# A QUANTITATIVE AND QUALITATIVE COST OF CASH STUDY (BANKNOTES AND COINS) IN SOUTH AFRICA INDUSTRY REPORT

## 2026

South African Reserve Bank



In this *Cost of Cash Research Report*, the South African Reserve Bank (SARB) provides insights into the direct and indirect costs associated with the use, distribution and management of cash in the Republic of South Africa, including impacts across households, businesses and the broader cash ecosystem.



This *Cost of Cash Research Report* has been prepared by staff members of the SARB and/or its appointed service providers under the auspices of the SARB. While every effort has been made to ensure the accuracy and integrity of the information presented, the SARB shall not be liable to any person for any inaccuracies, omissions, assumptions or interpretations contained herein.

The findings and views expressed in this report are based on the data, methodologies and assumptions applied during the study and do not necessarily reflect official policy positions of the SARB unless explicitly stated.

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# 1. Research summary

## Our study highlighted the key results, market trends and insights pertaining to the cost of cash.

This cost of cash research study is a research report commissioned by the South African Reserve Bank (SARB) to provide a comprehensive, quantitative and qualitative assessment of the cost of cash (banknotes and coin) in South Africa.

### Scope

- Quantified cost of cash along the value chain covering both direct and indirect costs
- Identified barriers to access for the underserved population

### Strategic fit

- The Currency Management Department (CMD) of the SARB ensures an optimal currency supply chain as part of the SARB's mandate.
- This research aligns with the SARB's Strategy 2030 under strategic focus area 3 by supporting CMD's objectives.

### Out of scope

- Production and distribution incurred by the SARB
- Cross-border payments
- General business-to-business transactions

## The SARB cost of cash research

An in-depth understanding of the cash value chain – including principal participants, stakeholders and the associated costs of providing cash services – is fundamental to effective cost management and the promotion of financial inclusion in South Africa. By systematically analysing the flow of cash from the SARB, through commercial banks, independent automated teller machine (ATM) deployers (IADs) and retailers, and ultimately to end users, this approach enables the identification of key cost drivers and opportunities for process optimisation. This ensures the continued accessibility and efficiency of cash as a payment instrument for all segments of the population.

## Significance of the study

Data was collected directly from key stakeholders across the cash supply chain, ensuring accuracy and real-world insights.

01

**Cash remains important in South Africa's retail payments**

Despite the growth in mobile and electronic channels, cash is still preferred by 40% of consumers for future payments, making cost optimisation critical for financial inclusion.

02

**Building a more resilient currency network**

The cost of cash study reveals systemic implications, especially for low-value transactions, highlighting the need for an efficient and resilient currency supply chain across tiers 1 to 3.

03

**Financial inclusion**

Financial inclusion requires balanced access to cash and digital services, ensuring that underserved communities can participate in the economy while building trust in formal financial systems.

04

**Strategic value**

Our first-of-its-kind research is grounded in primary evidence from key stakeholders across the South African cash supply chain and consumers. This provides a robust foundation for policy decisions and cost optimisation, reflecting actual market dynamics.

## 2. Research objective

**Our study had both primary and specific objectives.**

### Primary objective

Conduct a detailed quantitative cost of cash study (of both banknotes and coin) downstream (tier 1, 2 and 3) across key cash stakeholders in South Africa, identifying the major cost drivers within the cash supply chain as well as opportunities to optimise the cash value chain.

### Specific objectives

a. Determination of cost
b. Household cost segmentation
c. Benchmarking
d. Technology impact
e. Financial inclusion

### Specific objectives explained

**a.** Identify and quantify both the internal and the external costs in the cash value chain in South Africa for each of the affected stakeholders, such as (businesses include cash-in-transit (CIT) operator businesses, which have the additional costs of security and insurance for the cash assets and equipment. These costs should be allocated into fixed and variable, direct and indirect categories.

**b.** By relating the costs of cash to the end consumer, understand how end consumers are affected by the costs of using cash and other competing payment instruments. Consumer segmentation involves categorising individuals based on income bands and user groups to further infer their lifestyle metrics.

**c.** Understand the costs of cash across different regions of South Africa and benchmark on selected countries with a similar economic background as well as the more developed economies.

**d.** Understand the impact of technology on the costs of cash in South Africa as well as the different segments of consumers such as cash-reliant and digital front-runners based on their usage patterns.

# 3. Research approach

**Our methodology was structured around five key building blocks to ensure comprehensive coverage of the cash ecosystem and accurate cost estimation.**

Central banks

### Primary and secondary research

We engaged with the SARB's CMD to contextualise the hypothesis and conducted workshops to understand the cash supply chain and tiering system. During this process, we identified the major players in each tier and determined the stakeholders for primary data collection, including countries for global benchmarking, commercial banks, CIT operators and retailers. We also designed questionnaires for the consumer survey as well as the Informal traders interviews.

### Central banks engagement

We reached out to 14 central banks with survey requests and received responses from 7 of them. In addition, we conducted a literature review and sourced information from central bank websites as well as reports from other Deloitte member firms to strengthen our analysis.

Cash industry

### Cash industry engagement

We engaged with the largest commercial banks and key industry players in South Africa, including IADs and CIT operators. For each group, we ran workshops to introduce the activity-based costing (ABC) framework and tool, ensuring alignment on methodology and data requirements.

### Retailers engagement

We engaged with retailers and obtained cost data directly from them to capture their perspective on cash-handling costs as well as cash-back at points of sale (POSs) and integrated these insights into the overall costing framework.

Research framework

### Consumer survey

We conducted a national consumer survey across all nine provinces, targeting end users such as consumers, informal traders, taxi drivers and car guards. This fieldwork provided critical primary data for understanding the cost implications of cash usage at the consumer level.

### Post-engagement activities

After completing these engagements, we finalised the data collection, performed data analysis using the ABC framework and generated insights and results for the SARB.

# 4. Cash value chain, tiers and associated costs

## The cost categories along the cash value chain.

| | Tier 1: Essential industry services | Tier 2: Essential bank services | Tier 3: Retailers | End users (consumers) |
|---|---|---|---|---|
| **Internal costs** | • Cost of currency production (i.e. the printing of banknotes and the minting of coins)* | • Operating expenses of maintaining ATM and branch networks<br>• Depreciation of incurred capital expenditure (capex) on ATM and branch networks<br>• Operating expenses on cash operations | • Opportunity costs of time handling and managing cash<br>• Depreciation on cash infrastructure<br>• Expected loss linked to the risk of holding cash<br>• Interest foregone on average cash holdings | • Opportunity costs of time spent accessing and using ATMs and branches<br>• Expected loss linked to the risk of holding cash<br>• Interest foregone on average cash holdings |
| **External costs** | • Losses from counterfeit currency*<br>• Cash logistics (secure storage, movement and distribution) | • Transaction fees paid to other banks, payment networks and intermediaries<br>• Payment to cash logistics companies<br>• Payment to IADs | • Transaction fees paid to banks<br>• Payment to cash logistics companies | • Transaction fees paid to banks for the use of ATMs and branches |
| **Direct costs** | • Currency operations (cash processing)<br>• Cash logistics<br>• Cash production and destruction* | • Cash-handling costs<br>• Income from electronic payment fees, cash deposit fees (CDFs) and cash withdrawal fees (CWFs) | • Cash-handling costs and infrastructure (accepting, storing, managing, clearing)<br>• Bank fees<br>• Interest and working capital impact<br>• Security and losses (theft, damage, counterfeit currency)<br>• Cash-handling time (opportunity cost)<br>• Storage and insurance | • CDFs<br>• CWFs<br>• Card usage fees<br>• Transport fees to access cash |
| **Indirect costs** | • Security and counterfeit prevention<br>• Crime and losses<br>• Storage and insurance | • ATM and branch infrastructure operations<br>• Security measures (physical and technical)<br>• Security and losses<br>• Storage and insurance | | • Time cost (opportunity cost)<br>• Interest foregone<br>• Opportunity cost of rewards and discounts |

- Fixed cost: the cost that remains constant regardless of the volume of cash handled.
- Variable cost: the cost that fluctuates with the volume of cash handled.

