

Decision ECB/2010/14 of 16 September 2010 on the authenticity and fitness checking and recirculation of euro banknotes*

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“Reinforcing the protection of the euro: a shared
responsibility” Brussels, 28-29 October 2010

* OJ L 267 , 09/10/2010 p. 1-20

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- Amendment of Regulation 1338/2001
- Decision ECB/2010/14

Banknote Recycling Framework

- Published in 2004, following Regulation 1338/2001
 - => Credit Institutions / other professional cash handlers must withdraw counterfeits (Art. 6)
- Objectives of the BRF:
 - Assist credit institutions/other professional cash handlers in complying with said Article 6;
 - implement a common policy regarding banknote recycling to avoid competitive distortions; and
 - recommend due diligence standards on the handling of banknotes, to maintain the quality and authenticity of banknotes in circulation.

BRF: the principle

Harmonised standards on euro banknote recirculation:
Credit institutions/other professional cash handlers may put euro banknotes back in circulation only if these banknotes have been checked for authenticity and fitness:

Over the counter

1. with banknote handling machines successfully tested by a Eurosystem NCB
2. by trained staff
3. by an NCB

Via ATMs/other customer-operated machines

1. with banknote handling machines successfully tested by a Eurosystem NCB
2. by an NCB

BRF: Customer operated machines

Cash in / recycling machines (CRM/CIM)



Users:
Credit institutions
Banks

Teller assistant cash recycling machines (TARM)



Functionalities:
Account holder tracing
Authenticating / Fitness sorting
Recycling / storing

BRF: staff operated machines

Large processing machines



Users:
Professional cash handlers
Back office banking / CIT

Desktop processing machines

Teller assistant cash recycling machines



Two pocket counter



Functionalities:
Counting / Denominating
Authenticating / Fitness sorting
Recycling

BRF: in more detail

- Common Eurosystem machine testing procedure;
- ECB published all machine types successfully tested*;
- Manufacturers submitted their machine types for initial and annual (re-)tests to a Eurosystem NCB;
- Credit institutions/other professional cash handlers monitored by Eurosystem NCBs (decentralisation);
- Statistical data reporting principles;
- Limitations of the BRF:
 - **Addressees**: Credit institutions / professional cash handlers; and
 - **Non legally binding** (difficulties for reliable reporting).

* 173 machine types listed in 2009 (+15% compared to 2008)

BRF: List of machines on ECB website

ECB: Successfully tested machines - Windows Internet Explorer provided by European Central Bank

http://www.ecb.europa.eu/euro/cashhand/recycling/tested/html/index.en.html?COsort=a#bahama1

ECB: Successfully tested machines

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Successfully tested types of banknote handling machines

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- Professional cash handling
 - Banknote recycling framework
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 - Authentication devices

Publication of test results

- Only those machine types that have **passed** a test at an NCB are listed below.
- Information about machine types that have passed a test will be published here within one month after the date when each test was completed.
- Information about a test will be removed from the website after the expiry of 12 months following the calendar month during which the test was completed, unless the machine type's ability to detect counterfeits has been re-tested either in an **annual** test or in a **re-test** on an ad hoc basis by an NCB, and has passed such test.
- Any failure of a re-test by a machine type or any refusal by the manufacturer to present a machine type for a re-test will likewise result in the prompt removal of information about the machine type and corresponding further machines from the list(s).
- Any summary test reports on the tests that have been passed that the NCBs may provide to the manufacturers will only be valid in respect of the test conditions at the date of testing and as long as the test results are published on this website.

