

ESTA Business Conference

Session 1

Cash in Europe – Setting the Scene

Ken Niven

Divisional President Cash Services

G4S

From the ECB website

SEPA is:

an area in which consumers, companies and other economic actors will be able to make and receive payments in euro, whether between or within national boundaries under the same basic conditions rights and obligations, regardless of their location.

the aim of SEPA is:

to advance European integration with a competitive and innovative euro area retail payments market that can bring with it higher service levels, more efficient products and cheaper alternatives for making payments.

SEPA and SECA

The SECA initiative derives from the SEPA framework

SEPA = Single European Payments Area

SECA = Single European Cash Area

Convergence of National Central Bank Cash Services

- Non-resident banks to access National Central Banks (NCBs) cash services
 - More cross border cash transits
- Coin lodgements at NCB counters
- No banknote facing/orientation for NCB lodgements and withdrawals
- Further harmonisation of NCB branch opening hours – currently 6 hours
- Common cash packaging standards

ECB's View of the Cost of Cash

- Cash is most popular payment method at POS
- Cash transaction costs lower than electronic
- Cash less expensive than debit cards for small payments
- Cash will remain widely preferred payment method
 - Universally accepted/no terminals
 - Confidential
 - Public can monitor spending
- Cash more secure than electronic
- But, greater cost savings possible through cash handling efficiencies

The McKinsey Study

- Cash continues to represent a huge number of transactions
 - 80 % of Europe's 230 billion payment transactions
- If banks want to save costs, cash handling must become more efficient
- Need for improving cash outflow and inflow balances
- Lean structures and operations are the key
- Review of National Central Bank structures can realise value
 - Role for specialised private sector?

Session 1 Speakers

- Mike Bowen MBAL Consulting
- Guillaume Lepecq AGIS Consulting
- Dietmar Spranz Austrian Mint
- Antti Heinonen ECB
- Johan Bendz DG Ecfm, EU