

Significance of Cash

Canadian Payments Association operates Automated Clearing & Settlement System (ACSS) to clear inter-bank transactions

Gross Transactions Through ACSS				Gross Transactions Thru Interac Assoc			
	(\$billions)	% of GT		# Trans	(\$billions)	% of GT	
ABM	26.0	0.15%		ABM	333.2	28.8	0.17%
IDP	47.9	0.28%		*IDP	1,355.4	58.5	0.34%
ABM + IDP	73.8	0.43%		*ABM + IDP		87.3	0.50%
				Additional Value over ACSS data		13.5	
Total Value of Settlement:	17,294			Total Value of Settlements		17,308	

According to the Interac Assoc, IDP (Direct Pymt) cards are now more popular than cash & cheques with consumers (57%)

Retail Payment Type Thru Interac Assoc				Gross Transactions Through Banks			
	%T	\$value	% of GT		# Trans	\$value	% Trans
Cash	39%	60.0	0.35%	Total ABM	1,154.5	99.8	
*IDP	38%	58.5	0.34%	SCD portion	333.2	28.8	28.9%
Credit	19%	29.3	0.17%	non-SCD portion	821.3	71.0	71.1%
Cheque	4%	6.2		*IDP		58.5	
Total Retail Transactions	100%	153.9		ABM + IDP		158.3	0.91%
Non-cheque portion	96%	147.8	0.85%				
Less: *ADM + IDP		87.3					
Additional Value over Interac data		60.5		Additional Value over Interac data		71.0	
Total Value of Settlements		17,368		Total Value of Settlements		17,379	

Entire volume of ABM & IDP transactions account for less than 1% (.85) of the total transactions in the economy!

Cash payments account for just over 1/3 of 1% (.35) of the total transactions in the economy!

Why is this Important?

With cash, we know the credits were originally created by the government.

With other credits, it is much harder to tell who created them.

The Bank of Canada holds only about \$34B (.6 of 1%) of the total financial assets of Canada (\$5,604 billion).

If the BoC went broke, \$5,140 billion (99.4%) of Canada's financial assets would remain.

	\$billions	
Total Financial Assets of Canada	5,604	
Financial Assets of BoC	34	0.6%
Privately-owned Financial Assets	5,571	99.4%
Total Value of Interest & Dividends	320.9	
I&D on Privately-owned investments	319.0	

If the BoC supplied the credit needs of the nation, the government would earn \$319B more.

Total amount spent (excluding interest) by all levels of government in Canada is only \$272B

All taxation could be eliminated and there would still be a \$47B surplus.