore important that retailers have the opportunity to choose the most suitable solution.

Depositing, by region

	Bank counter	Night vault	Deposit ATM (cash-in machine)	Cash-in-transit company	Other
Southern Finland	24%	20%	31%	29%	11%
Eastern Finland	10%	17%	34%	31%	10%
Western Finland	24%	14%	27%	27%	18%
Northern Finland	33%	21%	29%	25%	4%
Uusimaa	14%	15%	24%	32%	15%
	20%	**17%**	**28%**	**29%**	**13%**

There are many alternatives available for withdrawing cash: cash can be pre-ordered from a bank, companies can use a cash-in-transit company or collect cash from the bank without order, or use other means. Examples of the other methods of withdrawing cash are obtaining cash directly from customers, from the shopkeeper's own wallet or by exchanging cash with other entities in the area.

For pharmacies and supermarkets, using a cash-in-transit company is clearly the most common method of withdrawing cash. In all the other industries, however, the method 'other' is the most prevalent. Companies with a low turnover usually use other methods for withdrawing cash. For large companies, the use of a cash-in-transit company is clearly the most common method, and in the case of particularly SMEs, pre-ordering from the bank is the most frequent method. The methods of withdrawing cash vary slightly also by region; however, in Eastern Finland, over 55% of the businesses selected the alternative "Other".

Cash withdrawals, by industry				
	Ordered from the bank	Cash-in-transit company	From the bank without order	Other
Pharmacies	36%	64%	0%	0%
Service stations	17%	17%	4%	65%
Cafes and restaurants	27%	13%	18%	54%
Small food kiosks	17%	13%	13%	60%
Supermarkets and department stores	23%	52%	2%	29%
	25%	**29%**	**10%**	**43%**

Cash withdrawals, by region				
	Ordered from the bank	Cash-in-transit company	From the bank without order	Other
Southern Finland	29%	27%	9%	40%
Eastern Finland	17%	28%	3%	55%
Western Finland	25%	29%	10%	45%
Northern Finland	29%	25%	8%	38%
Uusimaa	22%	34%	14%	41%
	25%	**29%**	**10%**	**43%**

Based on the results, one might wonder whether the use of non-traditional means of depositing and withdrawing cash is a matter of adaptation or necessity for businesses. Small companies seem to be using alternative means both for depositing excess cash as well as for withdrawing additional

cash. If traditional banking services are difficult to access or if their costs are high, businesses may have to use alternative solutions, such as using cash for payments or storing cash in a safe. This may be an indication of constraints caused by local conditions. On the other hand, flexible processing of cash may also be a conscious adaptation strategy that enables a smooth flow of everyday business and the management of costs. Companies may therefore adopt methods that are possible or useful for them. In large companies, the use of a cash-in-transit company and ordering from a bank are clearly established practices, suggesting that alternative means are more common in regions where traditional services are not sufficient or suitable for the needs of a company.

Large variations in the costs of cash supply

Cost data for 2024 reveal that the cost structure is not uniform; it depends on the industry in which the company operates and in which part of Finland it is located. The average annual cost for retailers was EUR 1,293.

An examination by industry shows that the differences are clear. Supermarkets and department stores stand out with the highest annual costs of cash supply. This is explained by the high cost of banking and use of cash-in-transit companies. Pharmacies have a different cost structure: banking costs are clearly higher that the costs of using a cash-in-transit company. In cafes and restaurants and small food kiosks, the total costs are considerably more moderate. This shows that the costs of cash supply do not depend solely on the size of the company; the characteristics of the industry and the need for processing cash play a crucial role.

Annual cost of cash supply services, by industry	
	Annual cost of cash supply services, average
Pharmacies	EUR 1,976
Service stations	EUR 1,367
Cafes and restaurants	EUR 554
Small food kiosks	EUR 670
Supermarkets and department stores	EUR 2,398
	EUR 1,293

A geographical examination provides a different perspective. The highest annual costs are found in Eastern Finland, which is explained mainly by the use of cash-in-transit companies. This may be due to longer transport journeys and a sparser service network, which raises logistics costs. In Southern Finland and Uusimaa, the costs are more even, but the use of a cash-in-transit company is still a significant expenditure item. The costs caused by the use of a cash-in-transit company are explained by, for example, more frequent visits. In Western and Northern Finland, total costs are slightly lower, but the use of a cash-in-transit company is still the largest single cost item. Other costs are fairly low in all the regions, which indicates that the cost structure of cash supply is highly concentrated on banking and cash-in-transit services.

