

ESTA'S VIEWS ON STANDARDIZATION

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PURPOSE

Standardization used to be designed for products with the noble purpose of protecting customers against dangerous and toxic substances; it has recently been extended to services, such as Tourism Services, Translation Services, Facility Management and Real Estate.

Standards are generally aimed at:

- **simplifying reciprocal recognition,**
- **enabling service users to compare and contrast the offers available by using a common point of reference and support decisions,**
- **boost the confidence of customers and improve the quality of the profession**

Standards are voluntary guidelines, by definition, but we can not afford to see them in isolation since we are in the business of providing secure cash logistic services! Despite the fact that risk can not be harmonized, harmonization is, indeed, clearly announced!

BACKGROUND

In the amended version of the EU Services Directive on 4th April 2006, article 40 highlights the possibility for the EU Commission to present a proposal for an instrument of harmonization for private security services which includes the transport of cash and valuables i.e. CIT.

Influenced by the European ideology (i.e. EU citizens, goods and services can travel freely but the common currency, the Euro, is stopped at the border by national rules and regulations), lobbied by the banking community and motivated by the CEN initiative, it should be anticipated the EU Commission will feel that harmonization is necessary and this standard might be used as a platform to reach that goal.

What was meant to be a voluntary guideline might be turned in a pan-European regulation for CIT operations.

POSITION

ESTA believe that it would be naïve for anyone to think that the European CIT industry should be harmonized, however, ESTA does support the view that standards should be adopted on a voluntary basis.

The ESTA view on harmonization is substantiated by the fact that such an arrangement is contingent upon three key requirements:

- 1. A common threat and risk profile. (and Paul Fullicks presentation will demonstrate, later-on, that this is not the case)**
- 2. A requirement for minimum safety and security standards. (a comprehensive security)**
- 3. A need for rules and regulations to underpin the process. (stained banknotes are legal tender!)**

Unfortunately, the CIT industry currently finds itself in a position where rules and regulations do not always support the most effective industry initiatives, there are often inconsistencies in safety and security standards and threat profiles are by their very nature inconsistent and subject to change.

THE IBNS SOLUTION

The use of IBNS is often recommended or indeed imposed in the belief that it provides a total solution to the safety and security complexities associated with the CIT industry. However, ESTA considers IBNS to be a good example in support of its position with respect to harmonization i.e.

- The method of neutralization does not always result in banknote illegality.
- There is often no mechanism to ensure that such equipment is fit for purpose.
- New threats regularly bring into question the integrity of such systems.

There are also a number of uncertainties relating to the degradation of banknotes:

- a) Suitability towards degradation of new series banknote material e.g. polymer substrate (€, £).
- b) Development of 'lock and key' system integrated within banknotes.
- c) Increased volume from new possible denomination banknotes e.g. EUR 1 and 2 (as requested by the European Parliament).
- d) Cash handling machine recognition.
- e) Legality of degraded banknotes.
- f) Awareness campaigns e.g. Banknote Watch.

FINDINGS

ESTA does not wish to undermine the importance that IBNS plays with respect to supporting the CIT industry and to that end has close working relationships with many equipment manufacturers and suppliers, including the trade association EURIPCA.

However, one should appreciate the immaturity of such systems in terms of the history of the CIT industry together with the volume of use and the displacement of crime

For example, when IBNS was first introduced in France there were few, if any, robberies involving such equipment due to the low volumes in use and a cautious approach by criminals. Now, with a high level of market penetration together and number of curious and educated criminals there appears to be a growing level of crime against such operations – a fact also supported by the industry experience in Belgium.

FINDINGS (cont'd)

These are self-explanatory statistics:

In the last two years, whilst there have been 7 CIT (traditional) vehicles attacked in France, the number of IBNS vehicles attacked has increased dramatically to 21 with losses of EUR 2.5 million!

In 2006, Belgium has already suffered quite a few attacks against IBNS trucks.

This seems to mean that technology is not the magic deterrent and is probably perceived as a soft target with the potential to be compromised!

CONCLUSION

The ESTA view on standards is that *safety and security principles should never rely on a single line of defense* and that there should be sufficient flexibility to enable the CIT industry to select multi-layered solutions that are commensurate with the threats and risks faced in any given environment. These layers generally fall into five categories:

- Physical e.g. buildings, fixtures/fittings, vehicles and equipment
- Procedural e.g. working processes including communications and weapons (where applicable)
- Personnel e.g. staff screening, recruitment selection, training, health & safety and welfare
- Profile e.g. professionalism and image
- Political e.g. government, police, justice, social and media

ESTA believe that it should be the responsibility of the risk management professionals from within each member company, in close liaison with appropriate authorities, to determine the most appropriate safety and security measures. This should be undertaken by using an industry standard as a guide and combining it with the business strategy to ensure that safety and security measures are combined with innovative, efficient and profitable customer services to the benefit of all interested parties.