

ESTA Cash Group Report

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Topics

1. What is ESTA Cash Group?
1. ESTA Guidance to customers for the selection of Cash Service Providers (CSP)
1. ESTA view on stained notes
1. ESTA comments to ECB study of Cash Service Providers

ESTA Cash Group

"looking at issues and developments of relevance to cash, and this includes regulatory issues , payments issues, cash restrictions, etc"

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ESTA guidance to customers for the selection of Cash Service Providers

- Procurement of cash services is a complex task
- Price is always of importance but quality comes at a price
- Heros, Panaxia, ...

ESTA Guidance to customers for the selection of cash service providers

Cash services are unique given the value and ease of exchange of the product they deal with. ESTA, the body representing cash management companies in Europe, is pleased to provide the following guidance to potential users of cash services when considering the suitability of a supplier.

The first thing to consider is the type of cash service involved. For these purposes we distinguish between two distinct types of service:

1. Cash-In-Transit (CIT) including ATM / device replenishment with or without secured engineering, emptying of ATMs and recirculation of cash; and
2. Cash Processing services including customer deposit processing and the provision of cash for ATMs and other recycling equipment.

A. Introduction

1. CIT Services

CIT is the secure transportation of cash that has been placed by the customer in sealed tamper-evident containers/bags/envelopes of various types for transport between two locations. When solely providing CIT, the cash management company staff should never come into direct physical contact with the customer's cash. There may be an exception to this principle when servicing ATMs or other automated cash devices. In some cases rather than exchanging closed cassettes the accepted process is to top up the device with additional banknotes. Similarly depositing devices may require the removal of loose banknotes and coin. In these cases the cash is exposed to the CIT crew.

Security licensed CIT companies are specialists in managing the risk associated with the logistics of cash and ESTA would recommend their use even where fairly modest sums are involved. While the risk to an individual user occasionally using insecure transport for modest sums may appear low, he may not be aware that, if others do the same, the risk pattern may change considerably if criminals realise that cash is being transported unsecured.

2. Cash Processing

Cash Processing involves the opening of sealed, tamper evident cash containers/bags/envelopes, and subjecting the cash to some or all of the following: authentication, validation, counting, sorting, secure storage or onward transfer; reporting or crediting.

As can be seen, Customers should be wary to avoid service providers where direct cash exposure to the supplier's staff and equipment might increase the risk of loss or error in any of the processes involved. In most cases the scale of cash processing operations will mean that substantially more "open" cash will be involved compared to undertaking ATM replenishment services.

ESTA guidance to customers for the selection of Cash Service Providers

- The guidance document is not binding for ESTA's members
- The guidelines should serve as a checklist for minimum requirements
- National law always precedes the guidelines
- **<http://www.esta-cash.eu/en/publications/>**

Stained notes

- The status of legal tender is primarily to be addressed by the legislators
- Stained notes that are not stained due to accidental activation of IBNS systems must be prevented from being used as payment instruments
- Stained notes should only be dealt with by National Banks and not by commercial banks



Stained notes

- Large quantities of stained notes should be reported, investigated and if criminal activities are suspected reported to the Police
- A “stained notes status” policy should be implemented by ECB and communicated to relevant stakeholders as commercial banks, retailers etc



ESTAs view on ECB study of Cash Service Providers

- ESTA welcome the study and thanks ECB
- Markets are sometimes concentrated
- Markets are generally highly competitive
- Perception of market varies
- We welcome ECBs thoughts that local recycling should increase



ESTAs view on ECB study of Cash Service Providers

- Licensing of CMCs should be carefully considered
- Existence of BCP plans is matter for the individual countries and the local stakeholders
- IBNS should be used on a local basis when applicable
- Our industries responsibilities in money laundering regulation needs further clarification

ESTAs view on ECB study of Cash Service Providers

- We agree there is no further need for regulation
- We agree that a lot can be achieved through self regulation/guidelines

Thank You For Listening !