



Banco de Portugal
EUROSISTEMA

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The Central Bank of Portugal on the implementation of the Banknote Recycling Framework

António Pinto Pereira

Head of Issue and Treasury Department

Banco de Portugal

Overview

Banknote Recycling Framework

1. Rationale
2. Objectives
3. Opportunities
4. Activity
5. Requirements
6. BdP's Implementation Model
 - Overview
 - Legal framework
 - Training
 - Reporting Tools
 - Monitoring System
 - Communication and cooperation process
7. Status of implementation
8. Developments



1. Rationale

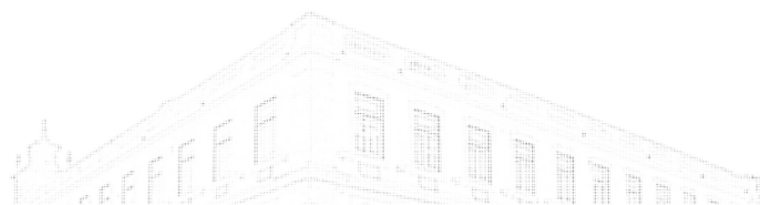
Article 106 (1) of the Treaty establishing the European Community and Article 16 of the ESCB Statute give the Eurosystem the legal mandate to issue euro banknotes.



A primary task is to ensure the integrity and preservation of euro banknotes in circulation and, by extension, the public's trust in euro banknotes.



To attain these objectives, the condition (quality) of euro banknotes in circulation must be maintained at a good level so as to ensure that banknotes are accepted as a means of payment by the general public and can be readily used by banknote accepting devices.