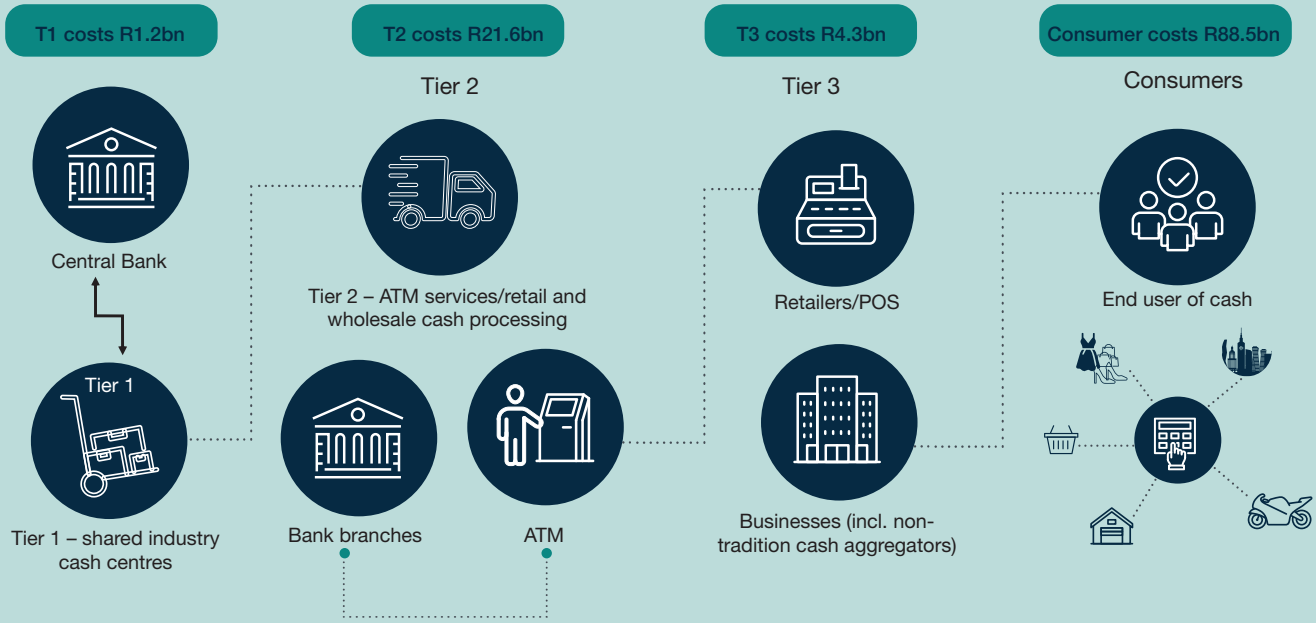
* Several Tier 1 costs are out of scope for this project.

# 5. Value chain view of cost of cash

## A quantitative and qualitative cost of cash study (banknotes and coin) in South Africa across the cash value chain.

The cost analysis presents a comprehensive overview across all tiers, encompassing the T1 essential industry services, T2 essential bank services, T3 retailers (formal and informal traders) and consumer (end user) segments. Collectively, this multi-tiered cost structure underscores the cash-related costs across the South African economy, amounting to a total of R88.5 billion.

Importantly, we do not aggregate the costs from T1 (R1.2 billion), T2 (R21.6 billion) and T3 (R4.3 billion), as these expenses are already embedded within the consumer cost of cash calculation, mainly from the survey results. This approach avoids double-counting and provides a clearer, unduplicated view of the financial impact of cash usage across the system.




**Consumers paid all T1–T3 costs plus business margins and incurred extra travel expenses to access cash. Consumers' costs of cash were calculated based on the results from the consumer survey and were not calculated directly using costs data from T1–T3.**

# 6. Total cost of cash across the T1–T3 supply chain

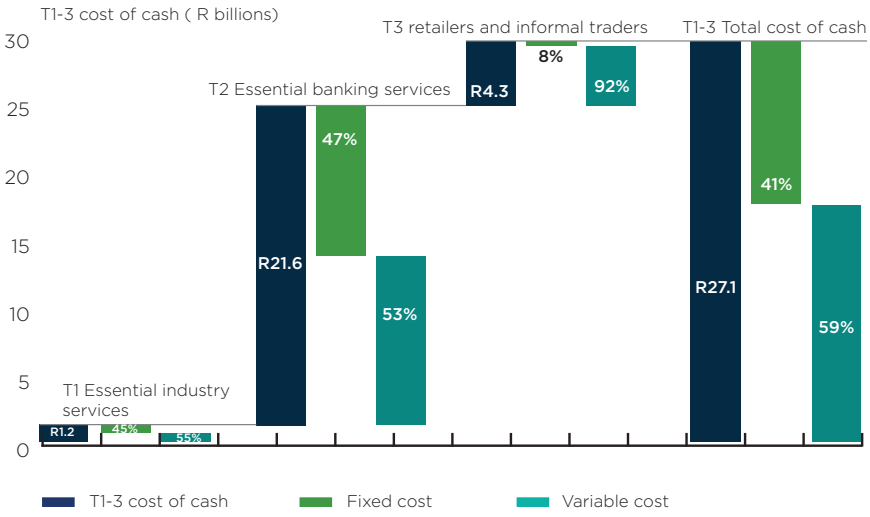
**The total cost of cash across the T1–T3 supply chain was R27.1 billion, broken down by tier and further divided into fixed and variable components within each tier.[1]**

Tier 1 (T1): The expenses incurred by the essential industry services of R1.2 billion. This segment costs only 4% of the total T1–T3 costs.

Tier 2 (T2): The costs of essential banking services of R21.6 billion, including the cost of accessing cash through multiple channels, such as ATMs and bank branches. This segment costs 80% of the total T1–T3 costs, with almost 50% of T2 cost fixed. The South African economy pays a substantial amount to keep cash accessible to the public.

Tier 3 (T3): The costs of cash in the retail sector (both large retailers and informal traders that are non-VAT registered), including cash-back at POS totaling R4.3 billion. Formal retailers have some fixed costs, but informal traders typically operate without fixed costs.

**Total cost of cash supply chain split by tier and by fixed vs variable components**




1 These tiers exclude costs borne by the SARB in the production and distribution of banknotes and coin (cost of currency), which amounted to R1.8 bn in the financial year ending March 2024.

# 7. Consumer view of cost of cash

**Consumers' costs of cash were calculated based on the results from the national consumer survey.**

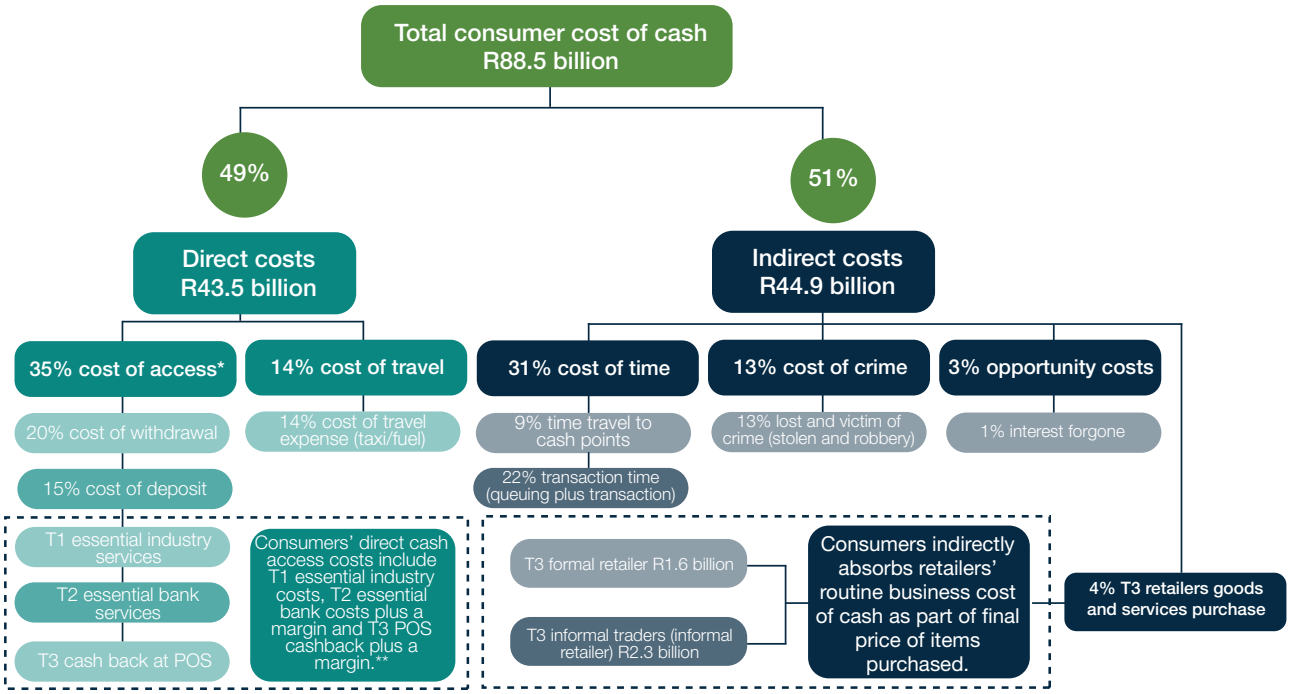
## The SARB cost of cash research

The total annual consumer cost of cash in South Africa is estimated at R88.5 billion, reflecting both direct and indirect expenses borne by consumers.

Direct costs – which include withdrawal charges (R17.7 billion), deposit fees (R13.3 billion) and travel costs for accessing cash (R12.5 billion) – account for roughly half of the total.

Indirect costs – such as time spent queuing (R19.5 billion), cash-related crime and losses (R12.0 billion), travel time (R8.3 billion), retailers' routine business cash costs (R3.9 billion) and interest foregone (R1.3 billion) – make up the other half.

**This breakdown highlights that the cost of cash is not limited to visible bank fees, but also includes significant hidden costs related to time, security, indirect retailer and informal traders costs, and access.**




* Consumers access costs were calculated based on the results from the consumer survey and were not calculated directly using costs data from Tiers 1-3.

** Interest rate used to estimate the opportunity costs was 6%.

# 8. Total cost of cash for consumers

**The total cost of cash for consumers was R88.5 billion, broken down into direct and indirect costs.**

## Insights

The cost of cash is almost equally split between direct and indirect costs.

