

Comments on the 10 October 2017 workshop notes from CEPS

Request for editing from ESTA
10 November 2017

Please see below the comments on the notes sent by CEPS.

1) General comments.

ESTA asks for that the following three paragraphs are added, for example at the end of the section entitled *"introduction by WP de Groen, CEPS"*

"A large majority of stakeholders question the agenda on the basis that there is no point in addressing what the appropriate level of CPL should be unless it has been demonstrated that they constitute an effective and proportionate response to the problem definition. Some stakeholders consider that the diverging regulations existing in Member states do not constitute any obstacles to trade and that there is therefore no internal market relevance to existing cash payment restrictions"

"A stakeholder recalls the precedent of the phase out of the €500 notes to curb organised crime as advocated by Europol: referring to data presented by the ECB, the values of €500 notes withdrawn from circulation until March 2017 (-€33bn) was fully compensated by the increase in the value of €100 (+28bn) and €200 (+5bn), whilst there is no sign that organised crime has subsequently decreased. There is no evidence that similar restrictions such as cash payment limitations will not fail to deliver on crime and terrorism as the withdrawal of high denominations has".

"A number of stakeholders attending the workshop referred to the submissions they sent at the time of the public consultation and wonder if CEPS will be considering them at some point"

2) Specific comments

In the section *"Key observations from the workshop"*:

- a) Please amend the 4th bullet point to reflect the exact nature of the points made:

"The representatives of two sectors, cars repair and jewelry, said that cash payment limitation in Belgium is leading some customers to decline trade in Belgium and displace transactions in the

Netherlands. Another stakeholder ¹ recalls that such displacement is a reverse discrimination according to the ECJ which is not deemed as an 'obstacle to trade'.

b) Please amend the 6th bullet point to reflect what ESTA said:

"The cash management industry recalls that anti-cash policies in various member states have had impact on recirculation cycles of cash in various countries, despite the fact that cash in circulation has increased constantly in the last years. Diverging level of cash payment restrictions in Member States have no impact on the cross border activity but will ultimately lead to a further reduction of the transaction related cash in circulation in Member states which will have to apply them if they are harmonised."

c) Amend the 14th bullet point "terrorist financing is generally using small amounts etc." the following way:

"Terrorism funding not only use small amounts of cash for their transactions but also make transactions which are legal in essence, and only become illegal by a "change of purpose". Such terrorist activities are almost impossible to detect from their financial side"

d) Finally, a key point is missing from the report and refers to BEUC's question on the outcome of the consultations and the related point added by me specifically on public authorities during the discussion:

"Stakeholders ask the Commission how the response of 95% of respondents considering that "cash restrictions will not contribute to the fight against terrorism and crime" will be taken into consideration, and more particularly the opinion of close to 90% of public authorities considering that the "measure will have no or a marginal impact" on the purported objectives."

This point should be rather up in the list of bullets. CEPS could include the response from the Commission to the question too.

¹¹ Feel free to attribute the comment to ESTA if you think it is appropriate.