Customer-operated machines | **Staff-operated machines**

Filter as you type

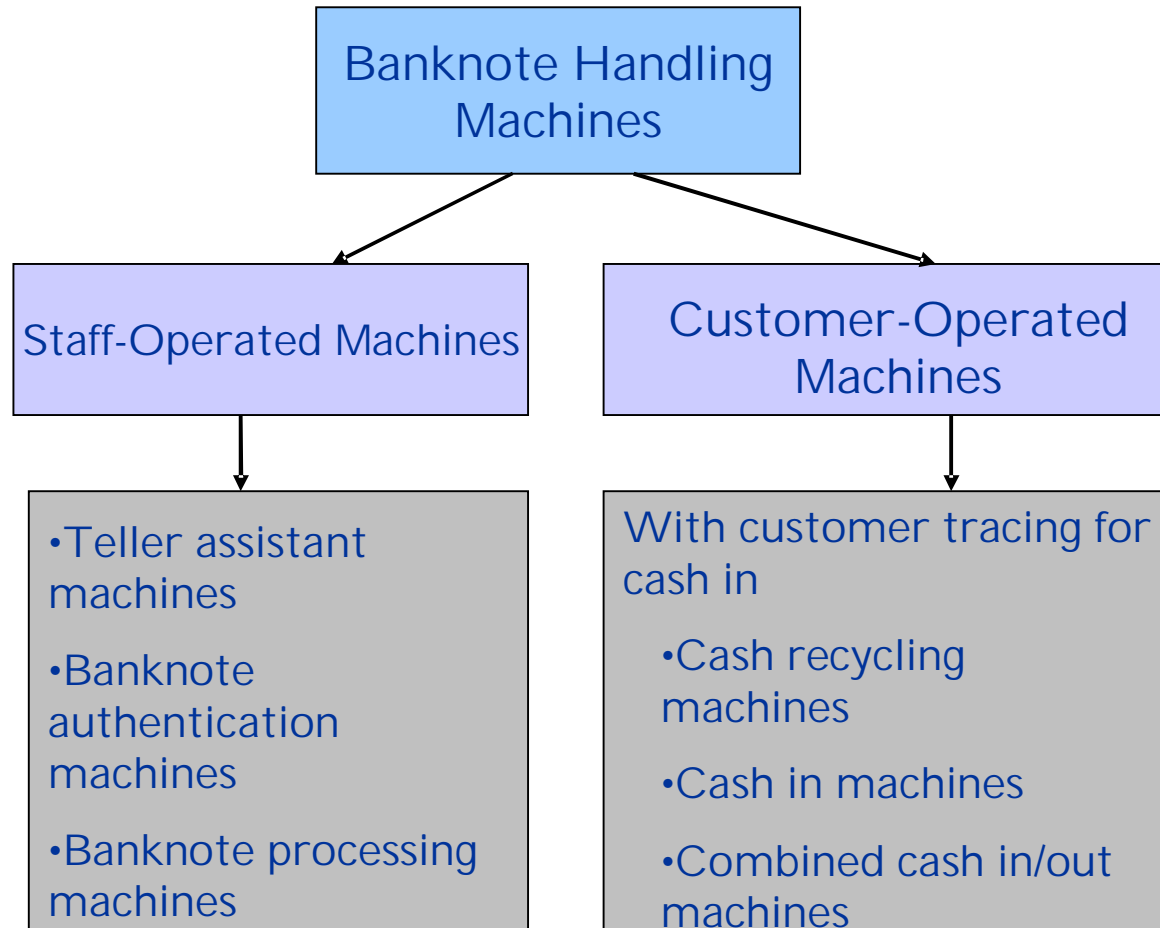
Term:

As you type (min. 2 characters), all possible matches from this page are found and immediately presented.

Last updated: 27 June 2010 → [Print table](#)

Machine name and category	Identification (hardware/ software versions)	Contact details of manufacturer	Date of the test
<input type="checkbox"/> CIMA ATM3000TTW (CIM) (CD52000) (CIM)	HV: Cash Ray 90 SV: 187-XC-00	Cima S.p.A. Via Statale Sud 41037 Mirandola (Mo) Italy 00390535418611 → Website email: info@cimaspa.it	13-5-2010
<input type="checkbox"/> De La Rue CPS 1800	CPS 7.6.33u, VME 7.0.0-c2, IDS 5.541, SHAPE 5.3820	De La Rue International Ltd De La Rue House Jays Close, Basingstoke, Hampshire RG22 4BS England + 44 1256 605 000 → Website	29-4-2010
<input type="checkbox"/> De La Rue DLR7000	SV: 1.9.4	De La Rue International Ltd De La Rue House Jays Close, Basingstoke,	11-1-2010

BRF: machine categorisation



Users: Credit institutions, banks, CITs

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Amendment of Regulation 1338/2001

New customer operated machine types

Self check-out terminal (SCoT) with cash back



Convenience ATM



Teller assistant money box with cash back

Amendment of Regulation 1338/2001

- Extension of scope of addressees:
 - + payment service providers (within the limits of their payment activity);
 - + Cash in transit (CIT) companies; AND
 - + other economic agents (e.g. traders, casinos) supplying banknotes to the public via ATMs.
- Clarification of obligation to check euro banknotes for authenticity before putting them back into circulation;
- Reference to the then existing ECB procedures (BRF);
- Reference to banknote fitness (Recitals).