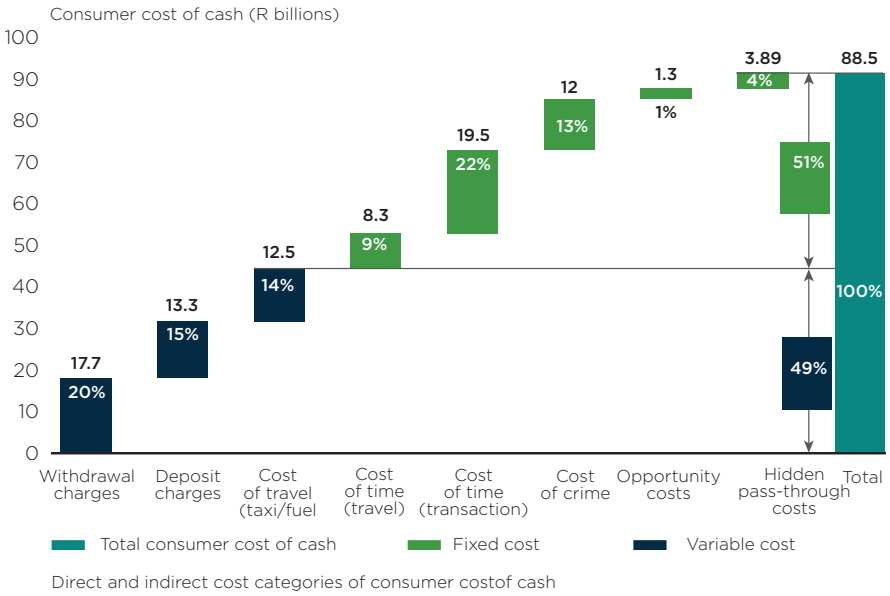
### Indirect costs are significant but often overlooked.

- The cost of time lost–comprising travel, queuing and transaction time–amounts to R27.8 billion (31% of total), highlighting the significant burden on consumers in accessing and using cash.
- The cash crime value of R12 billion or 14% and travel time costs of R8.3 billion or 9% show that safety risks and time spent travelling are major hidden costs.
- Interest foregone or the opportunity of holding cash (R1.3 billion or 1%) is relatively small but still notable, representing an opportunity cost of not keeping money in interest-bearing accounts.
- Hidden pass-through raises everyday prices. Roughly 4% of consumer cost comes from retailers' cash-handling costs embedded in goods and services, particularly salient for informal traders which contribute a larger share (R2.3 billion), with formal retailers contributing R1.6 billion.

### Direct costs are driven by transaction fees and access.

- Estimated withdrawal charges (R17.7 billion or 20%) and deposit charges (R13.3 billion or 15%) together make up more than a third of the total cost.
- Travel costs (R12.5 billion or 14%) for accessing cash (e.g. taxi fares and fuel) are a substantial direct expense, especially for rural and low-income consumers.

**Total consumer cost of cash split by direct and indirect costs**




Direct and indirect cost categories of consumer costof cash

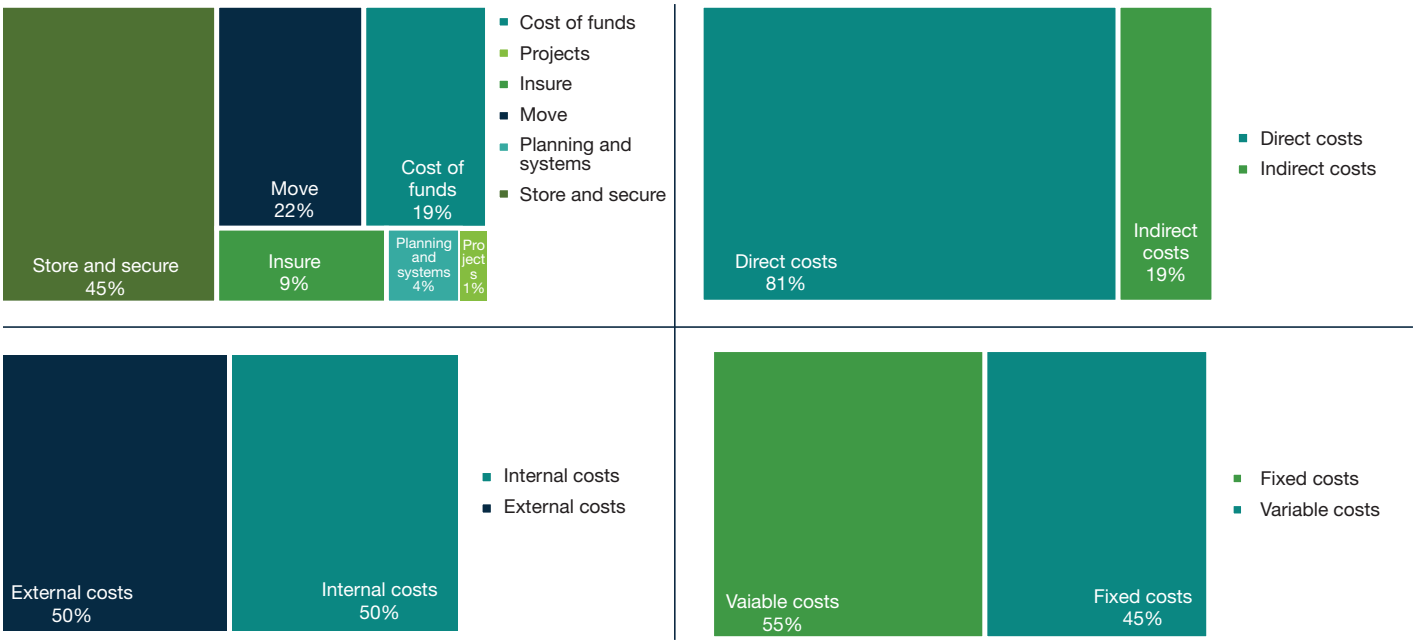
## Time and access remain major barriers

The combined impact of time spent queuing (22%) and time travelling (9%) or 31% of the cost of cash, is waiting time-related. Additionally, 14% of the total cost of cash relates to the money spent to travel for cash-related reasons specifically. This means that over 45% of the total cost of cash is related to physical access and time lost, not just bank fees, especially for those far from banking infrastructure.

# 9. Tier 1 cost of cash

**Most of the T1 essential cash industry's costs are within its control, they are mostly direct, internal and variable.**

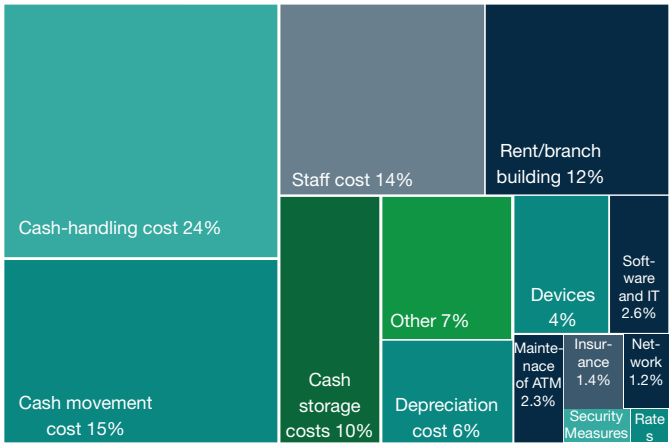
Cash industry's Tier 1 cost category contributions–R 1.17bn (percentage)



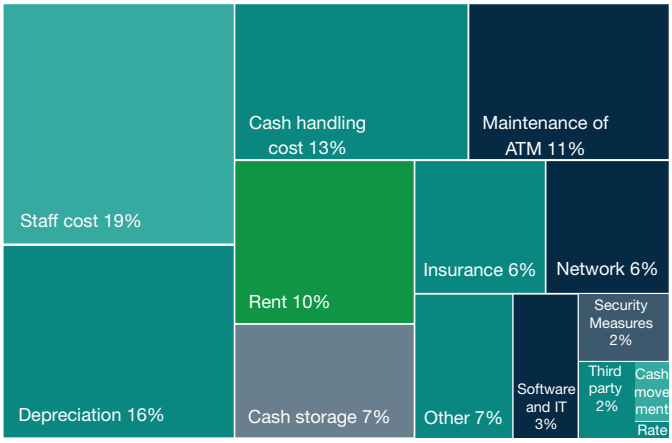

# 10. Tier 2 cost analysis

**The biggest cost drivers for commercial banks are cash handling at 24%, movement at 15% and staff costs at 14%. For IADs, costs are heavily asset-driven (depreciation + maintenance) and labour-intensive.**