2. Objectives

To provide credit institutions and professional cash handlers with assistance in complying with the obligations laid down in Article 6 of the Council Regulation (EC) No 1338/2001.

To effectively implement a common policy regarding banknote recycling by credit institutions and other professional cash handlers in order to avoid competitive distortions within the euro area and to contribute to the establishment of a single euro cash area.

To recommend to credit institutions and other professional cash handlers the observance of due diligence standards concerning the handling of euro banknotes so as to contribute to maintaining the quality and authenticity of euro banknotes in circulation.



Increase of efficiency

Preservation of the quality and integrity of euro banknotes in circulation



3. Opportunities

Increasing security on cash operations

Efficiency improvement and cost saving from automatization of cash operations

More safety and confidence on externalization

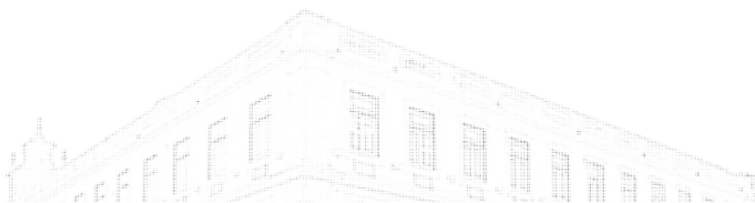
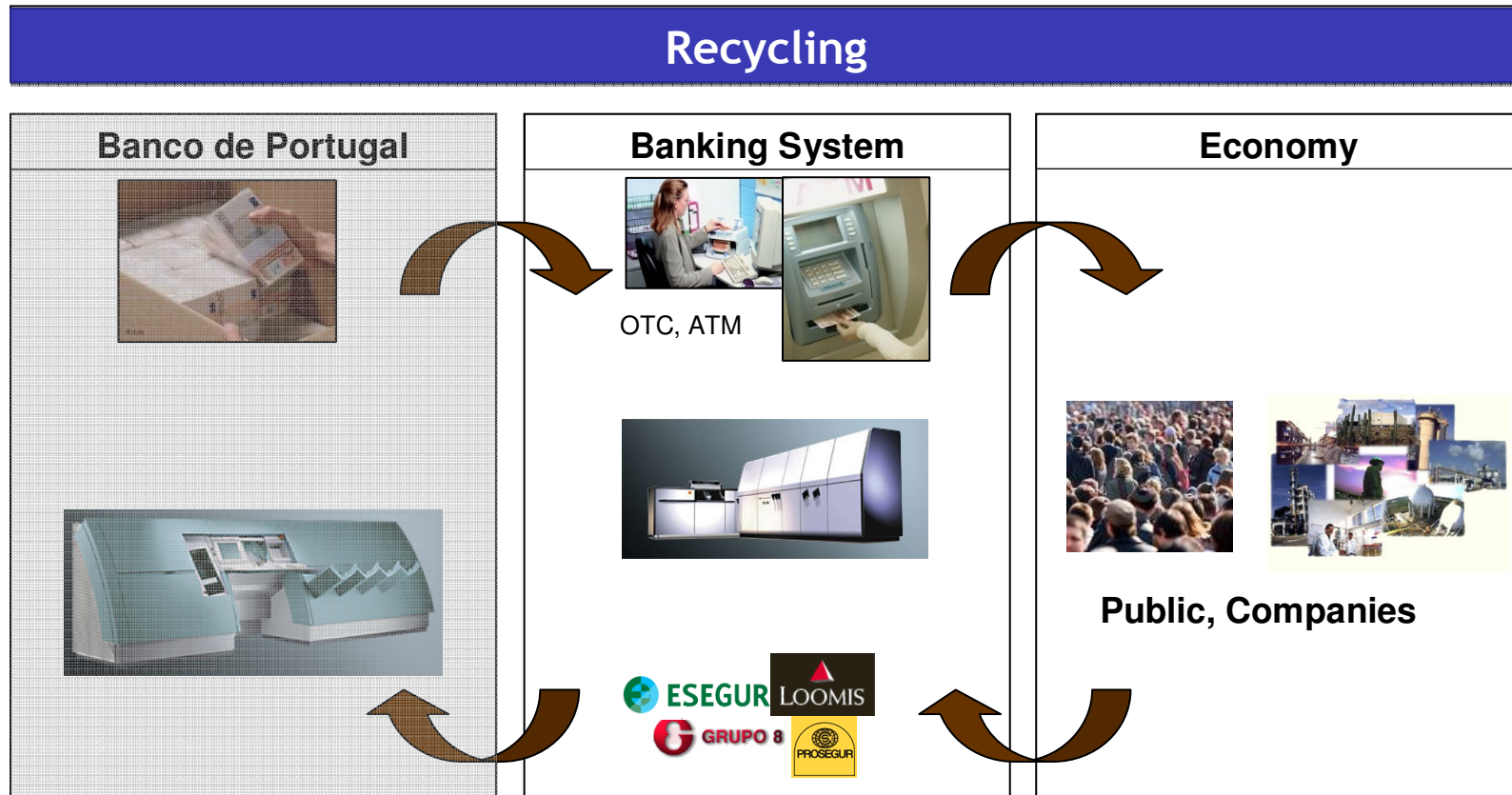
Processes innovation. New concept of over-the-counter operations

