

Recent EU policy developments regarding the cash logistics industry

- European Commission Perspective -



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European Commission
Euro protection and euro cash*

*ESTA Conference,
Marbella 23/24 May 2016*

Current European Commission cash-related topics

(1) Possible reform of cross-border CIT Regulation




(2) Tackling illicit cash movements - as part of strategy to combat terrorist financing



(3) Future of 1c and 2c coins

2016 : number of cross-border licences

Country	Number	Expiry
Germany	6	2018
Spain	2	2018
France	3	2018/2019
Austria	1	2018
Slovakia	3	2018
Netherlands	1	2018
Slovenia	5	2019/2020
	21	
		
Lander border Euro area regions without licensed cross-border CIT:		
Portugal, Italy, Belgium, Luxembourg, Estonia, Latvia, Lithuania		
No land border euro area regions: Finland, Greece, Ireland, Malta, Cyprus		

Higher potential of cross-border CIT: current obstacles

Scope of Regulation

majority of pick-ups
in host country



Host transport arrangements
(armoured, IBNS)



Rules on fire arms for
CIT in host country



Language of host country



Substantial wage differentials

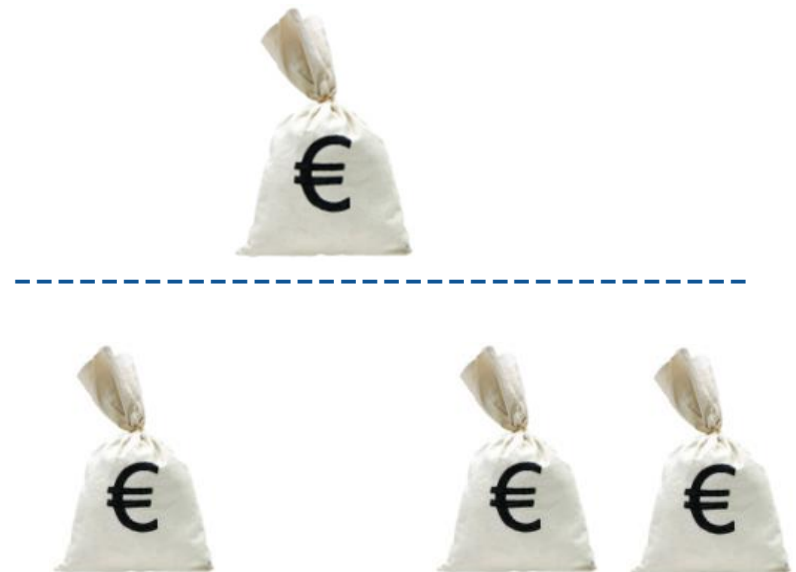


Appropriate definition of cross-border transportation

Today **majority** pick-ups must be in host country

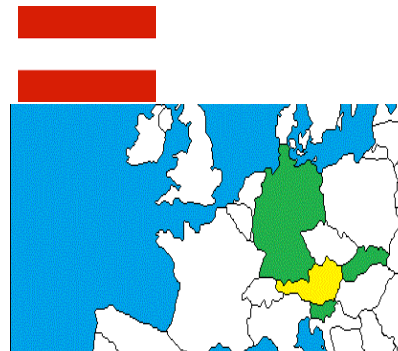
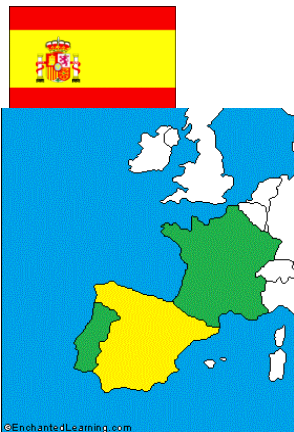
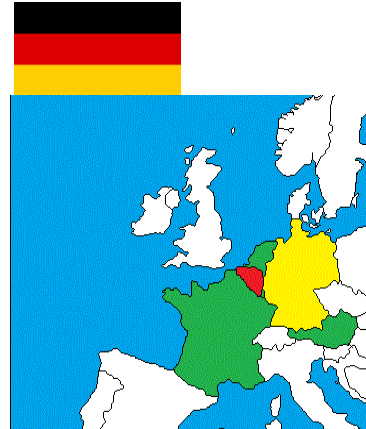
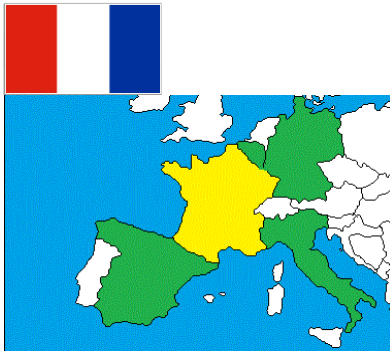


Possible reform: **Minority** pick-ups in host country



should be sufficient!

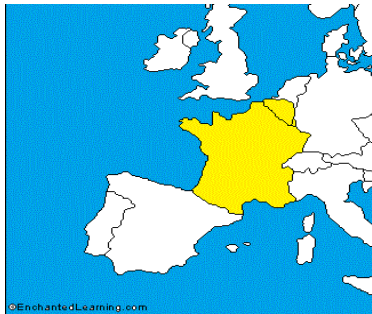
Matching transport conditions in the region ... ?