Commercial banks: cost drivers' analysis

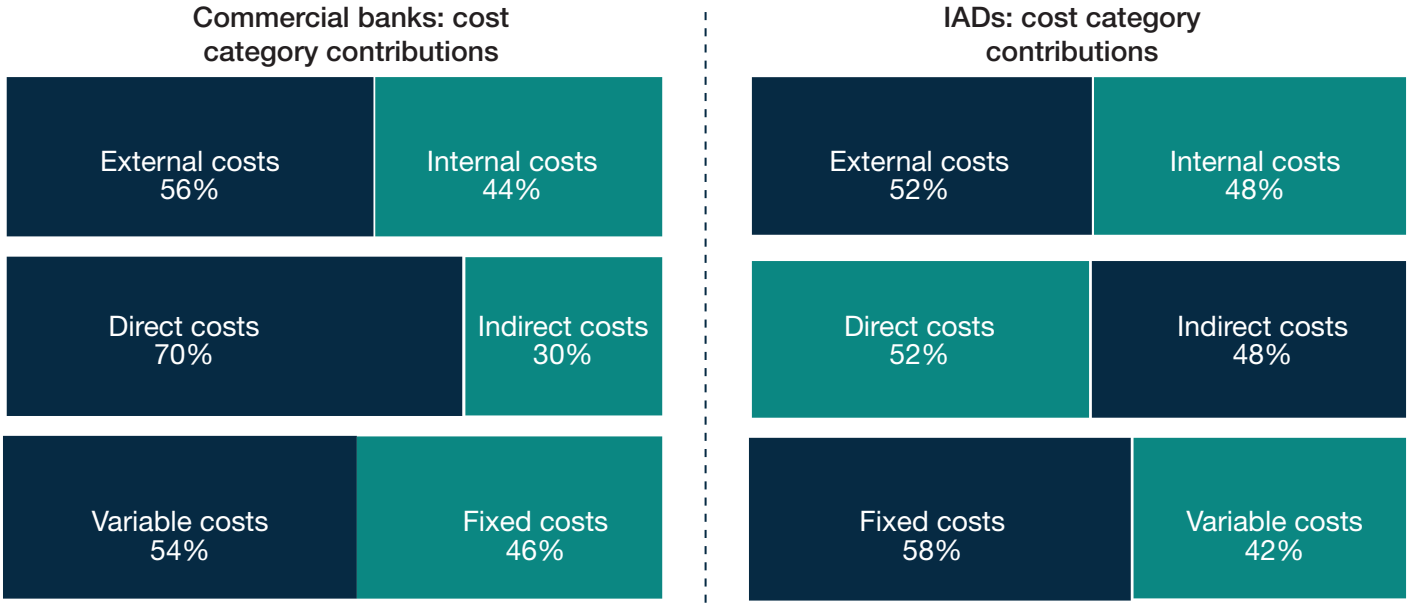



IADs: cost drivers' analysis



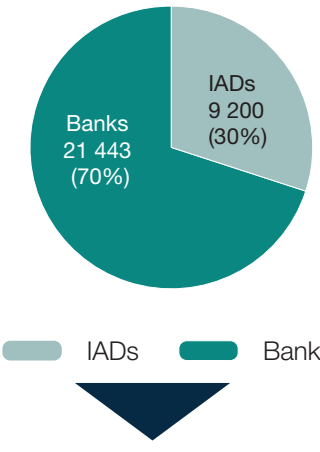
# 11. Tier 2 cost of cash (continued)

**Commercial banks are cost-heavy on direct costs (70%) tied to branch operations and cash handling. Fixed costs dominate (58%) IADs due to ATM infrastructure.**



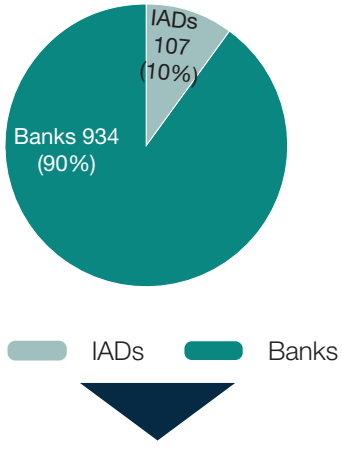

# 12. Tier 2 comparison of cost efficiency between banks and IADs

Share of ATMs in the market between banks and IADs
(ATM count, %)



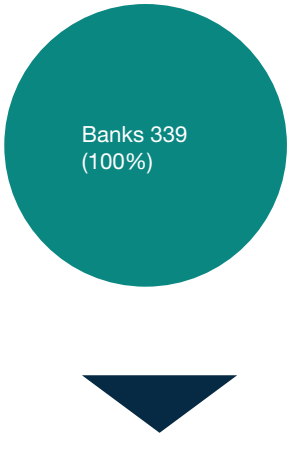

IADs have made inroads into the ATM market; they now make up 30% of the total number of ATMs nationwide.

Share of ATM market cash withdrawals*
(billions/rand, %)




Despite the significant presence of IADs across the country, their share of cash withdrawals is overshadowed by that of banks, possibly indicating that they operate in more niche markets.

Share of ATM market cash deposits*
(billions/rand, %)




IAD-operated ATMs do not facilitate cash deposits; this implies that they contribute much less to the overall value of ATM transactions (about 7.8%).

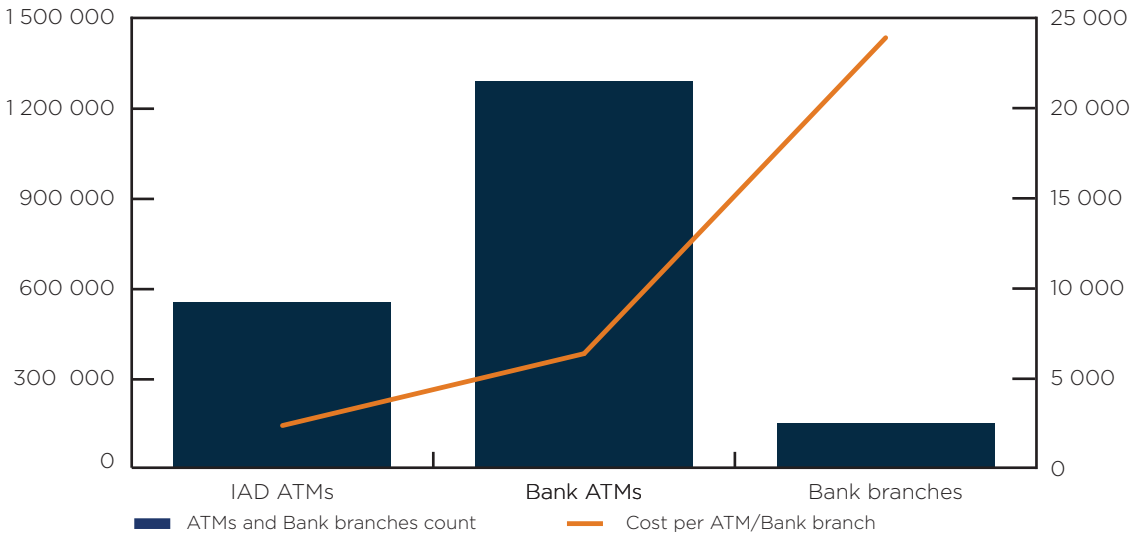
# 13. Tier 2 comparison of cost efficiency between ATMs and branches

**ATMs process a higher volume of cash withdrawals and cash deposits than bank branches. The cost per transaction and the cost per R100 handled is higher at branches than at ATMs.**

## What our data shows

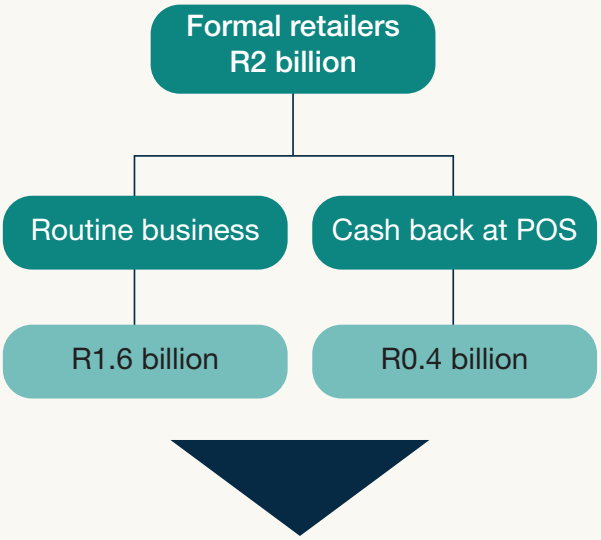
Our 2024 data indicates that the market has about 2 500 bank branches, each incurring an average annual cost of about R1.4 million for cash-related operations. In addition, there are 30 634 ATMs (21 443 of commercial banks and 9 200 of IADs), with an average annual cost of R307 590 per ATM.