New market opportunities

Clarification of the legal framework



4. Activity



5. Requirements

Credit Institutions, Cash in transit Companies

- Eligible equipments
- Qualified staff
- Activity reporting

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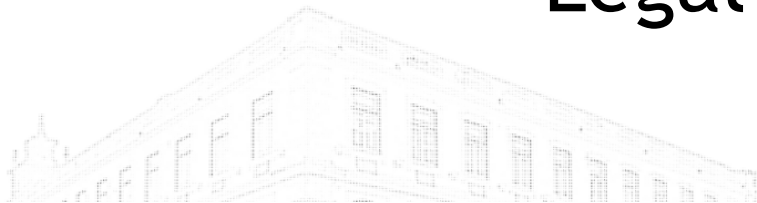
- Legal Framework
- Training
- Reporting tools
- Monitoring system



6. BdP's BRF Implementation Model

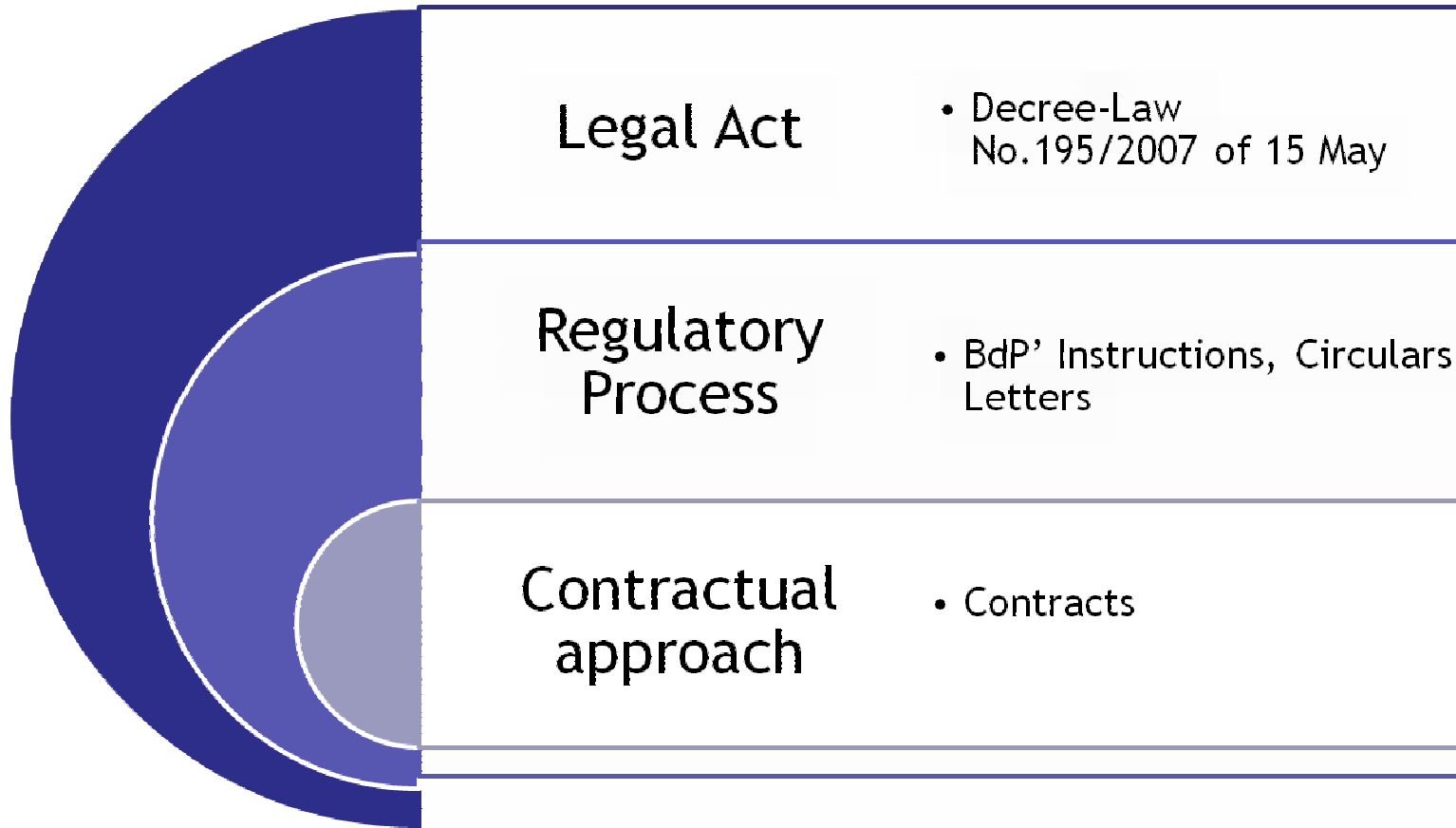


Legal Framework



6. BdP's BRF Implementation Model

Legal Framework

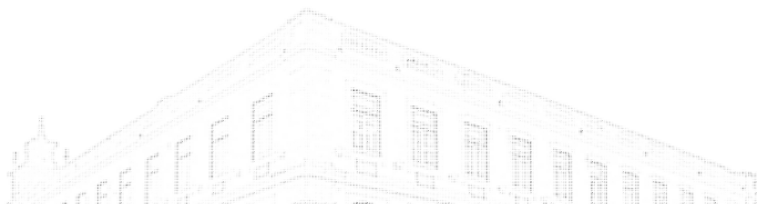




Legal Act	•Decree-Law
Regulatory Process	•Circulars Letters, Instructions
Contractual approach	•Contracts

General rules:

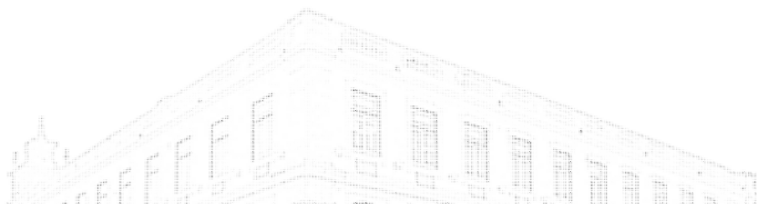
- Euro banknotes shall only be returned to circulation via ATM or other costumer-operated machines if they have been checked for both authenticity and fitness by banknote handling machines successfully tested by an NCB.
- Banknotes which have been checked for authenticity and fitness by trained staff members, either manually or without the use of eligible equipment, shall not be returned to circulation via ATM or other costumer-operated machines, but can only be re-issued over-the-counter.