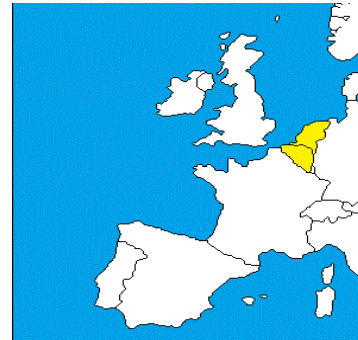
*but overall still
much room for
manoeuvre!*

*And reverse
situation to be
looked at!*

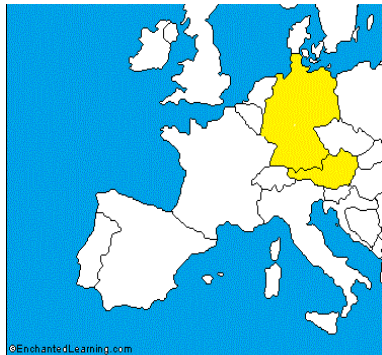
France - Luxembourg - Belgium



Belgium - Netherlands



Germany - Austria - Luxembourg - (Belgium ?) - (Italy ?)



*Some language clusters
but still different*

... weapon rules

... minium wages

Tackling illicit cash movement - as part of strategy to combat terrorist financing -

(1) Reform **cash declarations** at EU borders and in Member States?



(2) Future of **high value banknotes**?



(3) Cash payment **limitations** in the EU?





European
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Highest denominations in the EEA and in some important third countries*)

Position	Country	Currency	Highest denomination	Value in euro ³
1	CH: Switzerland*)	Swiss franc CHF	1000	EUR 915
2	Euro Area	Euro	500	EUR 500
3	CZ: Czech Republic	Czech koruna CZK	5000	EUR 184.90
4	DK: Denmark	Danish krone DKK	1000	EUR 134.20
5	HR: Croatia	Croatian Kuna HRK	1000	EUR 132.80
6	RO: Romania	Romanian <u>Leu</u> RON	500	EUR 111.85
7	SE: Sweden	Swedish krona SEK	1000	EUR 108.00
8	NO: Norway	Norwegian krone NOK	1000	EUR 106.50
9	US: United States*)	US dollar USD	100	EUR 88.74
10	JP: Japan*)	Japanese yen JPY	10 000	EUR 79.64
11	IS: Iceland	Icelandic <u>króna</u> ISK	10 000	EUR 71.03
12	CDN: Canada*)	Canadian dollar CAD	100	EUR 68,34
13	AU: Australia*)	Australian dollar AUD	100	EUR 67,76
14	HU: Hungary	Hungarian Forint HUF	20 000	EUR 64.36
15	UK: United Kingdom	pound sterling GBP	50 ⁴	EUR 64.04
16	BG: Bulgaria	Bulgarian lev BGN	100	EUR 51.12
17	PL: Poland	Polish <u>Złoty</u> PLN	200	EUR 46.84
18	CN: China*)	Chinese <u>renminbi</u> CNY	100	EUR 13.70
	Average value of highest banknotes from non-EA Member States			EUR 90,90



Cash payment limitations – across EU?

14 EU Member States have **limits** – mostly for tax efficiency reasons (from EUR 500 to EUR 15.000, partially with special rules for B2B and for non-residents)

Existing limits **high** compared to average debt settlement in cash

Euro area/EU law does not prohibit cash payment limits in general

Legal basis for **common EU limit**? Internal market such as the EU anti-money laundering legislation?

Consultation of stakeholders and **impact assessment** (appropriateness) prior to legal initiative

Control of **implementation**?



What about 1 and 2 euro cent coins?

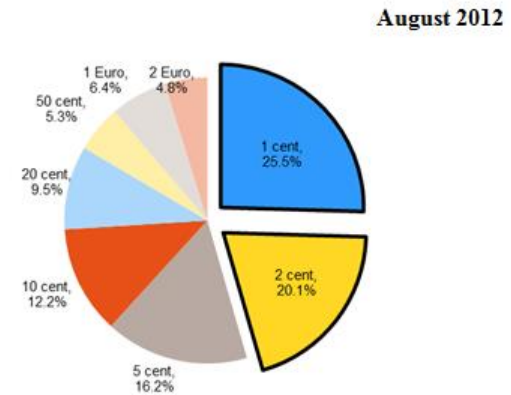
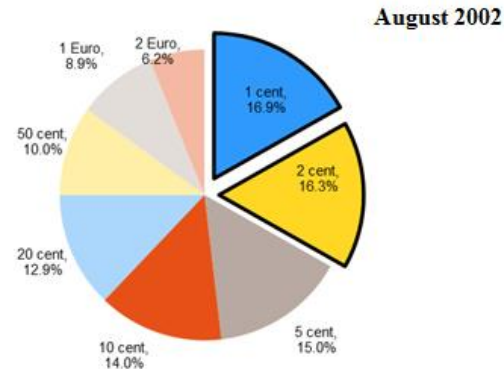


◇ Average purchasing power 2016: 1 euro cent = 0,80 euro cent (compared to 2002)

◇ Proportion all denominations

◇ Production costs > face value?

◇ Circulation / cash cycle / loss rate



Year	1c/2c	All coins in bn
2005	41,4%	56
2010	44,4%	90
2015	47,0%	114,8

issue 1c/2c increasing faster
than for the other denominations!

Future of 1 and 2 euro cent coin?



- Possible change of **technical specifications** for production of euro coins and blanks, but no impact on cash handling (weight, thickness, diameter, appearance) – **1 July 2017?**
- Regular survey and **polls** on use(fulness) of 1 and 2 cent coins – October 2016

Questions?

Observations?



Thank you very much!