**Trends in payment choices for essential goods and services**

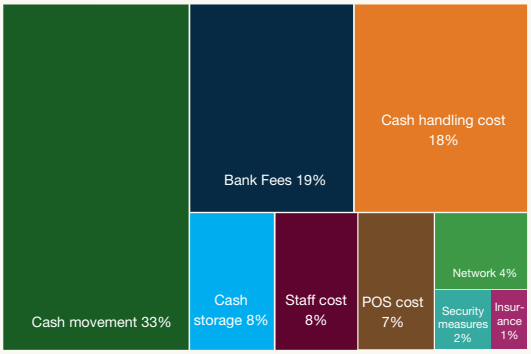


# 14. Tier 3 cost of cash

## The cost of cash for formal retailers and informal traders amounts to R2 billion and R2.3 billion respectively

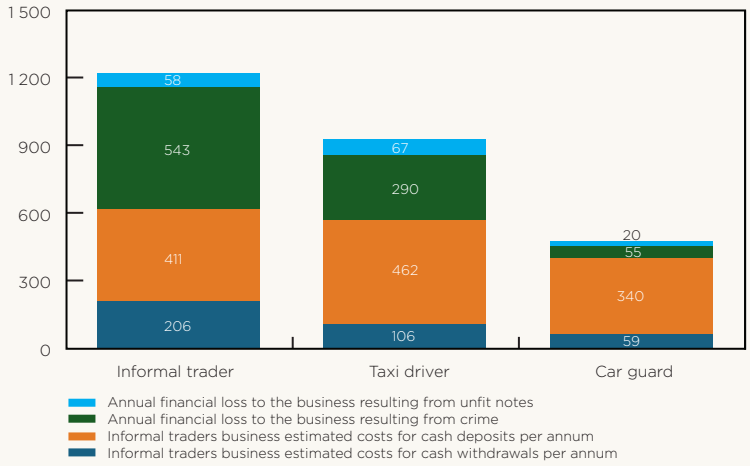



Cost of cash

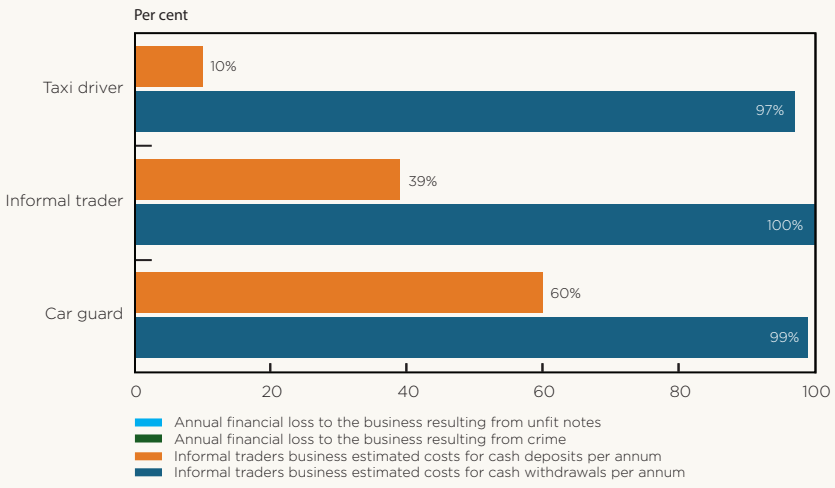



- Bank fees, 19%
- Cash movement, 33%
- Insurance, 1%
- POS cost, 7%
- Cash-handling cost, 18%
- Cash storage, 8%
- Network, 4%
- Security measures, 2%

Total cost of cash for informal traders per annum




Payment type acceptance




# 15. Tier 3 formal retailers cost of cash

**The cost of cash for formal retailers is further divided into routine business and cash-back services at POS.**

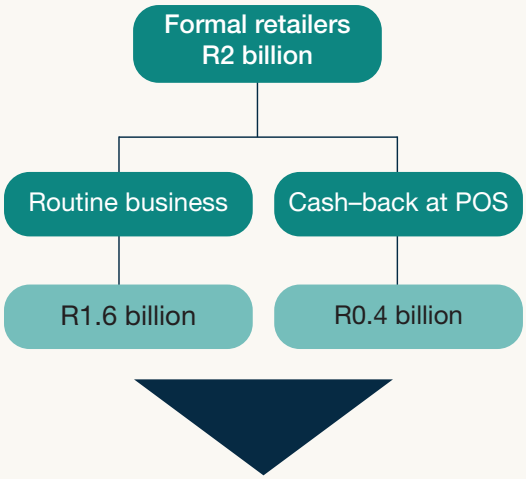
## Cost calculation for routine business

According to data published by Statistics South Africa (Stats SA), South Africa's total retail trade sales were approximately R1.5 trillion in 2024.

The formal retail market is dominated by a few large groups with extensive store networks as well as diversified product and service offerings.

The major players in the market – such as Massmart, PEPKOR, the Pick n Pay Group, Shoprite Holdings, the Spar Group and Woolworths – make up approximately 50% of total market share.

The data related to routine business obtained from participating retailers accounted for 34.4% of the total retail trade market, offering a substantial and representative sample of the sector.




- Total cash back at POS value: R326 billion
- Average cash-back value: R492 per transaction
- Estimated cash back volume: R663 million
- Cost per R100: 12 cents
- Cash movement, at 33%, is the largest driver, followed by bank fees at 19% and cash-handling costs at 18%, together accounting for 70% of the total costs.

## Cost calculation for cash back at POS

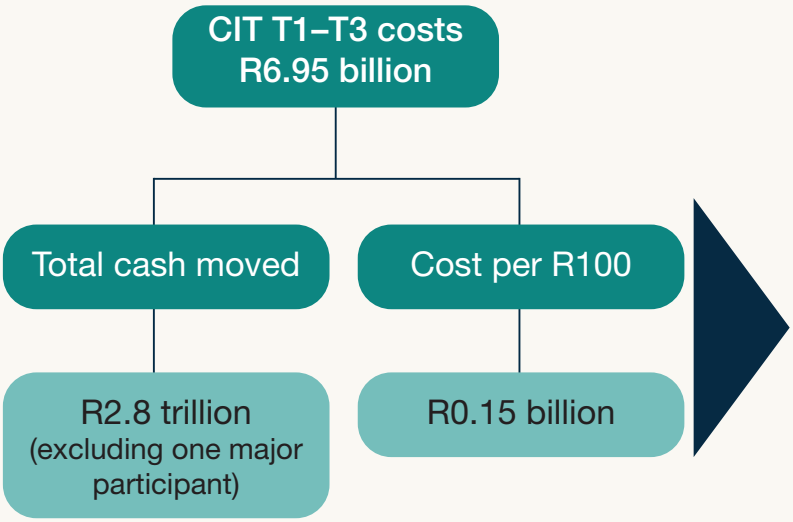
This study separated the cost calculations for routine business activities and cash-back services at POS. The costs involved in running a retail business are different from the costs incurred when retailers act in a capacity similar to a bank teller.

We obtained data from the service providers, which account for 80% of the total cash back at POS market.

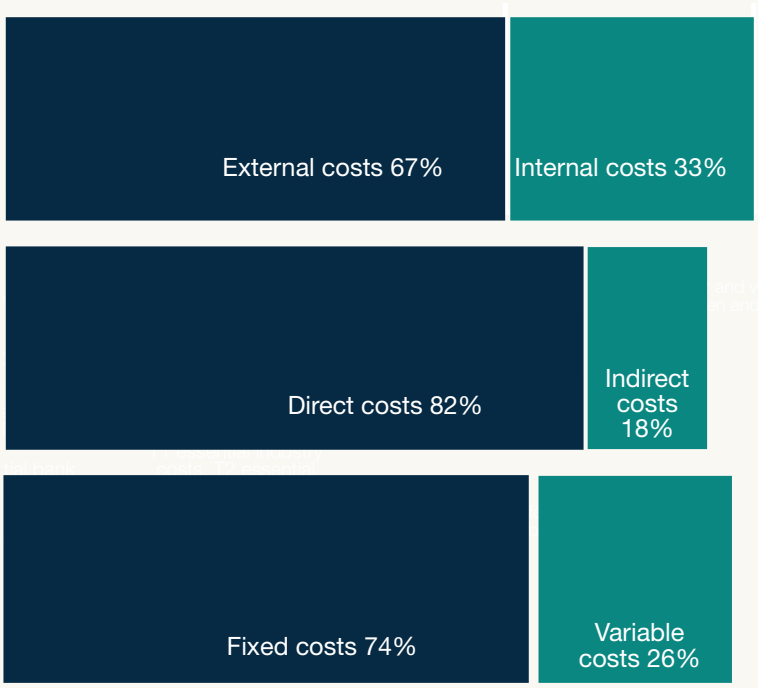
After listing all the potential cost categories, we selected only those directly related to the provision of cash-back services, including a portion of the total cashier salary that reflected the time spent on handling these cash-back tasks.

# 16. Cross-tier analysis: CIT cost of cash

**The cost of cash for formal retailers and informal traders amounts to R2 billion and R2.3 billion respectively.**




- CIT as a cost driver makes up more than 7.8% of total cash costs within the cash life cycle.
- The CIT industry is a very important component in the cash supply chain that facilitates cash services such as storage, movement and insurance throughout tiers 1 to 3.
- These costs are already included in other cash cost analyses in tiers 1 to 3, as paid by these tiers.
- CIT expenses alone contribute approximately 25% of the total cost of cash within tiers 1 to 3.

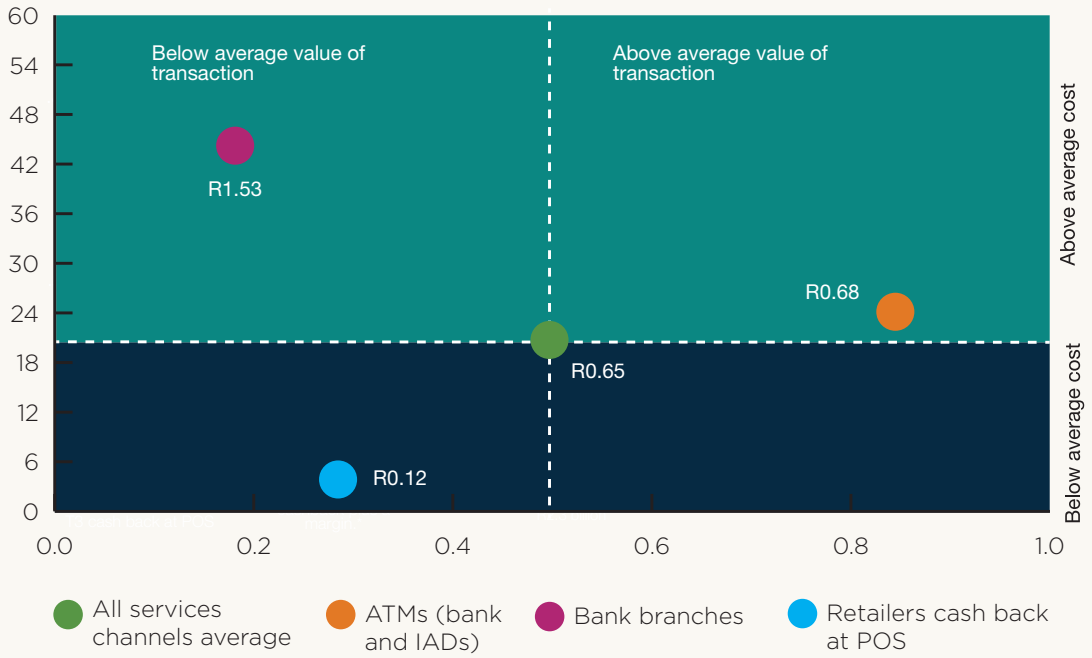



Optimisation can be achieved by route rationalisation, deploying real-time demand forecasting (using artificial intelligence (AI) and advanced analytics) and investing in secure, high-capacity vehicles to reduce trip frequency and consolidate loads.