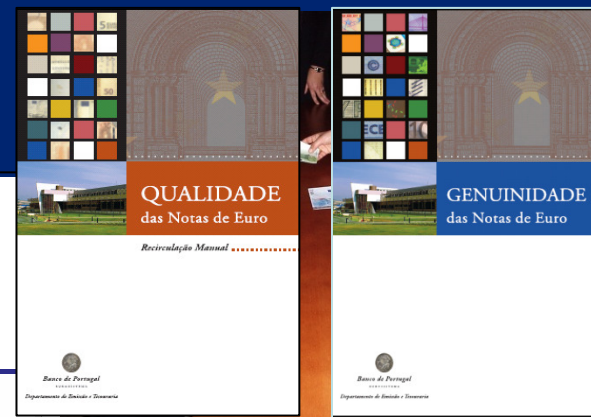
6. BdP's BRF Implementation Model



Training

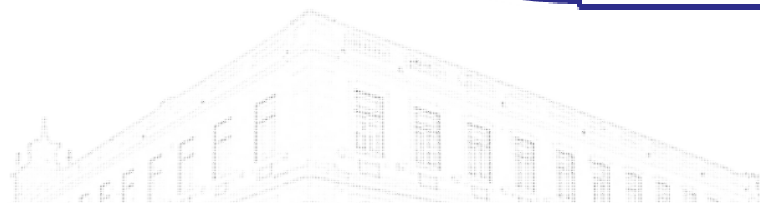


6. BdP's BRF Implementation Model



Training

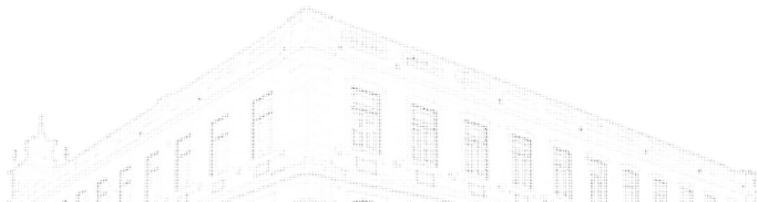
E-learning	<ul style="list-style-type: none">• Year 2009: 10763 trainees
Face-to-face training	<ul style="list-style-type: none">• Year 2009: 8135 trainees
Training materials	<ul style="list-style-type: none">• Authenticity manual• Fitness manual• Other technical information



6. BdP's BRF Implementation Model



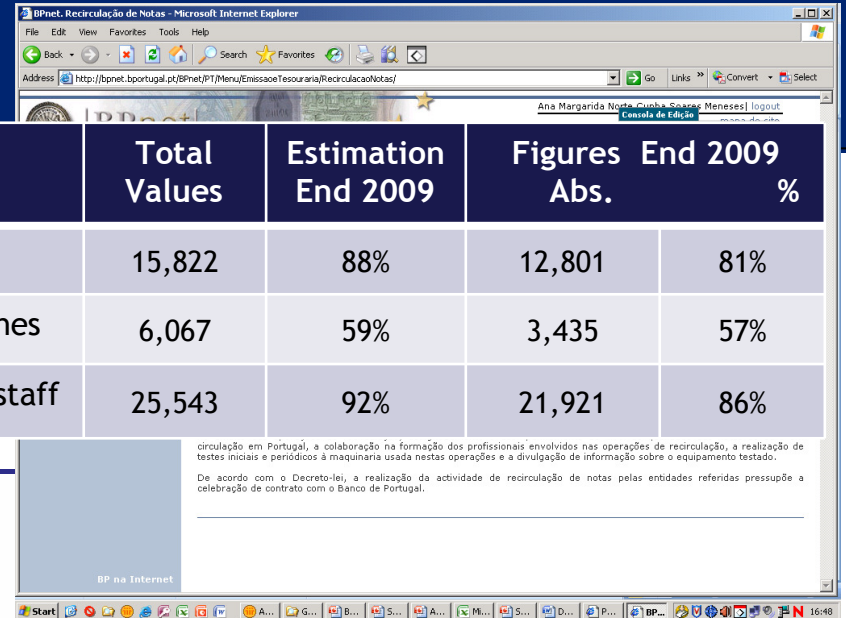
Reporting Tools



6. BdP's BRF Implementation Model

Reporting Tools

	Total Values	Estimation End 2009	Figures End 2009 Abs.	%
No. ATM	15,822	88%	12,801	81%
No. Branches	6,067	59%	3,435	57%
Qualified staff	25,543	92%	21,921	86%

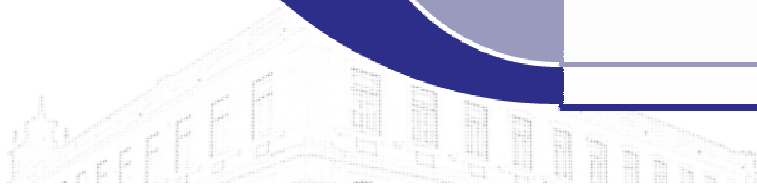


Migration Plan

- Implementation status on CI

Extranet (Bpnet)

- Periodical and ad-hoc Report: general information on entities, eligible equipment and operational data.



