

Recent EU policy developments regarding the cash logistics industry

- European Commission Perspective -



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Rüdiger VOSS
Head of Section: Euro cash and legal issues
European Commission/ DG ECFIN

The European CIT main topics in 2014 are again ...

(1) Implementation of the EU Regulation on cross-border CIT



(2) Use of cash in retail transactions in the euro area



Cross-border CIT: main principles

- ❖ Easier cross-border transport of euro cash within the euro area
- ❖ Common rules for the euro area
- ❖ High level of security for the CIT-staff and the general public

... applying to **18 euro-area** countries

... to **Andorra, Monaco, San Marino**

... and probably to **Lithuania** as from last week of July 2014

Cross-border CIT: what it is ... and what not



- ✓ Professional transport of euro banknotes and coins
- ✓ by a CIT vehicle by road
- ✓ between euro-area Member States for delivery or pick-up
- ✓ majority of delivery or pick-up in host Member State, or – if point-to-point – transport between to Member States
- ✓ max. 20% non-euro cash allowed
- ✓ During day time only


Obligatory CIT license (5 years)!



- ❑ Police escorted cross-border cash transport between central banks and/or production sides
- ❑ Transport other than by road
- ❑ Minority of delivery or pick-up in host country
- ❑ Transport cross EU other than euro area
- ❑ Transport of (only) other currencies, precious metals ...

No license, but (at least) general EU law applies to these business cases!

First experience: how many licenses we have

Country	Number	Expiry
Germany	5	2018
Spain	2	2018
France	2	2018/2019
Austria	1	2018
Slovakia	1	2018
Netherlands	1	2018
	12 	
Lander border Euro area regions without licensed cross-border CIT: Portugal, Italy, Belgium, Luxembourg, Estonia, Latvia, Slovenia		
No land border euro area regions: Finland, Greece, Ireland, Malta, Cyprus		

Main obstacles from home business view

Transport arrangements and role of police in host country



Type of allowed vehicle (armoured, homologated IBNS)

Language of host country



Substantial wage differentials



Rules on fire arms for CIT in host country



First experience: what authorities and businesses report

Still a number of various (mixed) obstacles!

Administrative obstacles

Different national **fire arms** rules (including storage of host country weapons prohibited in the home country)

- *EU fire arms passport to extend to professional users (such as CIT)?*
- *Harmonized European fire arms rules?*

Proof of requested **language** skills (level A1 and B2)

'De facto' discrimination

Chosen **transport arrangements** (breach of non-discrimination prohibition, Article 13 (3) of the CIT-Regulation)

- *Commission infringement procedure against Member State?*

Practical (and "natural") obstacles

Inconvenient **wage** differentials

Natural limitations due to business environment for any cross-border service

1. **Business-inherent** limits (e.g. personnel not engaging in cross-border activities; product not adapt for crossborder)
2. **Host service receiver** not prepared to receive service from foreign neighbour
3. **Fragmented legal framework** (public and private law) and traditions (CIT: role of weapons, public security, role of police)
4. Different **host market structure**: e.g. few big players vs. numerous small companies
5. Different **wage system** and level
6. **Language** requirements in most cases
7. [...]



Cross-border CIT: what is possible next?



Private sector

Suggestions from some CIT businesses

- Occasional transport to be covered
- More freedom on transport arrangement
- Accepting EN for host/origin communication

Requests to CIT businesses

- Accept (or enjoy) "natural limitations" of cross-border
- Business standards (CIT vehicles, armouring, IBNS)

Public Sector

Commission:

- Infringement procedures?
- Facilitator if major problem occurs?
- Revision of Regulation (2016): discussion with stakeholders

Commission/Parliament/Member States

- Legislative proposal ('overhaul')
- Not before 2017

Acceptance of cash in retailer transactions



Commission neutral on payment means chosen. No preference!

Legal Tender Recommendation: review results (2013)



More recent developments

- Future of 1c/2c and further rounding



- High denominations



- Cash controls and cash payment limits



The fate of 1 and 2 euro cent coins



Discussion on rounding, not on abolition!

- **Recommendation No 9 (2010):** 1 and 2 euro cent legal tender even where rounding is applied. No new rounding rules.
- **Rounding to the nearest 5 cent:** FI (2002), NL (2004), IE (2013): local test run, BE (2014): draft law
- Rounding to nearest 5 cent = rounding of single currency = **European (legislative) competence** = Article 133 of the TFEU

Abolition? Today no majority in favour, if counted by voting rights

Restrictions on cash payments in the euro area

Belgium	3,000 EUR
France	3,000 EUR debtor has his place of residence in France or acting in a professional capacity 15,000 EUR if debtor is not domiciled in France and not acting in a professional capacity
Greece	1,500 EUR
Lithuania	2,900 EUR (20,000 litas)
Italy	1,000 EUR
Slovenia	Persons selling goods shall not accept cash payments exceeding 15,000 EUR from their customers or third persons when selling individual goods.
Spain	2,500 EUR 15,000 EUR if debtor is not domiciled in Spain and not acting in a professional capacity

Restrictions on cash payments in other EU countries

Denmark

DKK \geq 100,000 (approximately **13.417 EUR**)

Romania

Payment operations between **legal entities** shall be made **only non-cash** payment.

Bulgaria

Customer Due Diligence for cash transactions amounting to 10.000 BGN or more (approximately 5.113 EUR) and a **reporting obligation** for any cash payment exceeding 30.000 BGN (approximately **15.339 EUR**)

Euro cash as legal tender: From *soft law* to *hard law* ?

- Is legislation needed?

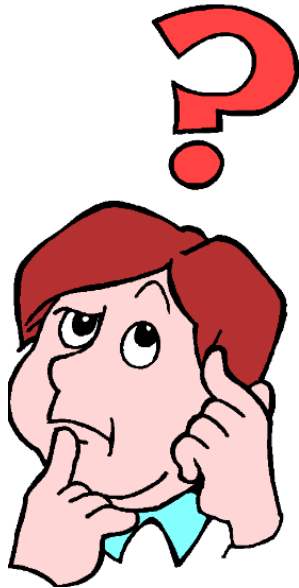


- What could be the building blocks of a possible Regulation?



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Questions?



Observations?



Thank you very much!