

Impact of Restrictions on Cash Payments

Stakeholder Workshop for Economic Operators

Tuesday, 10 October 2017, 10:30 -13:00

Venue: Ecorys Brussels office
Rue Belliard 12, Brussels, Belgium

Notes of the session

Opening by Mr. Johan Khouw, DG ECFIN

Short introduction was given on the background and purpose of the study and impact assessment. Inputs (as much as possible evidence based) from stakeholders both at the workshop and afterwards are appreciated. The workshop should be seen as part of a wider consultation/stakeholder feedback exercise. The potential initiative does not aim to completely ban cash, but mainly to introduce regulation for cash transactions above a certain threshold.

Introduction by Willem Pieter de Groen, CEPS

The aim of this workshop, focusing on the impacts (on revenues and compliance costs) of the current situation of diverging regulation across MS on cash restriction and possible future changes towards a common EU approach are explained.

Key observations from the workshop

A number of key findings/observations are noted from different stakeholders:

- It is questioned whether the full assessment of an EU measure is relevant if it has no impact on Terrorist Financing;
- A quantitative assessment of the impacts is deemed difficult, as it concerns new measures;
- In Austria and Germany there is a maximum cash pay-out of gambling machines is set at 1 000 EUR. This has had an impact on the use of gambling machines in pubs in these countries;
- Current differences in regulation between Belgium and the Netherlands creates a shift of customers from Belgium to the Netherlands. A similar observation is made for trade in second hand cars;
- In the travel market there is no real distortion as a result of the current situation. There might be some impacts if cash would be banned;
- Restriction on the use of cash will have direct implications on the industry which is involved in the production, storage, transport etc. of cash;
- Cash is not only used for transactions but also as a store of value and budget management;
- It is important to allow consumers (and retailers) a choice on the means of payment they like to use;
- Switching to electronic payments instead of cash usage will have privacy implications;
- Electronic payment are sensitive to system failures (if the payment system is down) and do not always allow the same flexibility as cash payments (e.g. card limits). In addition there might be costs involved (e.g. margins to be paid to credit card companies) which benefit commercial companies;

- In Europe still 139 million people do not have access to bank accounts. This group would be heavily impacted by restrictions on cash use. Also some vulnerable groups depend on the use of cash;
- Restriction on cash payments might drive payments to move “underground”;
- There is already a sophisticated system monitoring cash flows where it concerns cash entering the system (relevant for money laundering);
- Terrorist financing is generally using small amounts of cash, which will not be affected by a EU wide measure;
- Choosing between a ban or a declaration several stakeholders mention that a declaration still offer a choice to consumers and retailers on what to use/allow;
- Introducing thresholds might lead to circumvention by splitting payment in amounts just below the threshold; it also might require retailers to adopt their pricing strategy to stay below the threshold (hence losing revenue);

Next steps

- The European Commission considers the contribution to this workshop as part of a wider consultation approach and will report back on this as part of the Impact Assessment;
- Stakeholders are invited to share further information and evidence on potential effects, after consulting with their members. Ecorys/CEPS will follow up on this with stakeholders after the workshop. All relevant parties will receive a short questionnaire from the study team, asking to provide additional inputs, evidence, and cases relevant to assessing the impacts of a potential EU measure on cash payment restrictions on (displacement of) revenues and compliance costs.

Annex: List of stakeholders

Bureau Européen des Union de Consommateurs (BEUC)

- Farid Aliyev, Senior Financial Services Officer, BEUC
- Jean Allix, Special Advisor, BEUC

Eurodiaconia

- Clotilde Clark Foulquier, Policy and Membership Development Officer, Eurodiaconia

European Association of Co-operative Banks (EACB)

- Pablo Lahoz, Adviser Payment Systems, EACB

European Banking Federation (EBF)

- Roger Kaiser, Senior Policy Advisor, Tax & Crime, EBF

European Cash Management Companies Association (ESTA)

- Thierry Lebeaux, Secretary General, ESTA

European Council for Motor Trades and Repairs (CECRA)

- Bernard Lycke, Director General, CECRA

European Federation of Jewellery (EFJ)

- Jan Orye, Vice President of EFJ & President of Ars Nobilis
- Marie-Christine Heeren, Member of EFJ & General Secretary of Ars Nobilis
- Sofia Minero, Consultant, Aliénor

European Gaming and Amusement Federation (EUROMAT)

- Miglè Niauraitè, Policy Advisor, EUROMAT

European Intelligent Cash Protection Association (EURICPA)

- David Milner, Business Development Manager, Spinnaker & Chairman EURICPA

European Payments Council (EPC)

- Gert Heynderickx, EPC Legal Counsel and Company Secretary
- Leonor Machado, General Manager at Caixa Geral de Depósitos & EPC Cash Efficiency Working Group Chair

European Savings Bank Group (ESBG)

- Diederik Bruggink, Senior Adviser, Payments, ESBG

European Travel Agents' and Tour Operators' Associations (ECTAA)

- Christina Russe, Deputy Secretary General, ECTAA

European Payment Institutions Federation (EPIF)

- Hannes Nussbaumer, Senior Counsel & Vice President at Western Union
- Nickolas Reinhardt, Head of the EPIF secretariat & Director at Afore Consulting

Finance Watch

- Olivier Jerusalem, Senior Research and Advocacy advisor, Finance Watch
- Paul Fox, Research and Advocacy officer, Finance Watch

International Currency Association (ICA)

- Andrea Nitsche, Global Director Corporate Communications, Giesecke+Devrient Group
- Gerben Van Wijk, Marketing and Communication Manager, KBA-NotaSys SA

Annex:

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In February 2016, the European Commission published a Communication on an Action Plan to reinforce the fight against the financing of terrorism, which encouraged consideration of the possible merit of eventually imposing upper limits on cash payments. Following publication of the Action Plan, DG ECFIN has been engaged in assessing the potential impact of future EU-wide measures and has enlisted ECORYS and CEPS to carry out research in this area on its behalf.

In the context of this research, stakeholder workshops for both economic operators and government agencies are being organised. The objective of this workshop with economic operators is to collect evidence on the impact of existing national cash payment restrictions as well as to assess the effect of possible EU measures to restrict cash payments. The research focuses on various potential measures, including both bans and declarations of cash payments above three different thresholds (€1,000, €5,000 and €10,000).

Agenda

10:30 – 10:40	Opening remarks from the European Commission <i>Johan Khouw, DG ECFIN, European Commission</i>
10:40 – 11:00	Introduction & tour de table <i>Willem Pieter de Groen, CEPS</i>
11:00 – 11:20	Importance of high-value cash transactions: Countries, sectors and thresholds
11:20 – 12:00	Impact on revenues: Experiences and expectations
12:00 – 12:15	Coffee break
12:15 – 12:55	Impact on compliance costs: Experiences and expectations
12:55 – 13:00	Wrap-up and conclusions

During the workshop both spoken as well as virtual communication tools will be used to exchange views. Participants are therefore requested to bring an electronic device with access to the internet. The workshop venue offers free WIFI service.

More information:

Willem Pieter de Groen, CEPS

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