Euro cash and cash management today and tomorrow

Work ahead from a Commission perspective

Access, Acceptance, Digital Euro and CIT

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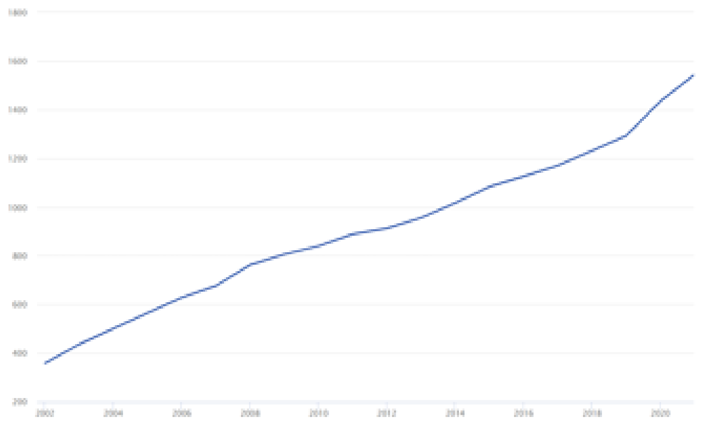
European Commission

Chapter 1: Euro cash and digital euro: state of play

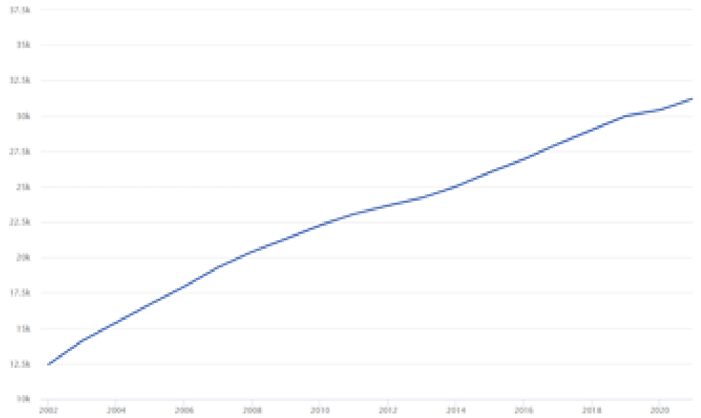
Cash issuance up and counterfeiting down

Total value of EUR banknotes in circulation



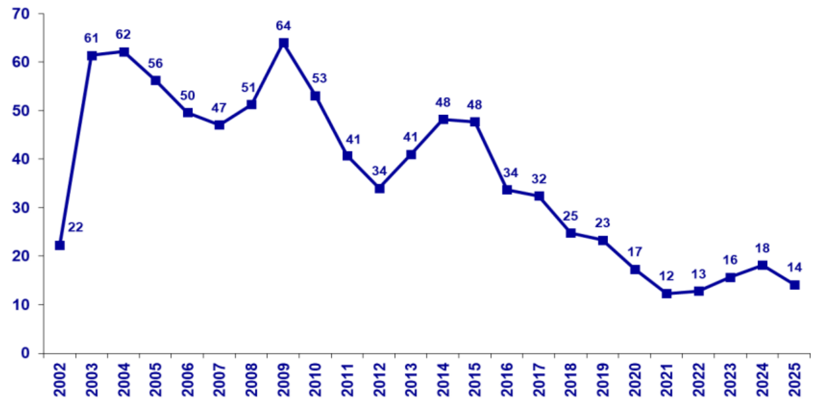
2025: €1.6 trillion

Total value of EUR coins in circulation



2025: €35.4 billion

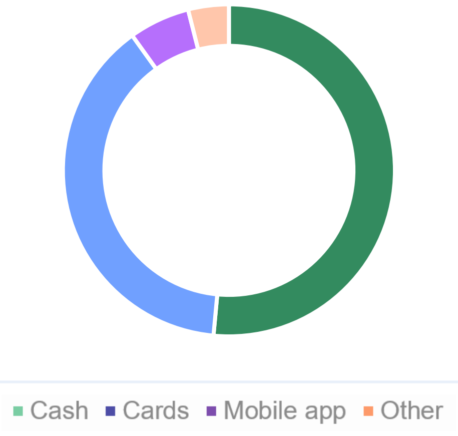
Number of counterfeit euro banknotes detected annually <u>per million</u> genuine notes in circulation