# 17. Cost efficiency analysis

**Efficiency improves dramatically when shifting from branch-based cash access (R1.53) to retail-assisted models (R0.12). ATMs remain on par with the average cost due to scale. The strategic focus should be on expanding POS cash-back and optimising ATM networks to reduce the cost per R100.**

**Total transaction value per service channel and costs per R100**




## Channel cost per R100:

- **Retailer cash-back at POS: R0.12**

This is the most cost-efficient channel due to leveraging existing retail infrastructure and high-transaction volumes.

- **ATMs: R0.68**

This channel is on par with the average cost, benefiting from scale and established networks.

- **Bank branches: R1.53**

This is the least efficient channel; branch operations and staff overhead dominate.

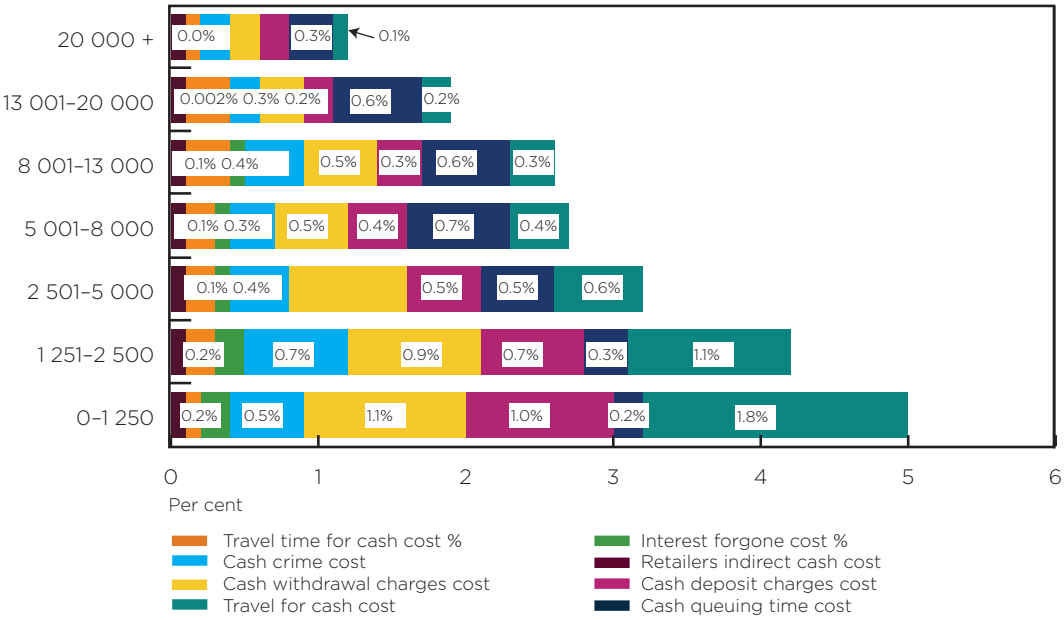
### Averages:

- Tier 2 average (ATMs and branches): R0.76
- Tier 3 average: R0.12
- All channels average: R0.65

# 18. Consumer survey insights

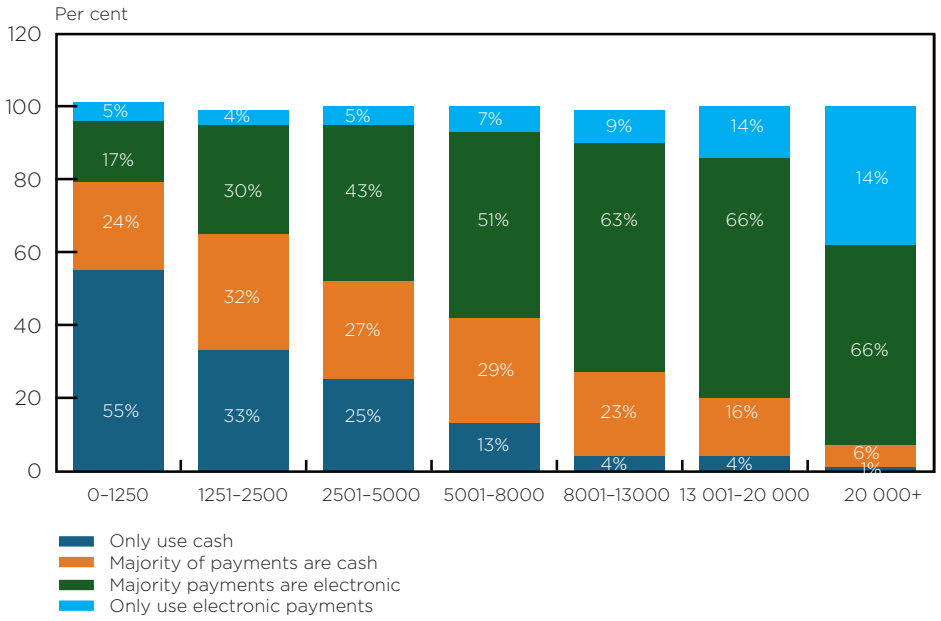
The proportion of income spent on the cost of cash decreases as income rises. Consumers earning R0–R1 250 per month spend about 5% of their income on cash-related costs, while those earning R20 000+ spend only 1%. Middle-income groups (R2 501–R8 000) spend around 3% and higher-income groups (R8 001–R20 000) spend 2%.

**Annual cost of cash as a percent of income by income group and cost category**




As shown by the consumer survey, there is a distinct propensity as income rises for the use of electronic payments to increase and the use of cash to decrease. Of the consumers earning R0–R1 250 per month, 55% of them use cash only and another 24% mostly use cash, while for the consumers earning R20 000+ only 1% use cash only and only 6% mostly use cash.

