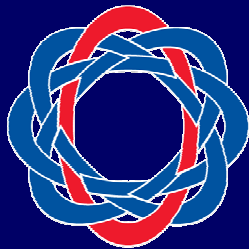




2010: cross-border cash CIT still a topic?

Norbert Bielefeld

ESTA Conference - Rome - 27. April 2009

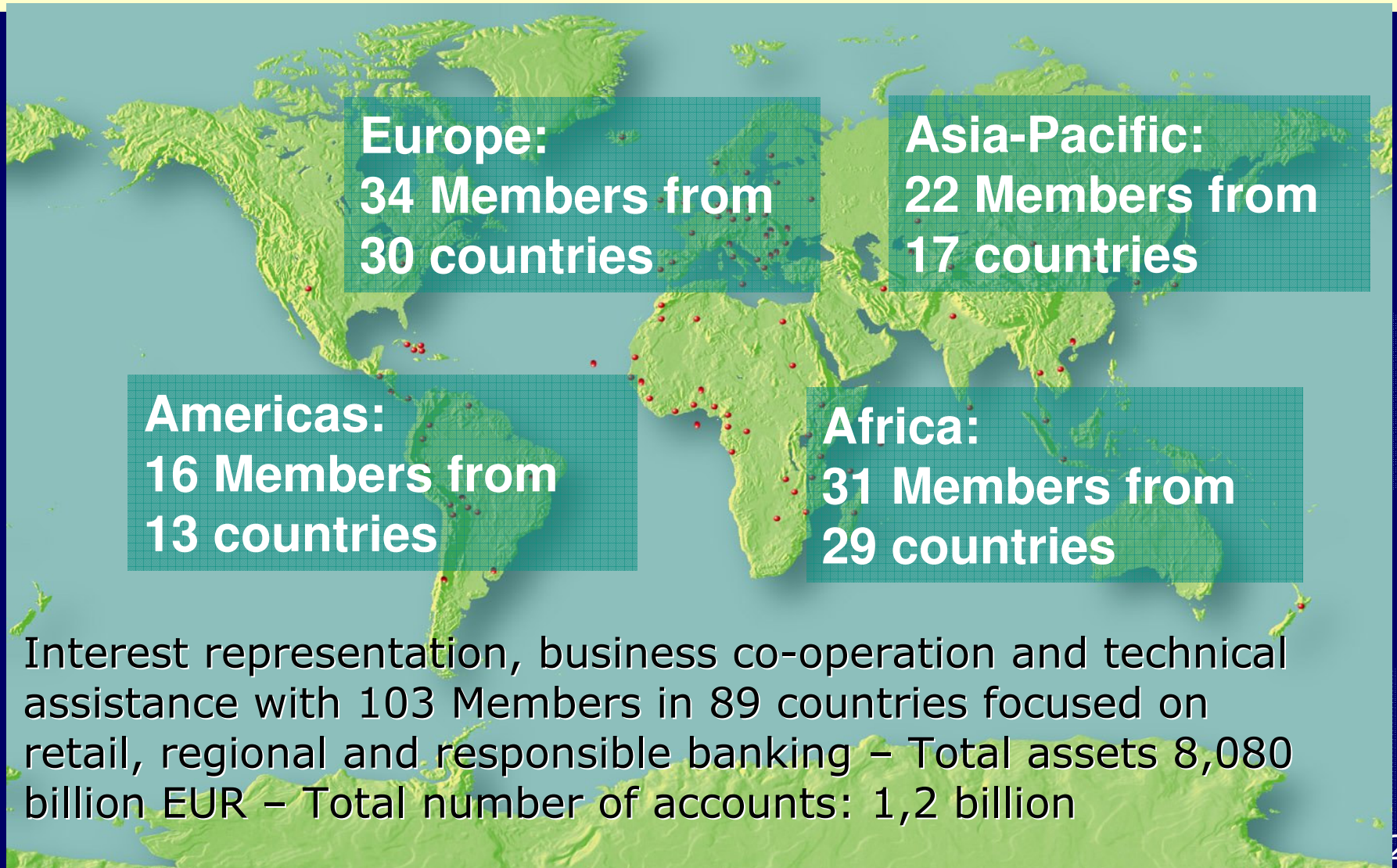


WORLD SAVINGS BANKS INSTITUTE



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ESBG - WSBI: a brief introduction



Content

- Cash dimensions
- A brief history of SEPA
- 2 strategic thrusts to change the cash landscape
- Justification and requirements for cross border cash transport
- A view of the draft Regulation

Cash: the citizen's favourite

- 7 to 8 out of 10 transactions
- For good, and other, reasons
- Huge dispersion in payment practices across the EU (Finland 163 card transactions pc/year, Italy 22)
- Estimated cost of cash (to all stakeholders, eliminating double counting) to EU economies 45 to 70 billion EUR/year
- Again huge dispersion (1 to 4) in costs/GDP ratios
- Still: most citizens believe cash is free of charge

SEPA: the first 10 years (1/2)

- 2000: the Lisbon Agenda
- 2001: Regulation 2560/2001
- 2002: introduction of the physical Euro (12 countries), creation of EPC
- 2007: Approval of Payment Services Directive
- 2008: Launch of SEPA Credit Transfer Scheme and SEPA Cards Framework

SEPA: the first 10 years (2/2)

- 2009: transposition of Payment Services Directive, revision of Regulation 2560, launch of SEPA Direct Debit Schemes
- 2010: "cross border cash transport"?

A collective responsibility regarding cash

- Change citizen behaviours
- Reform the complex wholesale distribution infrastructure

Justification for intra-EU cross-border cash transportation

- Admittedly: not a requirement for every branch/merchant
- But: a significant number of border pairs/triangles, corridors
- Rationalisation of supply of bank branches, customer service, and transport routes
- Response to isolated events (shortage, strike, calamity)
- Conditions for operating cross-border cash transport service should be harmonised and standardised with a high degree of security

Product requirements for intra-EU cross-border cash transportation

- Cross border routes: up to 100 kms wide (approx 50 kms for non-euro)
- Usually: transportation by road – but a few mixed (maritime) routes exist
- All types of services: cross-border cash delivery/supply, point-to-point cabotage, multi-point servicing
- Banks, Central Banks, commercial or private customers
- Transport of Euro – but also repatriation of other some EU/EEA currencies

A draft Regulation for cross-border transportation of euro cash

- Pragmatic recitals
 - Recognition of market requirements
 - Recognition of legal foundation
 - Balance of security, safety, and free movement

- Concern with draft dispositions
 - Limited harmonization
 - Limited service scope
 - Onerous requirements
 - More open competition?
 - Effectiveness

A collective responsibility!

The "Euroland: our Single Payment Area" May 2002 White Paper

- Reaching this objective will imply a fair amount of change over time for every stakeholder in the transaction chain.
- Policy makers and regulators will have to strike the right balance between legitimate pursuit of public good and ensuring the sustained stability and competitiveness of the financial system.
- Because the Internal Market is built upon free market economy principles in the context of the European social model, introducing and managing change should as far as possible be based on the same principles
- This requires an active dialogue between all stakeholders to develop and maintain the necessary conditions for a harmonious migration