6. BdP's BRF Implementation Model

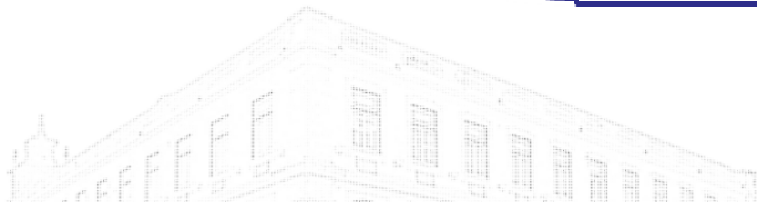
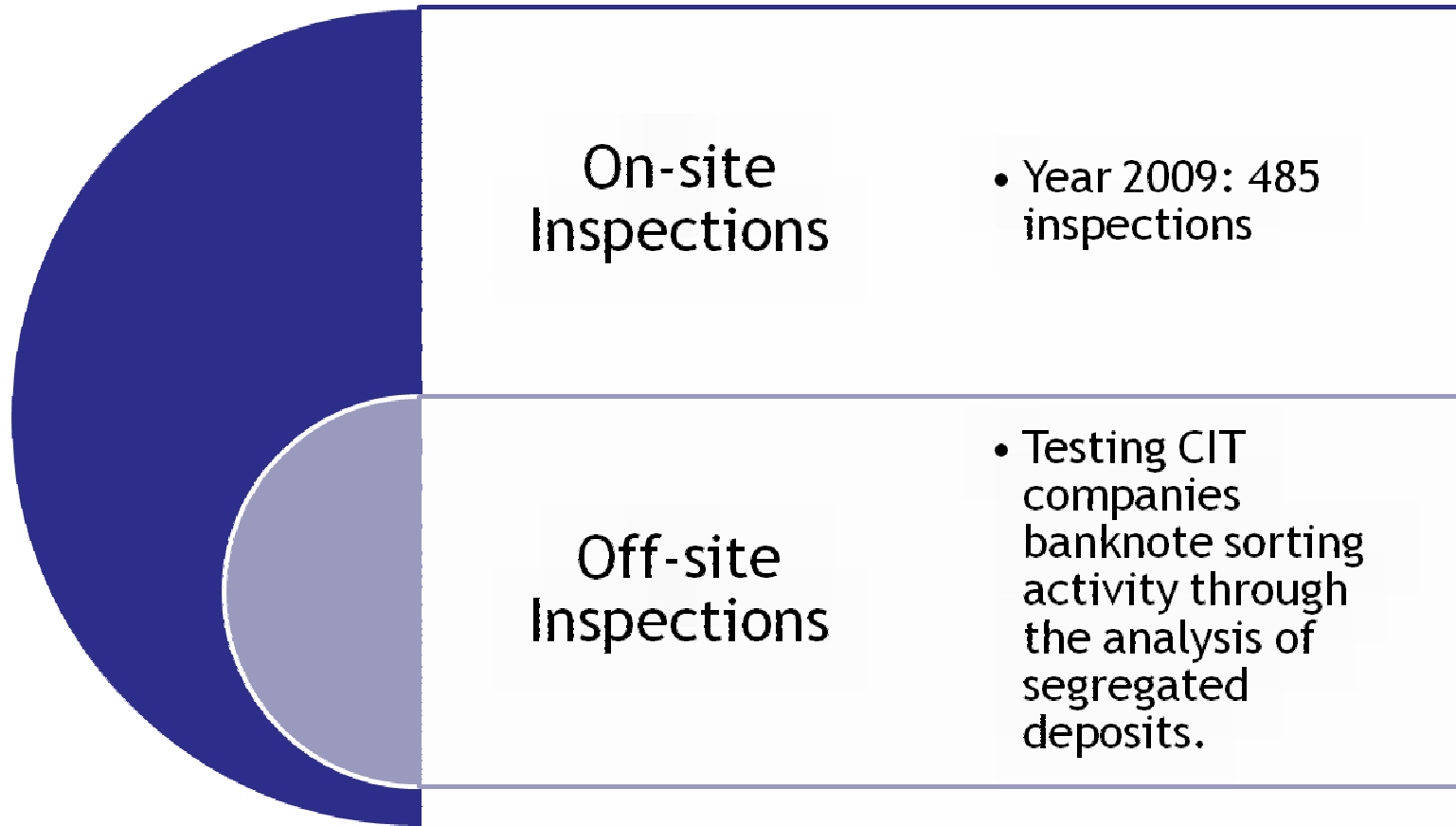