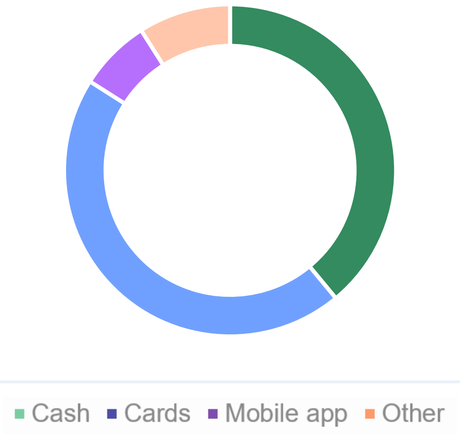
Someone has to transport and process all that genuine money!

Cash remains key means of payment

52%
of point-of-sale transactions were paid in cash
euro area, 2024



39%
of point-of-sale transaction value was paid in cash
euro area, 2024



62%
consider it important to have cash as an option
euro area, 2024

Source: ECB, Study on the payment attitudes of consumers in the euro area (SPACE) 2024.

Legal tender status of euro cash (LTCR)

Entails in principle:

- Mandatory acceptance of cash,
- At full face value,
- With the power to discharge from a payment obligation.

Main principles underpinning LTCR proposal

Access

“Member States shall ensure ***sufficient and effective access*** *to cash throughout their territory, in all their different regions, including urban and non-urban areas…”*

Acceptance

“If a Member State considers, on the basis of its monitoring and assessment, that the acceptance of payments in ***cash*** *is* ***undermined by widespread and structural refusals of cash payments****, it shall set out the* ***remedial measures****…”*

State of Play: LTCR

- Proposal by European Commission (2023)
- Negotiation mandate of the Council of the EU (Dec. 2025)
- European Parliament negotiating mandate (May/June 2026)
- Interinstitutional negotiations ("trilogue")
- Adoption & entry into force

Current step: European Parliament negotiating mandate
Ordinary legislative procedure

EU Council position/mandate

- **Non-acceptance of cash by retailers or service providers banned** with a few exceptions, notably for payments for goods or services purchased at a distance, including online, and unmanned points of sale. Businesses may however still indicate a preference for card or digital forms of payment.
- **Ex ante unilateral exclusions** of cash shall be **prohibited** in transactions **where** retailers or service providers offer goods and services **in public premises** and the consumer is physically present.
- **EA member states** to **monitor the acceptance of cash** and to **ensure access to cash** throughout their territory on the basis of common and national indicators and take remedial measures where necessary.
- **EA member states** are expected to **establish a cash resilience plan or measures** for situations of widespread and severe disruptions of the continuity of electronic means of payments.

Digital euro

Council of the European Union

- Reached a common negotiating position in December
- Largely aligned with the Commission’s proposal (i.e. no major deviations as regards the key pillars of the COM proposal - legal tender status, mandatory distribution by banks, uniform fee caps, privacy and data protection rules, AML specific regime for offline).
- Main changes:
  - Strengthened resilience features
  - Mechanism governing digital euro holding limits
  - Restrictive approach towards (de)funding from/to accounts held with other PSPs (‘open funding’)

Digital euro

- Progress long held back by fundamental disagreements between the different political groups on some of the rapporteur’s radical proposals.

- Discussions seem to have advanced well in recent weeks as some important hurdles have been cleared.

- Adoption of the EP negotiating position expected for the beginning of July.

