

HAPPY NEW YEAR
&
BEST WISHES FOR
A GREAT 2007!

2007 ESTA CONFERENCE

EU AFFAIRS

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THE PAYMENT SERVICES
DIRECTIVE

EUROPEAN (CEN)
STANDARDIZATION OF
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NEW ESTA MEMBERS IN
2006

2007 ESTA CONFERENCE

Be reminded that our annual conference will take place in Tallinn (Estonia) from June 3rd through 5th.

The main theme of the Conference will be "The Future of Cash in Europe" with debates organized between all stakeholders, and dealing with topics such as:

- ✚ CIT situation in the Baltics
- ✚ European Laws and Regulations (ECB, EU Commission),
- ✚ National Central Banks involvement in the Cash Cycle
- ✚ Retailers services, ATM services,
- ✚ Security and Insurance issues
- ✚ US and Australian Cash Logistics market

A preview program will be circulated shortly and posted on our website.

EU AFFAIRS

THE SERVICES DIRECTIVE

On November 15th, 2006, the European Parliament achieved a final agreement on the Services Directive.

Although services provided by private security companies are not covered by the scope of the directive, the European commission will evaluate the need or not for a vertical harmonization of CIT activities.

THE PAYMENT SERVICES DIRECTIVE

The PSD is likely to be ratified by the European Parliament in February or March 2007 and will hopefully include several neutrality amendments regarding Cash and supported by ESTA.

EUROPEAN (CEN) STANDARDIZATION OF THEFT DEGRADATION SYSTEMS

The former standardization work item had to be deleted for administrative reasons (timeframe) and will be shortly re-activated by the French Standardization Body (AFNOR) or by the British BSI, as initially agreed.

A formal decision (vote) will be made by February 2007.

EUROPEAN CENTRAL BANK (ECB)

ECB has recently published a SEPA (Single Euro Payments Area) brochure announcing a number of measures with a view to contributing to a fair competitive environment regarding the Eurosystem's cash services.

In order to create a so-called Single Euro Cash Area (SECA) for professional cash handlers, further steps will be implemented to achieve greater convergence of NCB's cash services!

ESTA will follow-up these upcoming developments that are still to be outlined in detail.

ESTA CASH FORUM

A joint industry initiative has been launched in the second part of 2006, to fund researches and media campaigns, with a view of bringing the merits of cash into the public domain and engage, educate lie minded supportive bodies.

A select number of companies (Brink's, DeLaRue, Giesecke&Devrient, Group4Securicor, Prosegur, ScanCoin and Securitas) have set up the Cash Forum.

Various studies and consumer research on cash and cards fraud have been commissioned.

Two press releases have been circulated on the pre-dominance of Cash as a payment media and the growing volume of cards fraud.

Those documents can be retrieved from our web site (www.esta.biz).

ESTA findings are comforted by the Eurobarometer research findings, commissioned by the European Commission that provide additional data on Consumers preference and social impact of cards fraud.

Proportion of population that has been a victim of electronic card fraud.

	Belgium	France	Germany	GB	Italy	Holland	Spain	Sweden	All
Yes	9%	10%	9%	19%	8%	9%	10%	8%	11%
No	90%	88%	90%	78%	90%	89%	89%	90%	87%
Don't know	1%	2%	1%	3%	2%	1%	1%	2%	2%

MISCELLANEOUS

THE DUTCH CENTRAL BANK ON CASH

The DNB (De Nederlandsche Bank) regards itself as one of the more progressive central banks in Europe!

The DNB, amongst other initiatives, has also implemented the "rounding up rule" enabling retailers to round up charges to the nearest 5 cents, effectively removing the lower value coins from circulation in Holland.

Recently, Mrs. Rijdsdijk, Divisional Payments Operations Director at DNB has been quoted by the Dutch press as stating:

- ✚ "Consumers should be asked to pay extra for cash payments in shops. Notices should be put up at all checkouts, warning customers that each cash payment of less than ten euros will cost them ten cents extra".
- ✚ "In Asia consumers get a discount when paying with cash cards, while here we are actually warning people that they will be charged for electronic payments under 25 euros. That should end".

ESTA deeply deplores those unbalanced statements from a Eurosystem Central Bank that has elected to ignore numerous academic studies that have examined the cost of cash versus other payment media.

This is another obvious example of confusion between the societal cost of payments and the cost of payment to the banking industry, in their attempts to recoup falling revenues (PSD) and huge investments in complying with SEPA.

ESTA will follow-up on this matter and take all appropriate initiatives with our Dutch members.

FIVE YEARS OF EURO BANKNOTES AND COINS

The European Commission has recently published (December 28, 2006) a document showing, amongst others that:

- a) The total outstanding value of banknotes has almost tripled (from 221 billion € in January 2002 to 595 billion € at the end of 2006) whereas for coins it has increased more moderately (from 13 billion € on 1 January 2002 to 17,6 billion € at the end of 2006).
- b) Estimates from ECB indicate that between 10 and 20% of the total value of Euro banknotes in circulation is currently held outside the Euro area.

BLIND-FRIENDLY CURRENCY

A US Federal judge has demanded that US currency be changed to include features for the blind and visually impaired.

CARDS FRAUD

A French study on cards fraud has established that:

- ✚ Fraud is enormous (several billion € in 2005).
- ✚ Fraud is going to get worse because of the increasing involvement of serious organized crime, and, potentially, of rogue states or entities.
- ✚ The methods used range from either incredibly simple to midbogglingly complex.
- ✚ The banks are not doing sufficient to stop it (e.g. biometrics) and are increasingly passing on the liability to the consumer.
- ✚ SEPA by expanding electronic payments could make this much worse and the authorities are not considering this possibility.
- ✚ The lack of public data available suggests that the banks may be trying to avoid publicity for a problem that could actually, at worst, destabilize the world economy.

UPCOMING EVENTS

- ✚ FRAUD EUROPE – April 25-26 – Brussels
- ✚ THE CURRENCY CONFERENCE – May 6-9 – Bangkok, Thailand
- ✚ EFMA CONFERENCE ON CASH – May 24-25 – Frankfurt
- ✚ ESTA CONFERENCE – June 3-5 – Tallinn (Estonia)
- ✚ EFMA CONFERENCE ON CARDS – September 18-20 – Paris
- ✚ ICCOS CONFERENCE – September 23-26 – Las Vegas (USA)

NEW ESTA MEMBERS IN 2006

EFFECTIVE:

- Progard Securitas (Serbia)

ASSOCIATE:

- SBV Services (Pty) Ltd (South Africa)

ADHERENT:

- Delvag Luftfahrtversicherungs-AG (Germany – www.delvag.de) – Insurance
- Glory Europe GmbH (Germany –cash handling machines – web: www.gloryeurope.eu)
- HSBC Insurance Brokers Ltd (UK – www.hsbc.com) - Insurance
- Insafe International Ltd (UK – www.insafe.co.uk) – safe manufacturers
- MEI Group (Switzerland – www.meiglobal.com) – payments authentication/recognition
- Roshield A/S Ballistic Protection (Denmark – web: www.roshield.dk) – Ballistic protection
- Streit Security Vehicles FZE (Canada – web: www.armored-cars.com) – truck armouring