# Britons hoard cash in growing economic uncertainty despite decline in transactions



Britons are increasingly hoarding physical cash amidst ongoing economic uncertainties, with the Bank of England's chief cashier, Victoria Cleland, revealing this trend at the recent Cash in the UK conference. She highlighted that UK households are building a cash contingency pot, reminiscent of behaviours observed during the Covid-19 pandemic and subsequent cost-of-living crises. According to the latest data, the value of banknotes in circulation has surged by 23% since before the pandemic, a notable increase given that the frequency of cash transactions has diminished significantly.

While cash transactions accounted for just 12% of payments in 2023, the total amount of cash circulating has reached an impressive £86 billion. This paradox stems from both an emerging economic caution and a strategic choice to maintain cash as a safeguard against potential disruptions. The Bank of England has reported that, although cash usage has declined, demand for physical notes has remained strong, driven in part by concerns over reliability in digital payment systems. Cleland’s comments echoed similar sentiments expressed during a recent surge in ATM withdrawals, where Nationwide reported a 10% rise in cash withdrawals in 2024 compared to 2023.

The motivations behind this trend reflect broader societal changes. With businesses increasingly adopting cashless models for efficiency, consumers are turning to physical cash as a store of value. This behaviour has intensified due to geopolitical uncertainties such as the war in Ukraine and economic turbulence linked to trade policies. In fact, recent emerging reports indicate that many consumers are using cash for budgeting, particularly during periods of high inflation when the cost of living has escalated. Notably, the return of cash to pre-pandemic levels reflects both comfort in physical money and a response to inflationary pressures, making it a staple in financial strategies for many households.

Interestingly, the rise in cash hoarding is not unique to the UK; similar behaviours have been noted in other European countries, including Spain and Portugal. There, consumers resorted to cash transactions during power outages that disrupted electronic payment systems. This corresponds with Cleland's assertion that during crises, individuals often prefer to have tangible money readily available. Furthermore, survey data indicates that nearly 60% of adults in England and Wales keep cash at home, reaffirming a collective inclination towards physical currency as a financial buffer.

Analysts have pinpointed a concerning trend in the long-term neglect of cash infrastructure, as many businesses increasingly refuse to accept physical payment. The closure of cash-accepting channels poses a challenge for consumers reliant on this payment method, particularly those with limited access to digital banking. Campaigners and politicians are voicing the need for regulations mandating retailers to accept cash as an essential part of the consumer landscape.

As the economic landscape continues to shift, the remnants of pandemic savings remain a crucial element of consumer behaviour. Reports suggest that many Britons still retain substantial sums in cash, which, if invested, could yield higher returns. With £430 billion in accessible cash savings potentially left untapped, financial experts urge a reconsideration of how such funds could be utilised, highlighting the importance of making informed financial decisions amid market volatility.

In summary, while the shift towards digital payment methods has become the norm, the enduring popularity of cash among British households reveals a complex relationship between security and spending in times of uncertainty. The concurrent increase in cash hoarding and digital reliance paints a nuanced picture of the changing dynamics in consumer finance, one where the dual existence of cash savings and digital transactions will likely continue to evolve in the coming years.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://news.google.com/rss/articles/CBMitwFBVV95cUxOYVVyazZEOVhOWnFqbDhRWmdrbXhFQU55YW9oX0lNbUhyRlI3VXBsdkoyLWlZaEY3bGhKVzhBQmVBa0w4R2ZjMFM3c0tZRnY5Rkg5NkZlUWQwNzl2N1hrdnlEamZrdVpMOGd5ZmhtazNVX0dFZ1F1RFVfaFFGdG02b0VYZjgwSzRtMjEwU0xoczNiT2VQSW1TemZ1Q3FBX3hTd0dHUDM5WDdXWmhXNFoxSk5semViemc?oc=5&hl=en-US&gl=US&ceid=US:en), [[5]](https://www.straitstimes.com/business/economy/britons-hoarding-cash-as-economic-uncertainties-prompt-caution)
* Paragraph 2 – [[2]](https://www.ft.com/content/d7f4d041-e8d3-4864-b44c-68a17ba3fa72), [[3]](https://www.ft.com/content/cbb129e4-3b7e-42dc-9441-2c82e1cb5712)
* Paragraph 3 – [[4]](https://www.bankofengland.co.uk/quarterly-bulletin/2022/2022-q3/knocked-down-during-lockdown-the-return-of-cash/), [[6]](https://www.theguardian.com/politics/2025/jan/27/government-economy-british-households-survey-worsening-finances)
* Paragraph 4 – [[7]](https://www.cityam.com/brits-cling-onto-pandemic-savings-amid-economic-uncertainty/)