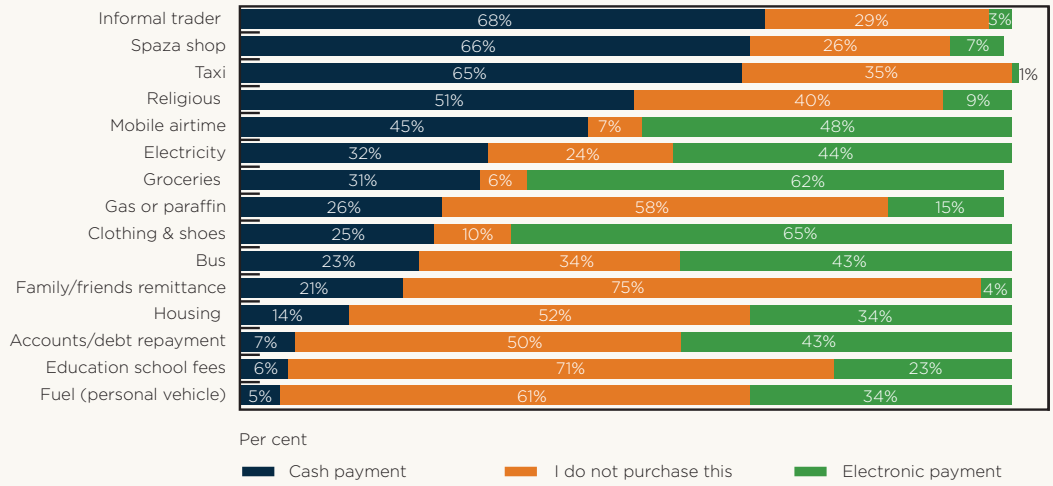
**Consumer survey**



# 19. Future payment method preferences

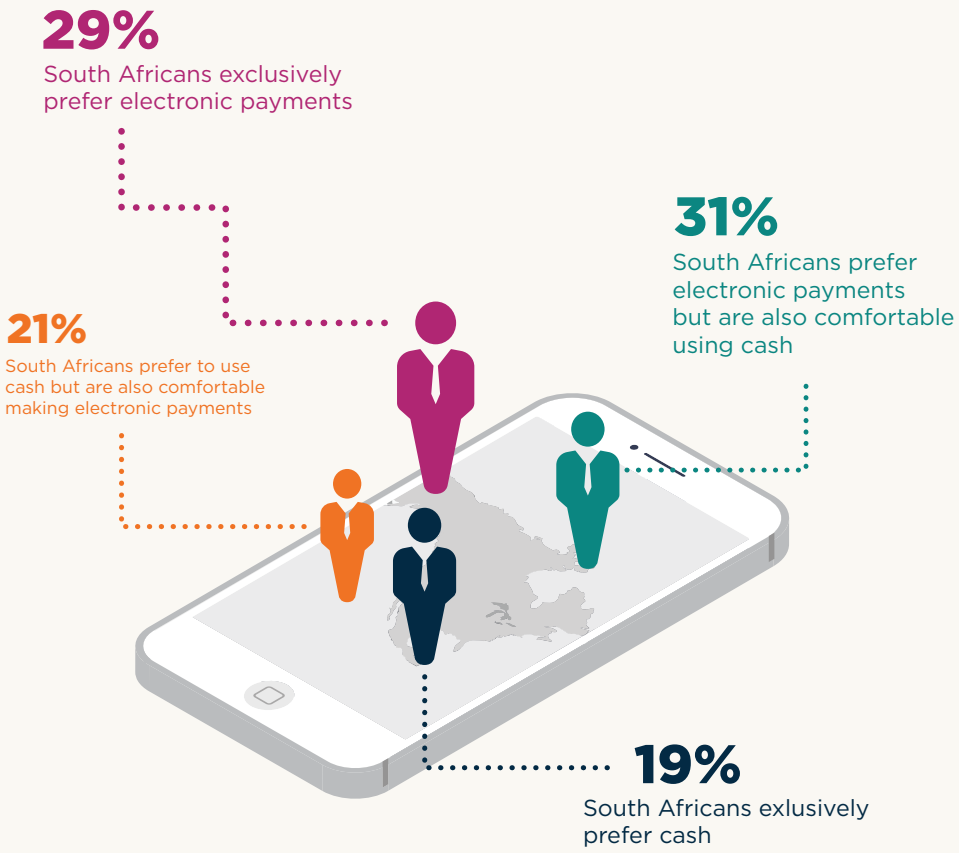
**Consumers prefer to pay small, medium and micro enterprises (SMMEs) – such as informal traders, spaza shops and taxis – in cash. In the future, cash will still be preferred by 40% of consumers for payments.**

Trends in payment choices for essential goods and services




# 20. Recommendations

**In the future, cash will still be preferred by 40% of consumers for payments.**



**Promote cash back at POS facilities and retailers.**

Cash-back at POS offers the lowest unit cost of cash, making it essential for regulators and industry to incentivise and expand these services. Retailers with a high cash turnover can recycle cash efficiently and reduce both bank and CIT charges. Wider adoption, especially among informal traders through partnerships with banks and fintechs, would cut handling costs and improve consumer access. Targeted incentives and/or regulatory support could further lower costs and boost financial inclusion compared to traditional ATMs.

**Expand and incentivise ATM networks in underserved areas.**

Travel and time costs are the biggest expense for cash access outside of cities. Regulators should incentivise ATM expansion in underserved areas, including accessing the potential positive impact of the establishment of White Label ATMs. Shared infrastructure and targeted subsidies could offset the higher IAD costs, improving accessibility and supporting financial inclusion.

**Support shared infrastructure and cash recycling.**

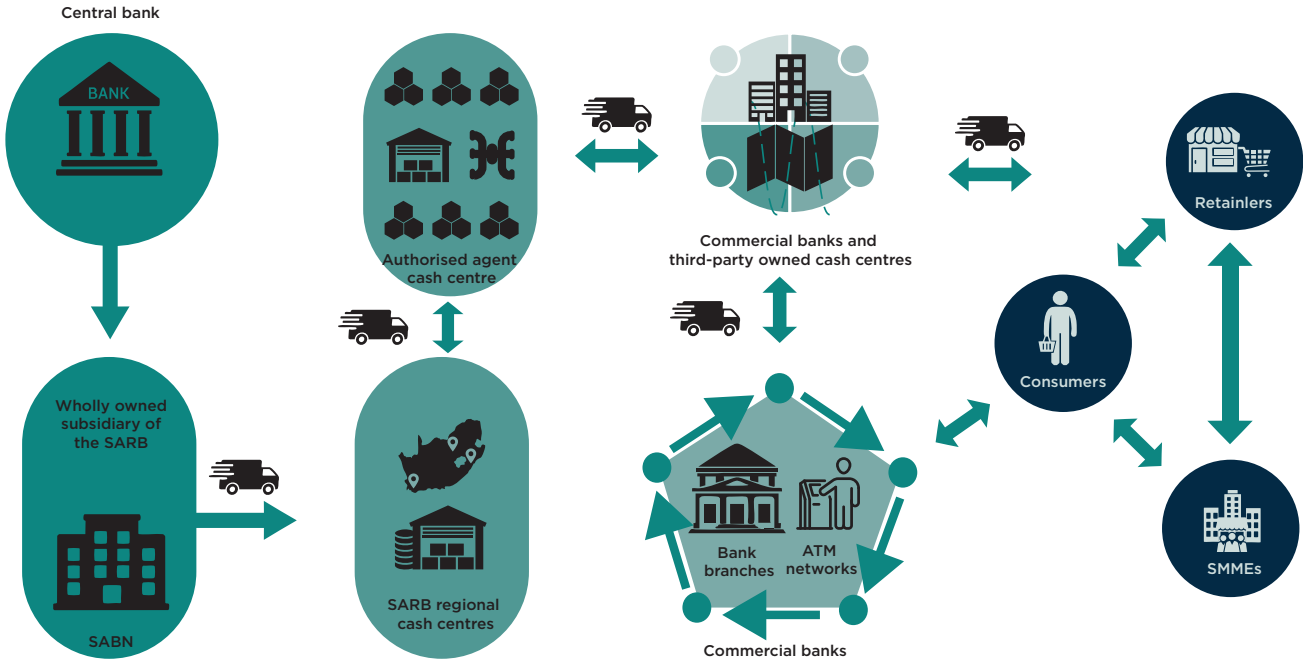
Encourage collaborative models that leverage both retail cash and ATM networks with public access points. This would reduce the need for dedicated, costly cash transport and storage, and would enable more efficient cash flow management across the value chain. Incentivising such models would deliver cost savings for all stakeholders and support a more resilient, more accessible cash ecosystem.

**Conduct a comprehensive payment medium cost study.**

Undertake research comparing the costs of cash, cards and digital payments. A holistic analysis would ensure that policy decisions account for both direct costs and the socio-economic benefits of cash.

# Supporting information

# Approaches and methodology




## Tiered stakeholder segmentation

This *Cost of Cash Research Study* employs a comprehensive, multi-tiered methodology to quantify and analyse the economic, operational and social costs of cash (banknotes and coins) across South Africa's cash value chain. The approach is designed to ensure robust, representative and actionable insights for industry stakeholders, including banks, CIT operators, retailers and consumers/end-users.

The study segments the cash ecosystem into distinct tiers to reflect the unique cost structures and operational realities of each stakeholder group:

**Tier 1: Essential industry services** – bulk movement and storage of cash between the SARB and hosted cash centres, including logistics, insurance and operational risk.

**Tier 2: Essential bank services** – wholesale distribution and recirculation of cash via commercial banks, encompassing ATM networks, branch infrastructure and CIT operations.

**Tier 3: The Business Layer** – Formal retailers and informal traders, focusing on cash acceptance, storage, recycling and security within daily business operations.

Consumers/end users – individuals interacting with tiers 2 and 3, bearing both direct and indirect costs of cash usage.

# Data collection instruments

**A combination of quantitative and qualitative survey methodologies was implemented, tailored to each tier.**

**Structured cost surveys:** Direct requests for detailed cost data from financial institutions, retailers, CIT operators and IADs using an ABC framework to standardise responses and enable cross-sector comparison.

**Qualitative questionnaires:** Open-ended questions capturing stakeholder perspectives on cash usage trends, operational challenges and recommendations for supply chain optimisation.


**Fieldwork surveys:** In-person interviews with informal traders, taxi drivers, car guards and consumers conducted across all nine provinces and stratified by urban/rural location to ensure demographic and geographic representativeness.

# Consumer survey sampling and statistical considerations

**The objectives of the consumer survey were to measure the direct and indirect consumer costs of cash, assess convenience and security, and identify behavioural trends and barriers to technology access.**

**Scope and coverage:** Nationwide fieldwork across all nine provinces of South Africa, ensuring urban and rural representation.

**Sampling method:** Stratified sampling with equal allocation per province (278 interviews per province) designed to fairly represent regions and stakeholder groups.

**Sample size:** 2 500 structured interviews with the general public and 500 interviews with informal traders, taxi drivers and car guards.

**Survey method:** In-person interviews using structured questionnaires, tailored for each group (the general public, informal traders, taxi drivers and car guards).

**Languages:** The interviews were conducted in all the major South African languages.

**Statistical confidence:** Designed for a minimum confidence level of 95% and a margin of error below ±5% nationally.

**Re-weighting:** Post-survey adjustments align the results with national demographics using Stats SA's latest population estimates.

**Data collection:** Anonymous face-to-face interviews, with digital tools supporting subsequent data capture.

**Analysis:** Quantitative (costs, usage, frequency) and qualitative (perceptions, barriers, preferences).

**Key metrics:** Direct costs, indirect costs, barriers and preferences.

# Data quality, validation and limitations

**01**

**Confidentiality**

All the collected data was anonymised and handled in accordance with the Protection of Personal Information Act 4 of 2013 (POPI Act) and industry-standard ethical protocols.

**02**

**Quality control**

Responses were assessed for internal consistency, cross-validated against other participants and external sources and clarified with respondents as needed. Non-responses were addressed through informed assumptions and extrapolation.