Monitoring System



6. BdP's BRF Implementation Model

Monitoring System

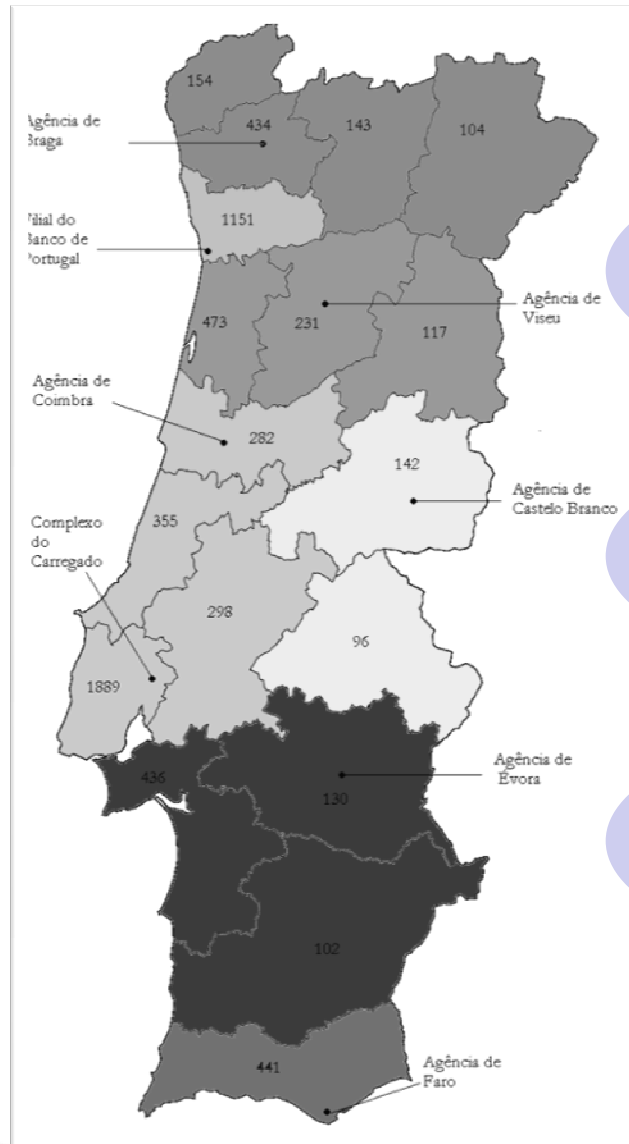


On-site Inspections

Off-site Inspections

More than
6000 CI
branches

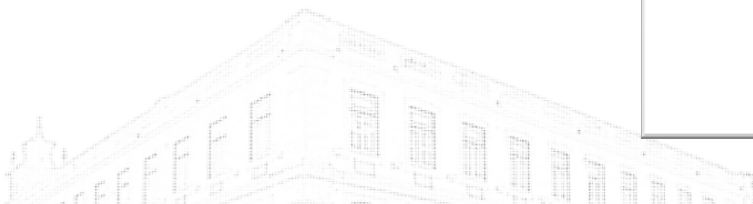
10 CIT
companies
premises



12 inspection
teams

Decentralised
policy

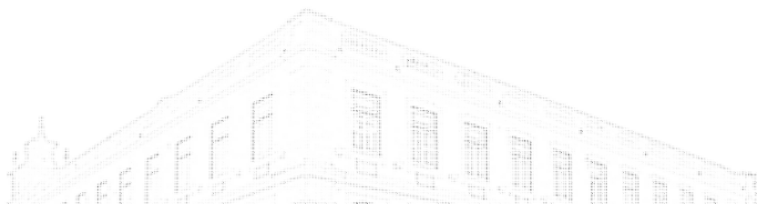
485
inspections
performed in
2009



On-site Inspections

Off-site Inspections

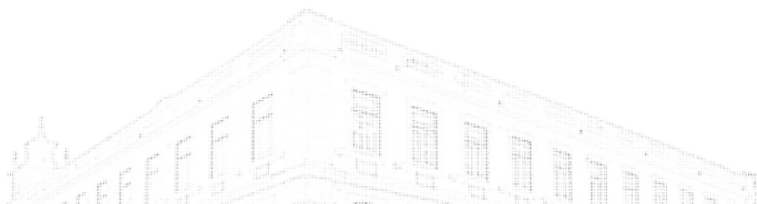
Banknote returned from CIT companies are checked by sampling, manually and automatically (eligible equipment).



