

# CASH IN EUROPE

## SETTING THE SCENE

### THE MINT DIRECTORS VIEW ON CASH

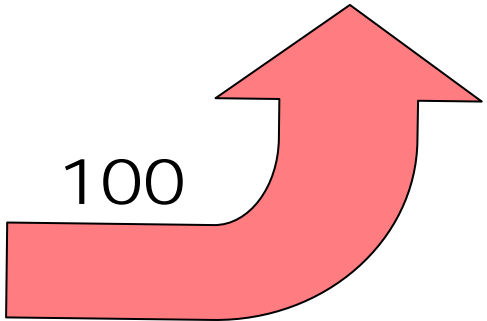
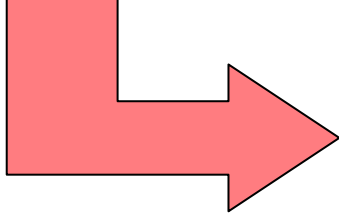
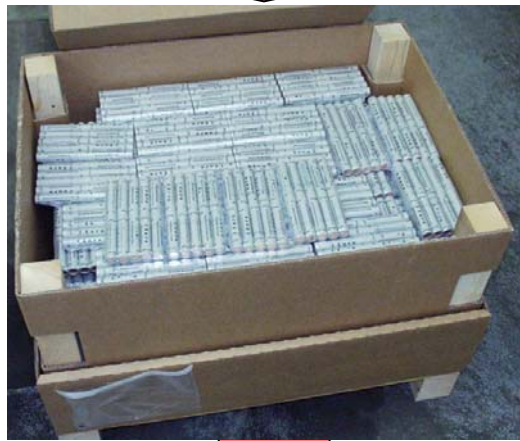
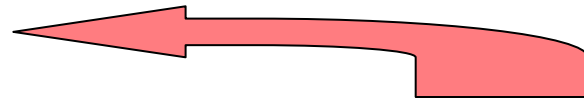
DIETMAR SPRANZ  
AUSTRIAN MINT



M Ü N Z E  
Ö S T E R  
R E I C H

WIR PRÄGEN ÖSTERREICH.

TALLIN, MONDAY, JUNE 4<sup>th</sup>, 2007

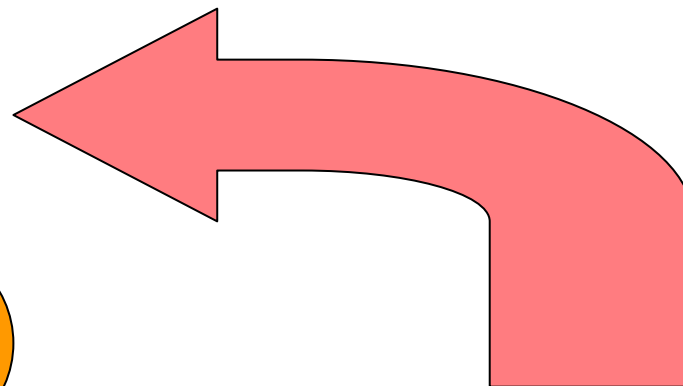


# AUSTRIAN MINT



COST  
OF  
PRODUCTION  
= 10

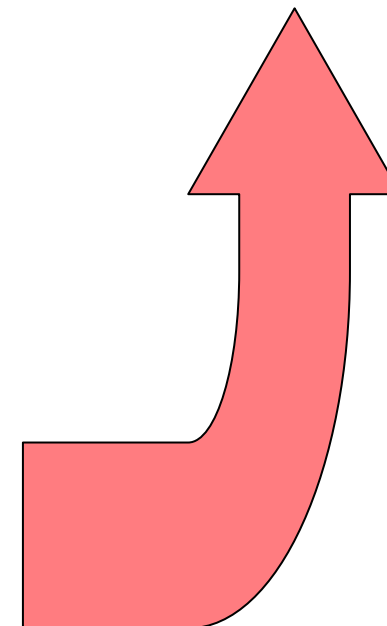
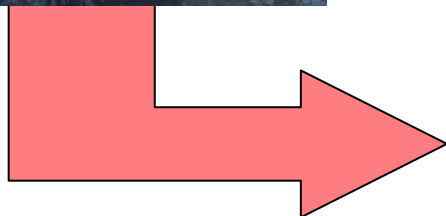
+90



