



Introductory statement: Technological change and the future of cash

Ladies and Gentlemen,
Welcome to our morning session on *Technological change and the future of cash*. In this session, we are going to discuss new payment technologies and the future of cash.

As Aristotle once said: “Life requires movement.” Therefore, it is not surprising that payment behavior, which is part of our daily life, is undergoing changes as well.

Payment behavior is very important for the economy. It is important because it ensures there are sufficient and efficient payment options in all possible transactions. This means it is essential to identify possible dynamics and developments that will shape the future payment landscape.

At present, payment systems in Europe are experiencing lively growth in innovation. Noncash payment options have been increasing in recent years. The digital revolution offers faster means for making payments. We are talking about contactless transactions, instant payments and virtual currencies. The emergence of blockchain technologies indicates that further change may be on the horizon.

In light of these developments you might get the impression that cash has no future. What I am trying to say: Is cash fading away?

Before I hand over to our guests to address this issue, allow me to bring two arguments in support of cash:

First argument: People love cash – in particular in Austria. To prove that argument I can tell you that the amount of euro cash in circulation is now four times higher than it was when the euro was introduced.

Second argument: Cash is obviously more secure than electronic payment instruments. We all remember the

headlines in newspapers two weeks ago: A global cyberattack infected tens of thousands of computers in 99 countries. The hackers blocked computers and demanded a ransom of USD 300 in bitcoins from users seeking to regain access to their computer systems.

To quote Bundesbank President Jens Weidmann: “The question is no longer if a financial infrastructure or institution will be subject to an attack but rather when and how often.”

With this in mind, I would like to introduce our two distinguished speakers for this session, who will give us valuable insights into technological change and the future of cash.

First, a very warm welcome to our first speaker, *Mr. François Velde*, who is Senior Economist and Research Advisor in the Economic Research department at the Federal Reserve Bank of Chicago. He is an expert in the field of monetary history and theory.

Today, he is going to discuss the functionality of distributed ledger technologies – in particular virtual currencies – and the impact they might have on traditional payment systems.

Also a very warm welcome to our second speaker, *Mr. Helmut Stix*, who is Senior Expert in the Economic Studies Division at the Oesterreichische Nationalbank. His current research focuses on households’ reactions to financial crises, as well as on cash demand and payment innovations.

He has published papers in academic journals on topics like consumer cash usage across countries, why people save in cash, the choice and use of payment instruments, trust in banks during normal times and times of crisis, the determinants of financial dollarization, and inflation perceptions.