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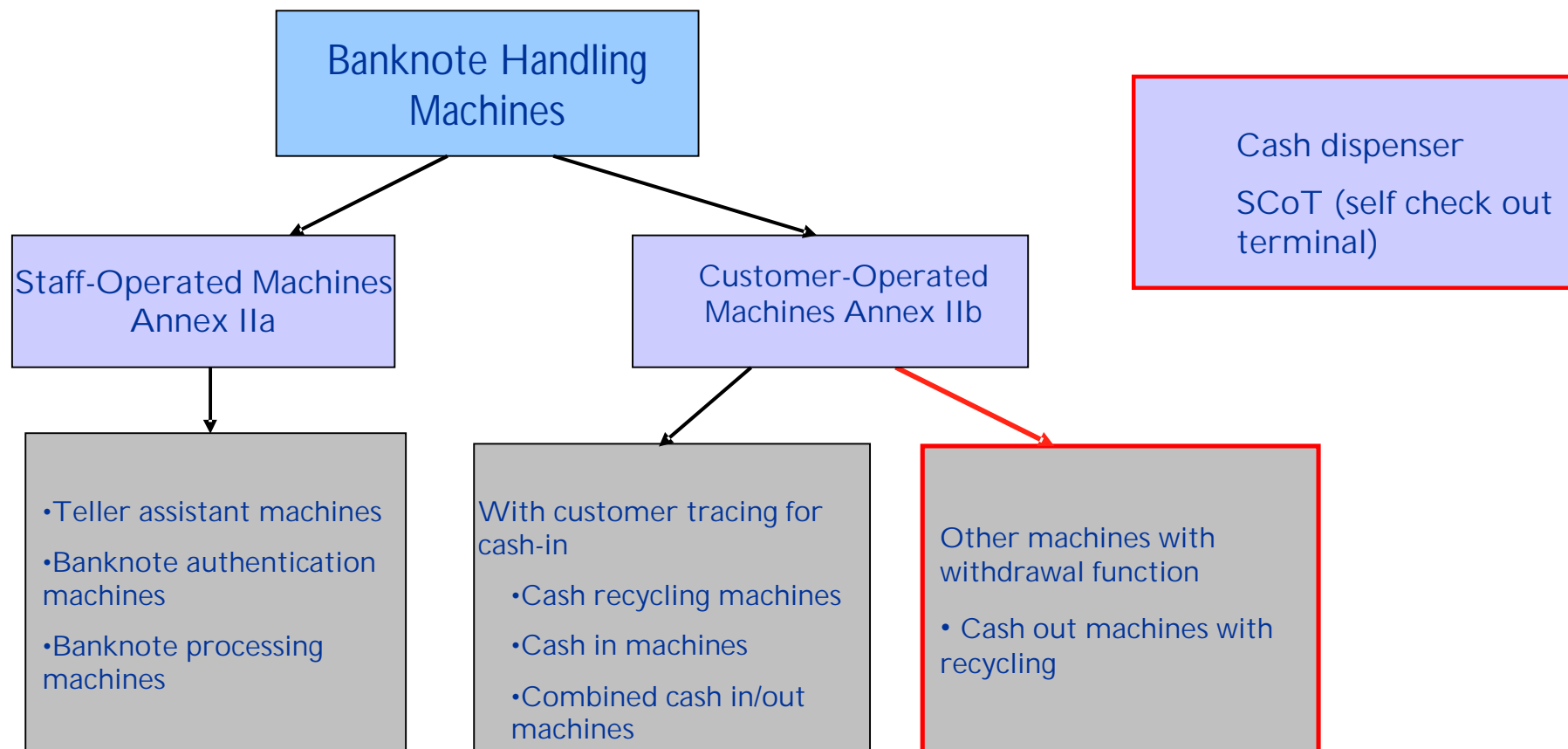
ECB Decision on the authenticity and fitness checking and recirculation of euro banknotes

The ECB took the opportunity of the BRF having been explicitly referred to in the Regulation to lay down rules and procedures in ECB legal acts.

ECB procedures were made binding, providing for greater legal certainty.

ECB Decision: Consequences on the machine categorisation

New machine categorisation (Annex I)



Users: Credit institutions, banks, CITs and Retailers, Casinos

ECB Decision: main points

- Legal basis: Art. 128(1) TFEU/16 ESCB/ECB Statute (protection of the integrity of euro banknotes as a means of payment);

For the first time, BRF principles laid down as common rules and procedures (art. 1) in an ECB legal act => enhanced legal certainty.

- Addressees: those defined in Regulation 1338/2001 (art. 2.2);
- Obligations: similar to BRF (arts. 3 - 7);
- Common test procedures for banknote handling machines (art. 9)
- New machine categories/minimum standards of classification (fit, unfit, suspected,...) (Annexes IIIa – IIIb for automated – manual fitness checking);
- Fitness criteria (soil, stain, tears, holes,...);
- Monitoring activities/Reporting obligations (master/operational data): left to NCBs; (arts. 10-11, Annex IV)
- without prejudice to the Member States' competence to sanction addressees of the Regulation that fail to discharge their obligations thereunder (cf. art. 6.2 of the Regulation);

Regulation - ECB decision: **Effective** Implementation at national level

- Necessity of provisions penalising non-taking out of circulation of notes/coins known to be counterfeit;
- Necessity of (NCB, Ministry of Finance) power to:
 - carry out on-site inspections;
 - order suspension of activities for use of non-compliant equipment;
 - impose recommendations, instructions, administrative fines for non-compliance with the recycling, retesting, reporting obligations;
- Adequate scope of the above powers;
- Liability of directors/managers etc.

Conclusions

- Encouraging results of BRF implementation (extensive machine/device testing, industry acceptance of ECB standards) - with limitations;
- Market evolution in cash dispensers (convenience ATM, SCoT);
- Extension of the Regulation's scope;
- Legal certainty brought forth by the ECB Decision;
- Harmonisation of national implementation measures (pending).

Questions

Thank you for your
attention!