100



# AUSTRIAN CENTRAL BANK



# SEIGNIORAGE FROM EURO COINS

Year	COINS IN CIRCULATION number (million)	INCREASE number (million)	INCREASE FACE VALUE (EUR million)	PROD. COST (* ) (EUR million)	ESTIMATED SEIGNIORAGE (EUR million)
2002	39 914	39 914	12 392	(**)	(**)
2003	49 013	9 099	1 675		
2004	56 245	7 232	1 287	272	1 015
2005	62 976	6 731	1 289	262	1 027
2006	60 499	6 523	1 234	253	981

(\* ) rough estimation of cost of material, personel and overheads (basis 2006)  
calculated per denomination x increase of circulation per denomination

(\*\*) not calculated; redemption of face value for legacy coins

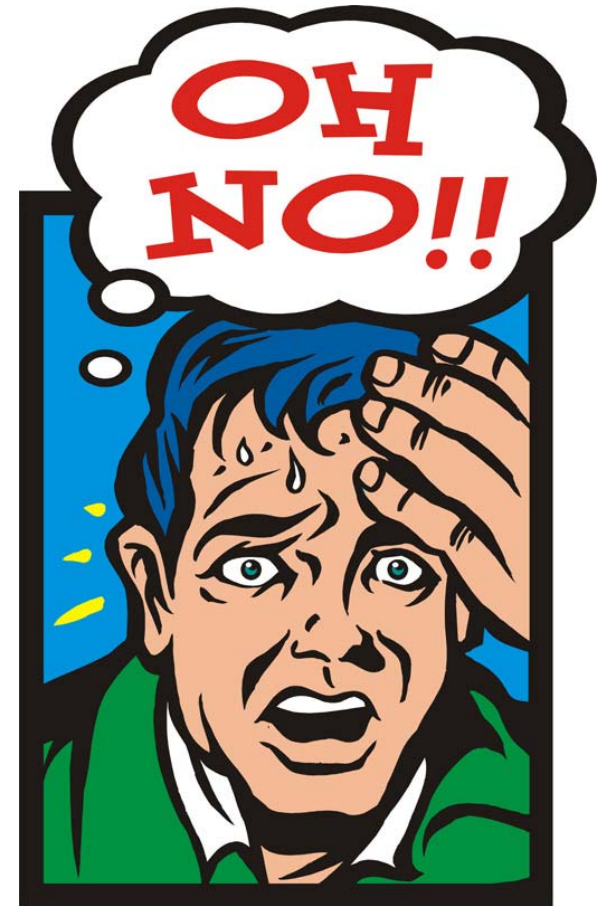
**THE MINT DIRECTORS'  
AND THE MINISTERS'  
DREAM:**