6. BdP's BRF Implementation Model

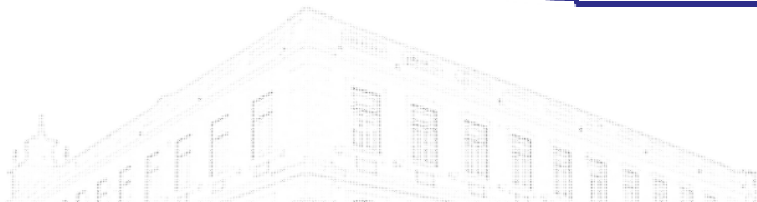
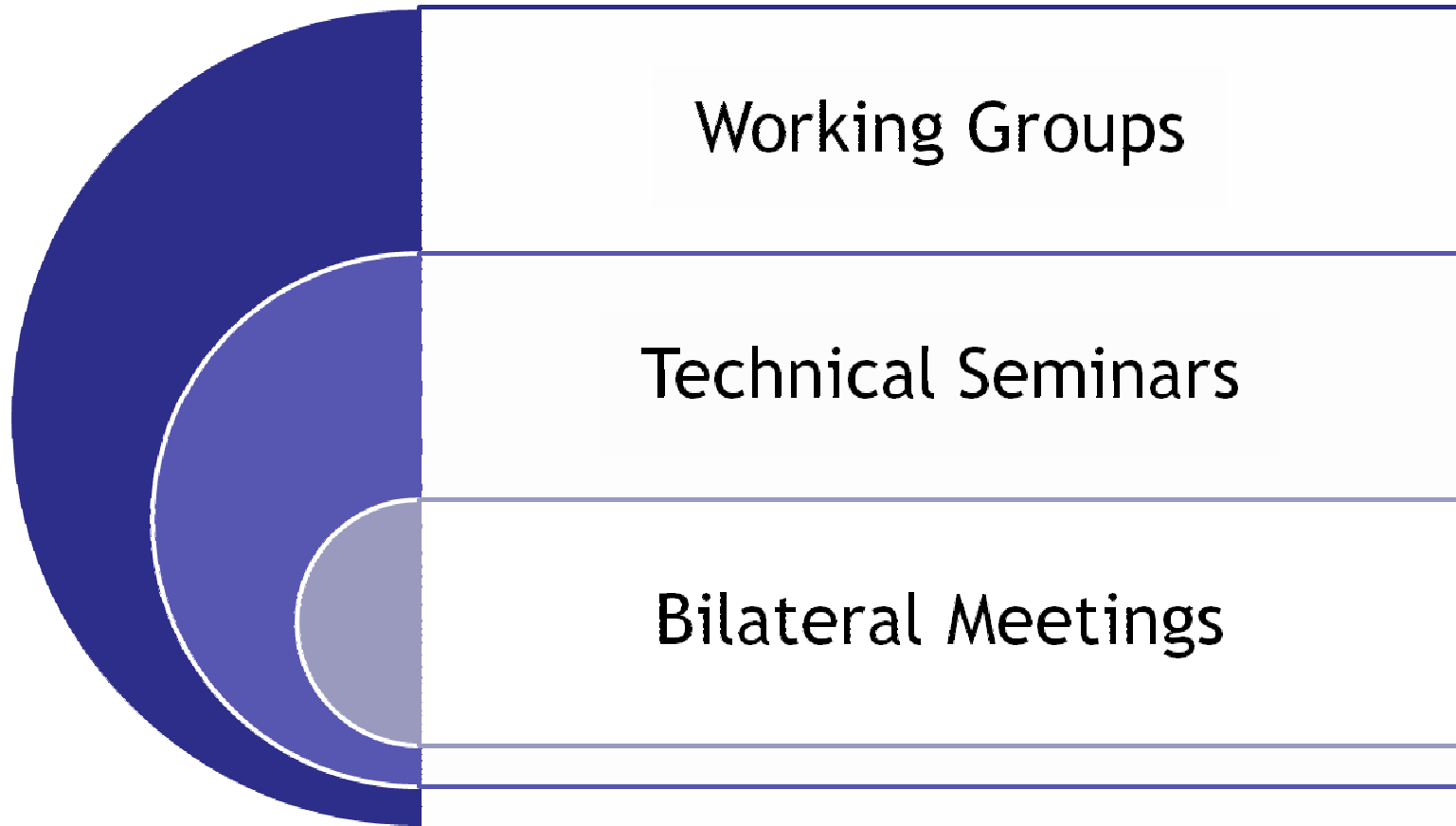


