

Cross-border transport of euro cash by road

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Background

Single currency but not single transport area:
substantial differences between national legislations
on the transport of euro cash



Need for common European rules

"Single license with the euro-passport"



Small business, fragmented market, limits as to infrastructure,
logistics and personnel

Expected Advantages

Easier cross-border transport of euro cash within
the euro area

through common rules for the professional transport of
euro cash by road

under conditions that ensure a high level of security
for the CIT-staff and the general public

Basic principles

- The Regulation **replaces national CIT rules** for all professional cross-border CIT transports
- **National rules** remain in force for **domestic transport** – provided they do not discriminate (as less strict rules would)
- Transports between central banks, printing works and mints are **not** covered by the Regulation **if escorted**

Consequences

- CIT companies need **licenses** for cross-border transport!
- Member States set up **authorities in charge of issuance of cross-border licenses.**
- Member States have mostly **communicated** their **applicable transport arrangements**

Cross-border licence

- To be granted by the Member State of origin for a period of **5 years** provided that the company fulfils the **eligibility criteria** laid down in the Regulation
- Exchange of information between Member States about companies that have been granted a cross-border CIT-licence



Commission's has set up a secured database

Definition 'cross-border transport of cash by road'

- **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 two Member States
- **max. 20% non-euro cash** allowed
- During **one day** (except point-to-point)

Exclusion of special transports from Regulation

- **Transport** of euro banknotes and coin between **NCBs** and between **printing works or mints** and NCBs, provided the transport is **escorted by police**

(= *no EU cross-border license*)

Transport conditions

- Return **same day**
- In principle only during day time **06.00 - 22.00**
- The **majority** of cash **pick-ups/deliveries** in the **host** Member State



(Too) Many host rules applying to CIT ?

National rules on the **role of national police forces** (e.g. prior notification, tracking device, point-to-point escort)

+

National rules governing the **behaviour of CIT security staff outside the vehicle**

+

National rules governing the **security of locations** where euro cash is delivered or picked up

... apply to cross-border CIT without prejudice to the Regulation!

Content: transport types

- **Banknotes**

- **Unarmoured ordinary vehicle with IBNS**
- **Unarmoured marked vehicle with IBNS**
- **Cabin-armoured vehicle with IBNS**
- **Fully-armoured vehicle not equipped with IBNS**
- **Fully-armoured vehicle with IBNS**

- **Coins**

- **Unarmoured vehicle of ordinary appearance**
- **Cabin-armoured vehicle with clear markings**

CIT staff requirements

- **Minimum training requirements:** at least 200 hours of initial training, consisting of initial national training + “cross-border training module” + regular training.
- **Language skills** (one in vehicle + in control centre, A1 and B1 level).
- Information between Member States about their CIT-training requirements.

Sanctions

- **Granting authority:** warning, fine, suspension, withdrawal of licence.
- **Host MS** shall inform **MS of origin**, but may also suspend the right of a CIT company to transport euro cash by road on its territory (if, for instance, minimum staff number or rules on firearms are not respected) and may impose a fine in some cases.
- Information exchange between Member States about infringements and penalties (data protection/only strictly necessary information)

Practical problems

1. Transport arrangements and info in host country
2. Type of vehicle (armoured, IBNS homologation)
3. Weapon licenses in host country
4. Training requirements



Review

- **Commission reports to EP and Council by 1 December 2016 and every 5 years thereafter on the implementation of the Regulation**
 - **Main points** of the Report:
 - Possibility to have common training requirements for the carrying of arms
 - Technological progress for the IBNS
 - Possible need to revise the Regulation
 - *Quid* CIT business excluded from Regulation so far?