Annual cost of cash supply services, by region

	Annual cost of cash supply services, average
Southern Finland	EUR 1,102
Eastern Finland	EUR 1,727
Western Finland	EUR 1,400
Northern Finland	EUR 1,422
Uusimaa	EUR 1,079
	EUR 1,293

An examination of the costs of cash supply in the various industries and regions provides valuable information on the challenges related to the circulation of cash. The figures for 2024 show that the costs are not divided evenly; they vary significantly by industry and geographical location. From the central bank's perspective, these differences are an indication of the structural costs of cash management and of the effects of the density of the service network and the length of the transport journeys on the price of cash supply. In remote regions, high costs of the use of a cash-in-transit company may weaken the availability of cash and increase the pressure to switch to electronic means of payment.

Cash deposit a significant cost item

The survey examined how retailers divide the costs of cash supply between cash withdrawal, transport, deposit and other. The alternative 'other' was not defined in more detail, and therefore some of the respondents may have included in it their own internal costs, even though the purpose was to examine external costs.

Based on the results, depositing accounts for the largest share of costs. For example, at service stations, 45% of the costs is accounted for by depositing, in cafés and restaurants, the figure is as high as 59%, in small food kiosks 32%, and in supermarkets 33%. Correspondingly, the shares of cash withdrawal and transport are significantly smaller.

Allocation of costs, by industry

	Withdrawal	Transport	Depositing	Other
Pharmacies	24%	36%	23%	18%
Service stations	11%	18%	45%	25%
Cafes and restaurants	16%	8%	59%	16%
Small food kiosks	23%	8%	32%	37%
Supermarkets and department stores	18%	23%	33%	26%
	18%	**16%**	**43%**	**23%**

Allocation of costs, by region

	Withdrawal	Transport	Depositing	Other
Southern Finland	16%	17%	45%	22%
Eastern	16%	11%	50%	24%

Allocation of costs, by region				
Finland				
Western Finland	16%	17%	49%	18%
Northern Finland	25%	13%	40%	21%
Uusimaa	20%	20%	34%	27%
	18%	**16%**	**43%**	**23%**

Depositing seems to cause significant costs for retailers. This may be due to the fact that the process involves many external services, such as fees charged by banks and cash-in-transit companies, and possibly stricter security requirements and reporting obligations. In addition, depositing cash can be a logistical challenge for retailers, which increases the costs. Some of the retailers may also consider depositing a higher-risk stage, which is why they invest more resources in it. This, in turn, increases the costs.

Conclusions

Cash is still a significant part of the payment infrastructure in Finnish retail trade, even though electronic means of payment have rapidly become more common. Cash ensures the transactions of customers who do not have access to electronic means of payment or do not want to use them. Cash also serves as an important back-up solution in situations where other means of payment are not available.

The costs of cash supply vary considerably both geographically and by industry. The largest costs are caused by depositing and, particularly in large companies and in more remote areas, by the use of cash-in-transit companies. Of the various industries, supermarkets and department stores face the greatest total costs, while for small kiosks and restaurants, the costs are more moderate. Small companies often have to use alternative methods for processing cash, such as cash recirculation or safe-keeping, which indicates adjustment, either by choice or compulsion, in the absence of necessary cash services or when the price is high.

Overall, the acceptance of cash payments and the related cash supply cause various cost and service pressures for retail trade entities. High costs may lead to restrictions in the acceptance of cash, which in turn weakens the accessibility of services, particularly in remote areas and for small

businesses. For society as a whole, it is important to ensure that cash remains an accessible means of payment throughout the country also for companies. This requires the development of cost-effective solutions and cooperation between banks, cash-in-transit companies and retail trade entities.

Finally, the acceptance of cash should not be examined only in terms of the diversification of payment methods, but also from the perspective that cash has a broader social significance in terms of equality, accessibility and preparedness. It is important to monitor the development of the costs of cash supply and to ensure that they do not become an obstacle to the use of cash where cash is still a necessary means of payment.

The opinions expressed in this article are those of the authors and do not necessarily represent the views of the Bank of Finland.

Keywords

cash, maintenance of currency supply