- **CONTINUOUS DURABLE DEMAND FOR COINS IN CIRCULATION**
- **MINIMIZE PRODUCTION COST**
- **MAXIMIZE SEIGNIORAGE**

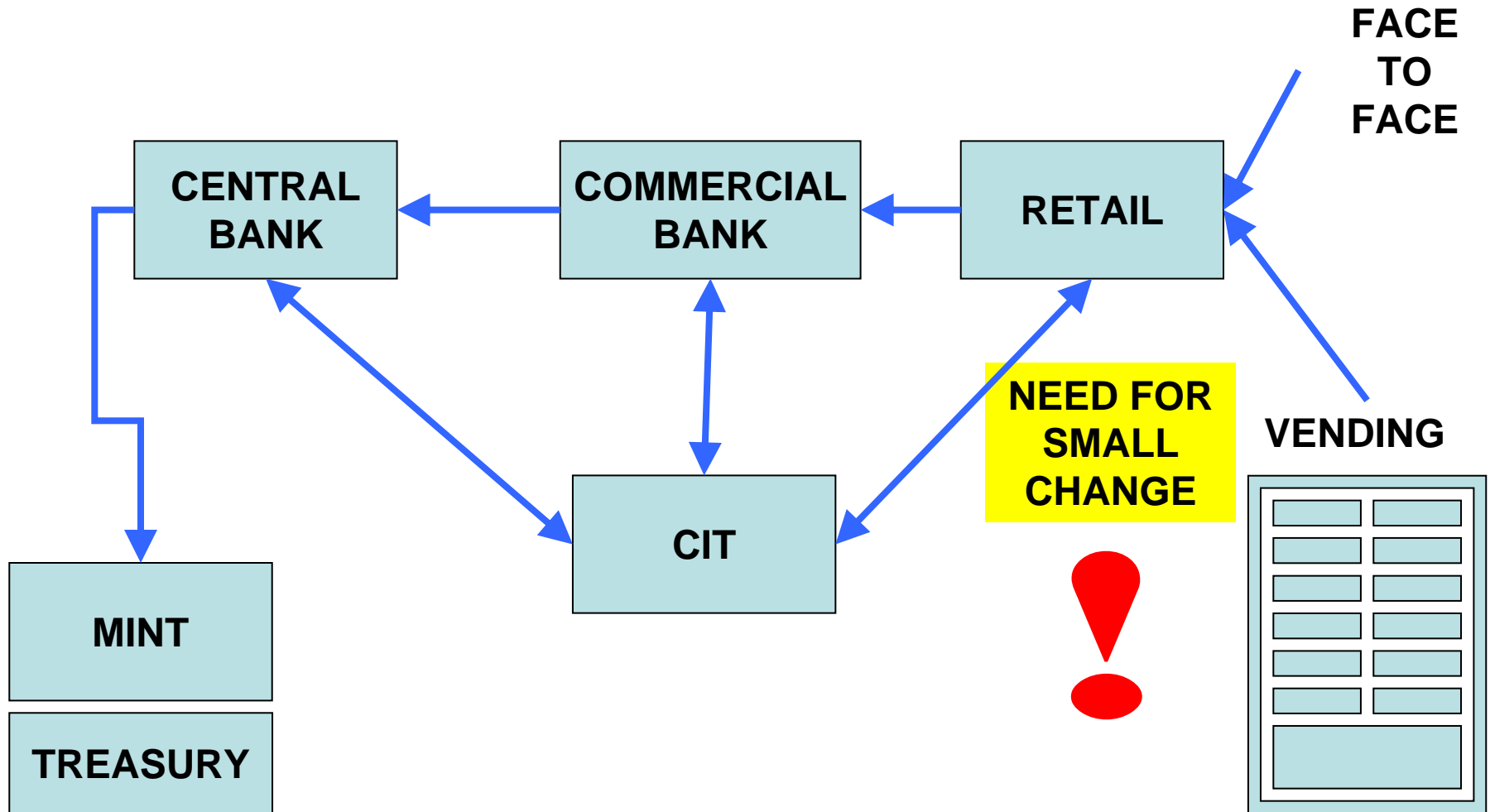


## THE MINT DIRECTORS' AND THE MINISTERS' NIGHTMARE:

- **DECREASE OF COINS  
IN CIRCULATION**
- **LACK OF FLEXIBILITY  
IN LABOUR COST**
- **INCREASE OF STOCKS OF  
COINS AT THE CENTRAL BANK**
- **REDEMPTION AT FACE VALUE  
➔ NEGATIVE SEIGNIORAGE**







# CASH SUPPLY = DEMAND DRIVEN





# THREATS

## FOR COINS IN CIRCULATION

presumption		comments
1 € BANKNOTE	 low	replacement of 50% of 1 and 2 EUR coins → <u>min. €6 billion</u> negative impact on public budgets
ELECTRONIC PURSE	 low	low acceptance
CREDIT CARD	 low	preferred for higher amounts (cost)
DEBIT CARD	 competitive	major problems could arise from self-scan + cards only checkout lines in supermarkets



# NEED FOR ACTION

- 1) CONVINCING MINISTERS THAT COINS ALSO FOR THEM ARE CASH**
- 2) THEREFORE IT'S WORTH THEIR WHILE TO DEFEND CASH**
- 3) MAKE COST OF CASH (AND NON CASH) PAYMENT UNDERSTANDABLE**
- 4) MEET EXPECTATIONS OF CASH USERS**
- 5) CO-OPERATE WITH CIT'S**