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## Bibliography

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2. <https://www.ft.com/content/d7f4d041-e8d3-4864-b44c-68a17ba3fa72> - Despite cash accounting for only 12% of UK payments, Britons are hoarding more physical money than ever, with £86 billion in circulation. This paradox is driven not just by inflation or tax evasion, but by broader trends such as using cash as a store of value during uncertain times like pandemics and financial crises. With increasing reliance on digital payments and declining ATM access, cash is kept as a backup. Many also accumulate cash with fewer physical transactions occurring, as more businesses shift to cashless models for efficiency and cost savings. However, cash remains popular in informal economies, including tips, personal services, small trade work, and even illicit transactions. To avoid exceeding the £90,000 VAT threshold, certain sole traders prefer cash payments. Notably, demand for higher denominations like £50 notes is rising. Maintaining the UK’s cash infrastructure requires encouraging people to spend rather than hoard physical money.
3. <https://www.ft.com/content/cbb129e4-3b7e-42dc-9441-2c82e1cb5712> - British savers have at least £430bn of excess savings sitting in cash, putting them at risk of missing out on potentially higher returns from investments, according to a new report. Research by Barclays suggests that about 13 million adults could be earning more through investments, noting that regulatory changes are needed to encourage savers to put their cash to work. The bank said the figures were based on savers who already held more than six months’ income in cash savings, which underscored the “scale of the opportunity” if more individuals were to invest.
4. <https://www.bankofengland.co.uk/quarterly-bulletin/2022/2022-q3/knocked-down-during-lockdown-the-return-of-cash/> - Our survey found that 60% of adults in England and Wales held cash in reserve. This chimes with research by UK Finance conducted in June 2021, which found a similar proportion of people (59%) were holding cash at home. In our survey, the median amount of cash held was £167. About a third of respondents held less than £100, but a small group of people held large values. Based on our analysis of the survey data, we estimate that around £10 billion to £30 billion of Bank of England banknotes are held in reserve by households domestically, and we have a high degree of confidence that at least £10 billion is held by households. Households holding cash in reserve is therefore likely to be a key driver of cash demand.
5. <https://www.straitstimes.com/business/economy/britons-hoarding-cash-as-economic-uncertainties-prompt-caution> - Britons are holding onto their cash in a sign that they may be hunkering down in the face of economic uncertainties, according to the British Bankers Association. Personal deposits grew an annual 4.8 per cent in November, data compiled by the BBA show. They increased by £32.4 billion (S$57.5 billion) in the first 11 months of the year, outstripping the £19.8 billion growth in the same period of 2015. British investors and savers were shaken by the June decision to leave the European Union, which prompted the Bank of England to cut interest rates to a record-low 0.25 per cent. While the economy has held up well so far, most economists foresee a slowdown in 2017 as businesses seek more clarity on the nation's future relationship with the world's largest trading bloc.
6. <https://www.theguardian.com/politics/2025/jan/27/government-economy-british-households-survey-worsening-finances> - Highlighting the pressure on households from rising prices for energy and vital essentials, as well as elevated borrowing costs, the debt charity StepChange said 21 million people had been bracing for a hit to their finances. Publishing a survey of more than 2,000 adults across Great Britain, it said 41% – equivalent to 21.3 million people – expected their financial situation to worsen over the next 12 months. It said meeting the cost of living and higher energy bills was a significant factor driving this sentiment.
7. <https://www.cityam.com/brits-cling-onto-pandemic-savings-amid-economic-uncertainty/> - Brits are clinging on to their pandemic saving war chests in a sign that the UK could be headed toward a recession this year, reveals official figures published today. Rampant inflation is failing to push households into drawing down money set aside during lockdowns, suggests data from the Bank of England. Savings – including those deposited in the government-backed National Savings and Investment scheme – jumped £6bn between February and March. The inflow into bank deposits has swelled the stock of excess savings since the start of the pandemic to just over £186bn, according to calculations by Samuel Tombs, chief UK economist at Pantheon Macroeconomics. Concerns about a coming slowdown in the UK economy may be incentivising households to exercise greater caution.