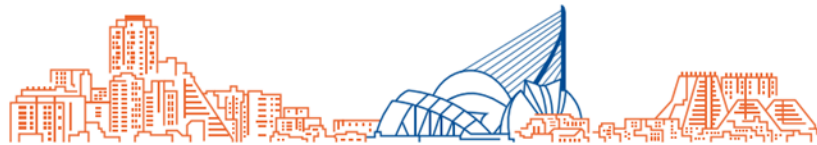


ESTA's Update

CASH IS COOL



ESTA BUSINESS CONFERENCE,
EXHIBITION AND
GENERAL ASSEMBLY

ESTA

The Cash Management Companies Association

24 - 26 OCTOBER 2021, SEVILLA, SPAIN

Thierry Lebeaux

Secretary general

25 October 2021

**Anti-money
Laundering
policies (2)**

1&2 €cent coins
opposing their
elimination

ECB digital currency – priority
is to secure cash as cash
at risk of going before CBDCs
become operati



**the consumer
agenda** –payment
choice, mandatory
information on ability
to pay in cash

**the retail payment
strategy** - secure
cash as a choice of
payment

- **Request for access to documents** on increase of contactless limits:
 - put light on behind-the-scene activities by card operators on covid/contactless
 - Lobby against card strategy to use CIVID for the promotion of cashless:
« *When the world is fighting covid, some are using it for marketing*
 - *Contactless = security less 'Art 74 PSD2'*
- **Acceptance of cash** – follow up of the EUCJ ruling of 26.01.21 on legal tender (
 - “non absolute” mandatory acceptance” still means a strong obligation to accept cash as a payment
 - Legal tender = legal certainty of acceptance
 - **Direct effect** of Art 128 on legal tender (made clear and precise enough by decision 191/2010): no need for legislation

December 2020:

Invitation by F. Panetta (ECB) to join the working group on access to and acceptance of cash – officially launched in Feb 2021

March: ESTA, ATMIA and EVA present a joined document on obstacles to cash

- EPC, EBF, EACB and ESGB categorically oppose any discussion
- EPC/ESBG to change ESTA's slides unilaterally, hiding the deadlock
- Board of ESTA unanimously decides to withdraw from the working group – effective after intense discussions with the ECB

June:

- ESTA submits a report *"on areas where the WG is unlikely to venture due to its composition and structure"*
- Report welcomed by a number of central banks, and informally by ECB staffers. Formal and neutral acknowledgement by F. Panetta
- Positive media reports on ESTA submission to the ERPB

First Part:

- Decline of cash is not happening by chance: it is provoked
- Central banks have analysed the role of banks in the decline of cash
- Some banks are sponsoring retailers to become cashless

Second part

- COVID is used to accelerate the decline of cash
- Cashless = security less – card holders are liable for fraud
- Increasing cashless thresholds means increasing their liability

Third Part:

- Banks' utilities for cash management are predatory competition/dumping
- Easy fix to the decline of cash: monetary authorities should ask those acting against it to stop doing it

Joint CoESS/ESTA/UNI Europa initiative against war on cash

- **First Round table: 28.10.2020**
 - +/- 45 in attendance
 - ECB presentation (covid, 2030 cash strategy: SAGE survey)
- **Second Round Table 10.06.2021**
 - +/- 75 in attendance
 - ECFIN presentation - ELTEG
 - Focus on acceptance
- **Follow-up**
 - Joint CoESS/ESTA/UNI letter to ECFIN on direct effect of Art 128
 - Next steps: putting the right to pay in cash on the agenda of EU institutions

- Follow up of the 2017 initiative – however in the new AML package
- €10 K limit - Art 59 of Draft AML regulation
- “*Further reduction*” of CPLs already in the pipeline - Art 63 of the Reg.
- Same (lousy !) impact assessment at 2017: controversial CEPS/ECORYS
 - However, CEPS concludes that a declaration is equally effective as a CPL
 - Will miss its target (C2C exclusion)
 - Main impact will be on **domestic transactions**

Argumentaire against CPLs:

- cash coalition : Cash Matters, EURICPA, ICA, ESTA ... other welcome !)
- CPLs are contrary *by definition* to Art 63 TFEU (free movement of capital (AG de la Tour, C-544/19))
- Therefore, needs to be robustly justified by overarching public policy objectives

CPL: three disruptions to 30 years of AML policy:

- First time the use of a *payment instrument* is restricted
- Targeting all citizens rather than a limited group of “obliged entities”
- Departs from the claimed risk-based approach to a one fits all approach.

1&2 €cent coins and rounding of prices

- Specific request to selected stakeholders
- Impact on jobs and profitability – EU assume that it might increase employment !
- ESTA opposed
- ESTA suggested there are more urgent issue to deal with

CIT Regulation – second implementation report

- Should the 2009 Regulation be amended ?
- ECFIN: “*do you agree that flexibility in the rule would increase X-Border CIT ?*”
- Home country control: serious risk on level playing field (circumvention of domestic regulation without cross border service)
- ESTA suggested there are more pressing issues to deal with