Communication and cooperation process



6. BdP's BRF Implementation Model

Communication and participation process



7. Status of Implementation

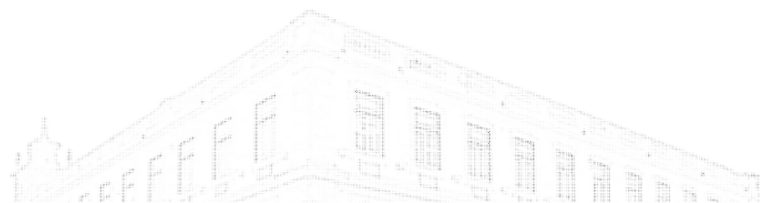
Migration Plan - 31December 2009

Credit Institutions

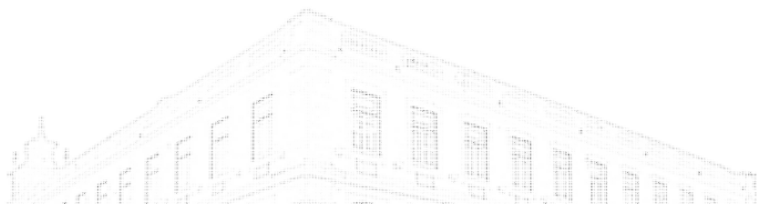
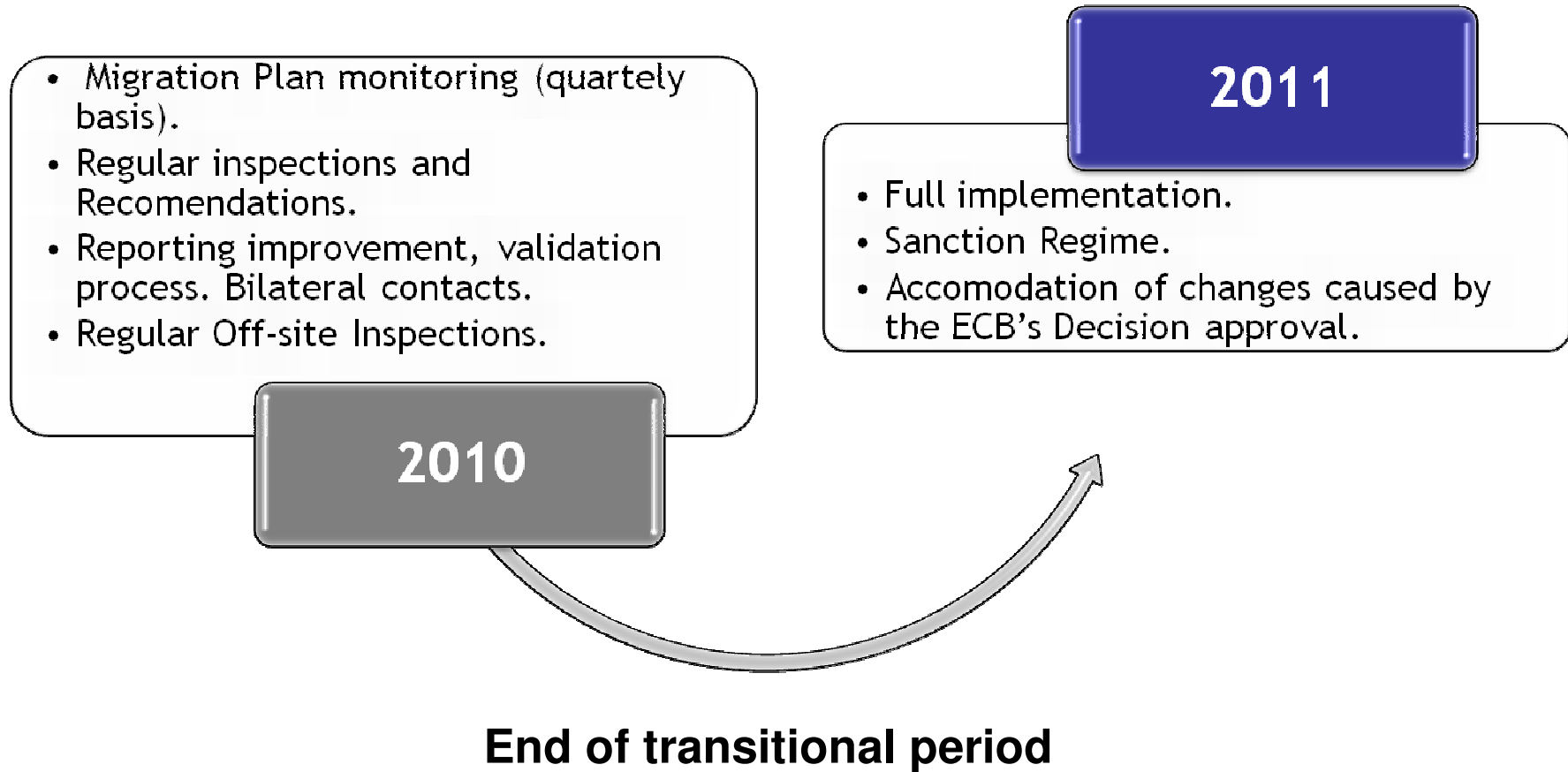
Compliance with BRF rules	Total Values	Estimation End 2009	Figures Abs.	End 2009 %
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No. Branches	6,067	59%	3,435	57%
No. Qualified staff members	25,543	92%	21,921	86%

CIT Companies

100%



8. Developments



Thank you for your attention