**03**

**Coverage**

Major banks that contributed data represented over 90% of the market share, while the formal retailer data covered 33% of the market share and cash-back at POS covered 80% of the market share.

**04**

**Data gaps**

Not all banks, retailers and CIT operators in the market provided direct data. Where it was unavailable, assumptions and extrapolations were applied.

**05**

**Representativeness**

While coverage was robust, readers should interpret the results with an understanding of inherent limitations and the best available evidence.

# Analytical techniques

**Quantitative analysis:** Aggregation and statistical examination of survey responses to identify trends in cash usage, transaction frequency and cost drivers across tiers and demographic groups.

**Qualitative analysis:** Thematic extraction from open-ended responses and interviews, highlighting stakeholder perceptions, operational challenges and barriers to digital adoption.

**Integrated approach:** Combining quantitative and qualitative findings to deliver a holistic view of the cost of cash, supporting actionable recommendations for industry and policy.

# Stakeholder engagement list

01

## Central banks

- Austria
- Canada
- Chile
- Germany
- Mexico
- Namibia
- South Africa (SARB)
- Sweden

02

## Commercial banks and IADs

**Commercial banks**

- Absa Bank
- African Bank
- Bank Zero
- Capitec
- First National Bank
- Nedbank
- Standard Bank
- TymeBank

**IADs**

- Lesaka Technologies Inc.
- NCR Atleos
- Paycorp
- Spark ATM System

03

## Cash industry players

**CIT companies**

- Fidelity Cash Solutions
- IziCash/G4S Cash Solutions
- SBV Services

**Fintechs**

- Cash Connect
- CashNet (Vertex)
- Highstreet Holdings
- Shop2Shop

04

## Retailers and informal traders

**Major retailers**

- Massmart
- Pepkor
- Pick n Pay/Boxer
- Shoprite Checkers
- SPAR

**Informal traders**

- Car guards
- Spaza shops
- Street vendors
- Taxi drivers

05

## Consumer survey

- Nationwide fieldwork conducted with coverage across all nine provinces of South Africa
- 2 500 structured interviews with the general public

06

## Others

- BankservAfrica/cash industry independent administrator
- Banking Association South Africa (BASA)
- Fuel Retailers Association (FRA)

# Case insight 1: Cash in the informal economy

**The informal economy is large, unrecorded and often inaccessible to formal researchers. It moves fast, works on trust and does not leave a paper trail. It takes time and trust to engage properly. The project team travelled to Soweto and met with a source who has worked in and around township economies for decades and who understands their rhythms well. The purpose of the visit was explained as trying to understand the journey of physical cash in the informal market. The source started explaining by indicating that Soweto residents draw cash from an ATM for three primary reasons:**

01

### A mistrust of banks

"Get [the money] out of the bank and into my hands. The bank will cut my money (for example through transaction fees) or a debit order will strike and my money is gone. It's safer in my pockets or [a] secret hiding place."

02

### Taxi fares

The taxi industry is a massive cash-only industry. Commuters – even the most bank-trusting, digital-savvy, white-collar, salary-into-a-bank-account types – need cash to travel by taxi.

03

### A preference for cash

Some transactions are digital (e.g. Kazang, Shop2Shop and Yoco), but at ±3.4% *ad valorem* card fees and three days' delay for receipt of funds, cash is still preferred.

The actual size of the taxi industry is unknown, but we know it is a massive industry and cash-only. But it is not any cash; it is small-denomination notes and coin. It is only the foolhardy who present R100 or R200 notes as taxi fare (for a local trip) and expect change, particularly in the morning when the driver has barely a cent in his pockets. Swapping change with other commuters or forcing the driver to stop on the roadside to obtain change is ill-advised. The average local trip is in the R10–R20 range and it is best to have the exact fare at hand; R10 notes as well as R5, R2 and R1 coins are what is needed to travel by taxi. The question is: how does one get these denominations daily? It is difficult to conjure up a R10 note from an ATM (banks favour high-value notes) and impossible to withdraw coins. The answer is: from formal and informal retailers-freshly-printed R10 notes and freshly-minted coins are mostly issued via large retailers who buy them in as change float.

It is possible that retailers will do a straight exchange of notes for coin, but the more conventional approach is to buy bread and Coke and then present a R100 or R200 note as payment. This ensures a fistful of small-denomination notes as well as coin as change and shoppers will generally specify the change they want.

# Case insight 2: Cash float

**Cash float – being small-denomination notes and coin – is one of the most misunderstood and inconsistently priced elements in the cash value chain. Large formal retailers sometimes get it bundled into their broader service contracts. Others order directly from their banks and pay per drop. Smaller businesses, including many that operate in formal centres but serve largely informal customers have to fend for themselves.**

One example of this is a small independent meat retailer operating in a busy, working-class commercial area on the edge of a large metropolitan region. The area is neither rural nor informal, but a dense node serving a high-volume customer base, many of whom pass through daily on their way to residential areas elsewhere. The shop caters to a broad range of customers, offering everything from premium cuts to everyday staples, including processed meats and lower-value items. It trades across the full range of livestock products.

The retailer accepts electronic payments but handles significant volumes of cash. Customers often pay with large-denomination notes and require substantial change, making a reliable coin and small-note float essential to daily operations.

The business no longer sources its float from a formal financial institution. It did so in the past, but the service proved costly and inflexible. After receiving an expensive delivery of low-denomination coins that could not be returned, the business discontinued the arrangement and sought an alternative.

Today, the retailer receives its change float at no direct cost through an informal but established supply arrangement. The float is sourced via a wholesale trading hub that services many small food retailers. A neighbouring trader makes regular trips to this hub and collects sealed bundles of coin, which are then distributed across a network of independent businesses. Through this system, retailers meet their cash-handling needs without relying on formal banking channels.

As part of an effort to better understand these cash flows, the project team visited a large wholesale trading hub and met with a senior finance executive. The hub processes several billion rand in annual turnover, a significant share of which is cash based. Physical cash is handled on site through a contracted cash-management operation and banked into the hub's main account.

A substantial portion of turnover is estimated to originate from informal traders operating on the same premises. These traders rent space to sell produce purchased directly from the hub to downstream buyers. On-site observation suggested that nearly all transactions in this area are conducted in cash. Much of this cash is recycled into the hub's internal payment system to fund further purchases. Some of it, however, enters wider circulation and ultimately reaches small formal businesses such as this retailer, among many others.

There are no visible fees, invoices or formal logistics involved in this movement of cash. Instead, it operates through relationships based on trust, routine and mutual benefit. Small retailers obtain the change they need, while informal traders dispose of accumulated coin and small notes, without any bank earning a fee.

What stands out is the efficiency of the arrangement. Businesses like this retailer access a clean, fast and repeatable source of cash float entirely outside conventional banking channels. Replicated across hundreds of similar businesses nationwide, these arrangements form a parallel cash-distribution system. It remains largely invisible to institutions seeking to reduce the economy's heavy reliance on cash.

# Case insight 3: Impact of going cashless

A densely populated, low-income urban area on the edge of Gqeberha is both visibly deprived and highly cash-intensive. Street-level trade is widespread, with food, household goods and personal services commonly bought and sold in cash. One large wholesaler serving this area reportedly receives many millions of rand in physical cash each month, reflecting the scale and density of cash-based economic activity.

Amid this environment, large formal retailers operate alongside informal trader. These include a national fast-food chain, discount retailers and automated cash-dispensing infrastructure. As part of the project, the project team engaged with senior leadership at the fast-food chain to discuss the cost structure of different payment instruments across its national store network. According to an executive, cash is the least-expensive payment method, followed by debit cards, with credit cards being the most costly. From a narrow cost perspective, the incentive to move customers away from cash is therefore weak.

Despite this, the fast-food chain faced acute operational risks at one particular store in this cash-dense area. After repeated armed robberies over an extended period, management was forced to choose between closing the outlet, resulting in job losses or eliminating cash entirely. The decision was made to go cashless. Management anticipated a moderate decline in turnover as a result.

The actual outcome was more severe. Sales fell by more than a third. This decline reflected customers who either did not have access to electronic payment methods or chose not to use them. Rather than adapting, many simply took their spending elsewhere.

This case illustrates that a significant segment of the population lives in a cash-dominant, and in many cases cash-only, reality. Income is earned in cash, daily transactions are conducted in cash and savings are held in cash. When the project team visited the cashless store, customers were greeted with a clear message that only electronic payments were accepted. While such a policy is unremarkable in more affluent areas, here it proved exclusionary. Customers without card options attempted to negotiate with staff or other patrons, hoping that someone would exchange their cash for a meal.

**The episode highlights the limits of payment modernisation in contexts where cash is not a preference, but a necessity.**

# 22. Abbreviations

| | |
|---|---|
| ABC | activity-based costing |
| AI | artificial intelligence |
| ATM | automated teller machine |
| BASA | Banking Association South Africa |
| Capex | capital expenditure |
| CDF | cash deposit fees |
| CIT | cash in transit |
| CMD | Currency Management Department |
| CWF | cash withdrawal fees |
| FRA | Fuel Retailers Association |
| IAD | independent ATM deployers |
| POPI Act | Protection of Personal Information Act |
| POS | Point-of-sale |
| SARB | South African Reserve Bank |
| SMMEs | small, medium and micro enterprises |
| Stats SA | Statistics South Africa |
| VAT | value-added tax |