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Commission recommendation on the legal tender of the euro



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The legal tender of the euro in the EU legislation: broad principles



- Since the adoption of the euro, the legal tender status of euro banknotes and coins is a matter of EU law
- Yet the **Treaty** lays down very broad principles
 - Art. 128 attributes the legal tender status exclusively to euro banknotes issued by the ECB and the NCBs...
 - ...but is **silent on the practical consequences** of this status
 - The legal tender of euro coins is not explicitly mentioned
- The '**euro Regulation**' (May 1998):
 - Art. 10 : mentions the legal tender status of euro banknotes
 - Art. 11 : mentions the legal tender status of euro coins
 - ...But **does not give any detailed definition**

The diversity of pre-euro legal traditions: a few examples



- **Refusal of certain denominations** in shops
 - Refusing cash on a permanent basis is a criminal offense in some countries
 - It is perfectly accepted in others as long as the client is clearly informed in advance (through signs in shops, for example)
 - In one case, prior information of the client is not even necessary
- ⇒ Two main schools of thought in the euro area (legal tender vs contractual freedom prevalence)
- Mutilation/destruction of banknotes and coins by individuals
 - Prohibited/sanctioned in some MS
 - Perfectly licit in others
- ⇒ Two different underlying philosophies (banknotes and coins: public good vs private property)

Consequences of legal tender



- **Where a payment obligation exists, the legal tender of euro banknotes and coins should imply:**
 - (a) **Mandatory acceptance:** The creditor of a payment obligation cannot refuse euro banknotes and coins unless the parties have agreed on other means of payment.
 - (b) **Acceptance at full face value:** The monetary value of euro banknotes and coins is equal to the amount indicated on the banknotes and coins.
 - (c) **Power to discharge from payment obligations:** A debtor can discharge himself from a payment obligation by tendering euro banknotes and coins to the creditor.

1. Acceptance of payments in euro cash in retail transactions



- The acceptance of euro banknotes and coins as means of payments in retail transactions should be the rule.
- A refusal thereof should be possible only if grounded on reasons related to the 'good faith principle' (for example the retailer has no change available).

2. Acceptance of high denomination banknotes in retail transactions



- High denomination banknotes should be accepted as means of payment in retail transactions.
- A refusal thereof should be possible only if grounded on reasons related to the 'good faith principle' (for example the face value of the banknote tendered is disproportionate compared to the amount owed to the creditor of the payment).

3. Absence of surcharges imposed in the use of euro cash



- **No surcharges** should be imposed on payments with euro banknotes and coins.

4. Euro banknotes stained by Intelligent Banknote Neutralisation systems (IBNS)



- Even if euro banknotes stained with security ink by Intelligent Banknote Neutralisation Systems (IBNS) **are legal tender**, Member States should communicate actively towards stakeholders (banks, retailers, general public) that stained banknotes **must be brought back** to National Central Banks as it is very **likely** that they are the **product of a theft**.

5. Legal tender of 1 and 2 euro cent coins and rounding rules



- In Member States where rounding regimes have been adopted and prices consequently rounded to the nearest five cents, 1 and 2 euro cent coins should **remain legal tender** and should continue to be accepted as means of payments.
- Member States should however **refrain from adopting new rounding rules** since they affect negatively the power to discharge from a payment obligation by tendering the exact amount owed and since it may lead in some circumstances to a surcharge on cash payments.

Complaints to the Comm



- Number – very few !
- Countries of complaint – NL, FI
- Object
 - Retailers refusing small (coins) or high (banknotes) denominations
 - Retailers in shopping-malls promoting use of cards rather than cash

The review clause



- The Commission will review the implementation of this recommendation three years after its adoption and assess whether regulatory measures are needed.
- ... questionnaires were sent to stakeholders and reflections will start

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*The acceptance of euro banknotes and coins as means of payments **in retail transactions** should be the rule.*

*A **refusal** thereof should be possible only if grounded on reasons related to the **'good faith principle'** (for example the retailer has no change available).*

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High denomination banknotes should be accepted as means of payment *in retail transactions*.

A *refusal* thereof should be possible only if grounded on reasons related to the *'good faith principle'* (for example the face value of the banknote tendered is disproportionate compared to the amount owed to the creditor of the payment).

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