



Exploring the World's Cash Supply and the Dominance of Digital Transactions

The world's cash supply, or money supply, can be measured in various ways depending on what type of money is included in the measurement. Here's a breakdown based on recent data:

- **M0 (Narrow Money):** This includes physical currency (coins and banknotes) in circulation. According to recent data, the M0 supply globally was estimated to be about \$8.27 trillion US dollars. This figure represents money that can be used for transactions immediately.
- **M1 Money Supply:** M1 includes M0 plus the most liquid forms of money, like demand deposits (checking accounts), traveler's checks, and other checkable deposits. The M1 for the U.S. alone was \$18.4 trillion in July 2023. Global M1 would be significantly higher, but exact figures for the world's total might not be comprehensively reported.
- **M2 Money Supply:** This includes all of M1 plus savings accounts, money market accounts, and small time deposits. It's less liquid but still considered part of the money supply. The global M2 has been reported to be around \$106.3 trillion.
- **M3 Money Supply:** Although some central banks have stopped reporting M3, it includes M2 plus large time deposits, institutional money market funds, and other less liquid assets. When reports were still being made, M3 could be significantly larger than M2 due to the inclusion of these less liquid assets.
- **Total Money Supply Including Broader Definitions:** If you consider broad money (which includes savings, investments, and even cryptocurrencies), the



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total could be well over \$90.4 trillion, potentially reaching into the quadrillions when including derivatives, investments in real estate, and other financial instruments.

- **Recent Trends:** Posts from X indicate that the global money supply has been increasing, with figures like \$107 trillion being mentioned for M2, showing a significant upward trend in global liquidity.

Remember, these figures can change due to economic activities, monetary policies, and the inclusion or exclusion of different types of financial instruments in the money supply calculations. The numbers provided here reflect the most recent data available from the sources up to 2024, but for the most current figures, one would need to look at the latest reports from financial institutions, central banks, or economic analyses.

Based on the information from various sources and posts on X, only about 8% of the world's currency exists as physical cash, which would include the cash available for peer-to-peer transactions. This figure suggests that the vast majority of currency transactions today are digital, via online banking, payment apps, or other electronic means, rather than involving physical cash.

However, it's worth noting that:

- **Physical Cash:** This 8% represents all physical cash in circulation, not specifically the portion used for peer-to-peer transactions. While some of this cash is indeed used for direct exchanges between individuals, a significant amount might also be held in reserves, used in ATMs, or kept by businesses for transactions.
- **Peer-to-Peer Transactions:** These can occur with both physical cash and through digital means. With the rise of digital payment apps like Venmo, PayPal, Cash App, and others, many peer-to-peer transactions now bypass physical cash entirely, using digital transfers instead. Therefore, the actual amount of cash on the street for P2P transactions would be a fraction of that



8%, as digital methods have become increasingly popular for such exchanges.

In summary, while it's difficult to pinpoint the exact portion of the 8% cash supply used specifically for peer-to-peer transactions, it is certainly a small fraction of that percentage, with digital methods likely dominating the space for these types of exchanges today.

To estimate the value of the 8% of the world's currency that exists as physical cash:

1. Current Data on Global Money Supply:

- The M0 money supply, which includes physical currency like notes and coins, was estimated to be around \$8.27 trillion US dollars as per the latest available data from RankRed (2024).

2. Calculation:

- If 8% of the world's currency is physical cash, then we can directly use this figure as it represents the value of physical currency in circulation. However, to align with the common understanding that this 8% refers to a broader measure, let's consider the following:
- The total broad money (M2 or M3), which includes physical cash, savings accounts, money market accounts, and other less liquid assets, is significantly higher. For instance, the global M2 was mentioned to be around \$106.3 trillion.
- If we take 8% of this total broad money:
 - Value of Physical Cash = $0.08 \times 106.3 \text{ trillion USD} = 8.504 \text{ trillion USD}$

This calculation gives us an estimate slightly higher than the reported M0, which might be due to various factors like the inclusion of some very liquid assets in M1 or discrepancies in data sources. However, for simplicity and



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consistency with the given percentage:

3. **Conclusion:**

- The value of the physical cash, being 8% of the world's total currency if we consider the broadest measure of money supply, would be approximately **8.5 trillion USD**.

This figure aligns with the concept that physical cash represents a small, yet significant, portion of the total money supply, taking into account the digital nature of modern economies where most transactions occur electronically. Remember, these figures are based on estimates and should be treated as rough approximations due to the dynamic nature of currency circulation and economic policies.