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Moving towards a cashless economy

Businesses in Malta will miss the boat if they don't innovate with payment methods and lag behind the rest of Europe in the country's transition into a digital society, HSBC's Managing Director and Head of Global Liquidity and Cash Management (GLCM) Europe Emanuele Vignoli said.

He was the keynote speaker at a joint event on a cashless economy organised with the Malta Chamber of Commerce, Enterprise and Industry and EY Malta.

"Malta needs two things to be at the other top of the European league when it comes to use of cash. First of all, keep developing the infrastructure which will allow the digital economy to thrive and, secondly, educate, educate, and educate," said Mr Vignoli. "Make sure that people understand the value of moving towards a society with less cash payments and more digital ones".

"We need to make sure that the consumer doesn't feel threatened or embarrassed to use their card or their phone application to pay 0.99 cents for their coffee," he added.

Frank V. Farrugia, the president of the Malta Chamber said: "This discussion comes at an important time when a national strategy is being devised. Malta has the ingredients that enabled other economies to embrace cashless: its relatively small size, an efficient ICT infrastructure, and regulated financial institutions."

Andrew Beane, HSBC Malta CEO shared his perspective and stated: "One of the great strengths of Malta's economy is its international connectivity and its openness. It's very clear that, in today's world, international counterparties expect to do businesses with digitally savvy companies. Making payments in a digital format as a sign of credibility and professionalism. And this also matters for the future development of the tourist industry as our visitors expect to have an experience of making payments in Malta similar to that they are used to at home. "

Grace Camilleri, associate partner, Banking Advisory Services at EY Malta cited latest figures produced by the ECB on cash and cheque usage in Malta compared to other payment methods. She noted that Malta has the highest usage of cash amongst EU members. Cash is perceived as being free compared to digital modes of payments. However, in reality handling cash is cumbersome and costly for the business community, the financial services sector as well as the economy in general. The transition towards a cashless society can bring tangible benefits to the public and private sector and society at large through faster and more efficient processing of transactions, more accurate and timely data, reduction in costs associated with cash authentication and reconciling as well as reducing and / or discouraging theft.

Michel Cordina, Head of Commercial Banking at HSBC Malta and Ronald Attard, managing Partner at EY Malta, concluded the event by saying that this was only the start of a national debate which requires the input of all stakeholders. They said that there was no doubt that there are numerous benefits to moving towards a cashless society, and it was now time for concrete action to be taken to start this shift from cash and cheques to digital channels to enable Malta truly become a cashless economy.

The session was moderated by David Zahra, chairman of Malta Chamber's Financial Services Business Section.

EY Malta, together with HSBC Malta, is spearheading the cashless society drive. In October last year, EY used its annual Malta Attractiveness Survey Conference to kick-start the debate on going cashless. HSBC was a premier sponsor of the event.

Meanwhile, HSBC is investing heavily on digital innovations. From 2015-2020, the bank is spending \$2 billion, including on its *HSBCnet* platform, which is the key online gateway for businesses to perform a suite of functions in real-time whilst enjoying convenience, control, and speed. It can be accessed via www.business.hsbc.com.mt



Grace Camilleri from EY Malta, David Zahra representing Malta Chamber, and Emanuele Vignoli from HSBC Europe