    - *“Trilogue” to start under the Irish Council Presidency and might be concluded towards the end of the year.*

Digital euro

EUROPEAN CENTRAL BANK

EUROSYSTEM

ECB: Moved from the preparation phase (rulebook development, selecting providers&technical experimentation) to the next phase focused on technical readiness and capacity building **ahead of a possible decision to issue**, while maintaining flexibility and alignment with the legislative process.

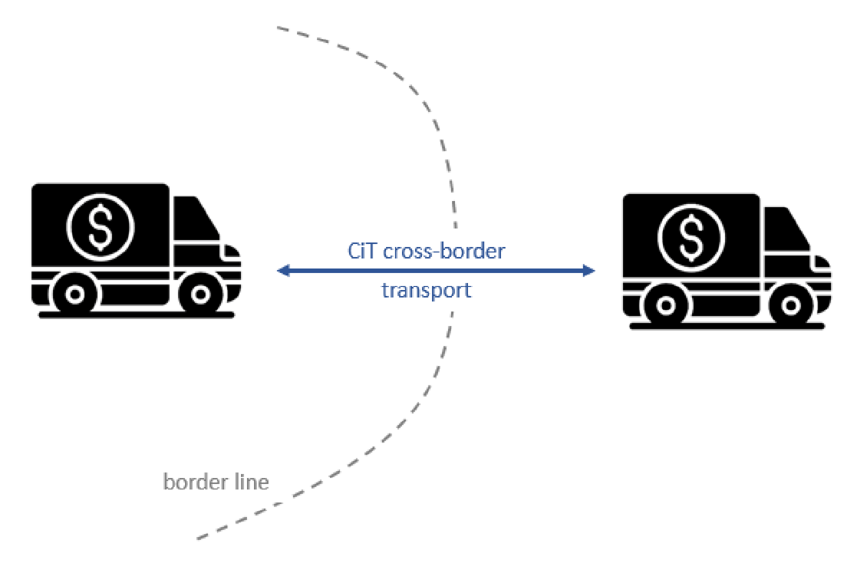
Under a working assumption that the legislation is in place in the course of 2026, the Eurosystem aims to be ready for a **potential first issuance during 2029.** A pilot exercise and initial transactions could take place earlier, i.e. mid-2027.

The ECB Governing Council's final decision on whether to issue a digital euro, and on what date, **will only be taken once the legislation has been adopted.**

The Eurosystem's continued preparation for a digital euro will be implemented flexibly, ensuring alignment with the legislative process.

Chapter 2:
Cross-border CIT in Europe: the way forward

Study, « stress test » and 5-year review



Scope and timeline of the various analytical exercises

- CIT study of external contractor (**2025,** closed): legal and economic analysis of the x-border CIT market in the euro area and its potential. Possible way to improve. Serves as pre-study for 5-year revision in 2027.

- “Stress test” (**2026/27**) = fitness test of EU secondary law and thereby of the cross-border CIT regulation: is the regulation as it stands appropriate and fit for purpose with a view at today’s and future cross-border CIT market conditions and needs?

- 5-year revision of the Regulation according to its Article 26, due in **2027.** Regular exercise such as in 2017 and 2022.

Part 1: CIT-study

Facts and conditions influencing the CIT-sector

Multi-faceted factors influencing the CIT sector

Economic conditions

- Decline in cash transactions at retail POS, ATM withdrawals
- Banks reduces their branch/ATM network
- CiT customers ask for on-demand services (same day delivery/D+1, dynamic route planning, shipment track & trace/zero errors)

Government

- Licensing of CiT vendors/regulated market (security regulations for CiT vehicles, IBNS, staff trainings)
- Low-emission zones in cities (CiT vehicles with electric drive are required)

Market access/ presence

- CiT sector is a niche market with relatively unbalanced competition
- 3 international player plus local players dominating in the euro area

Investments in technology

- Investment in light weight CiT vehicles with electric drive
- Improvement of IBNS equipment
- Automated vaults/cash centers
- Digitalization of the information flow/ IT infrastructure and software

NCB guidelines

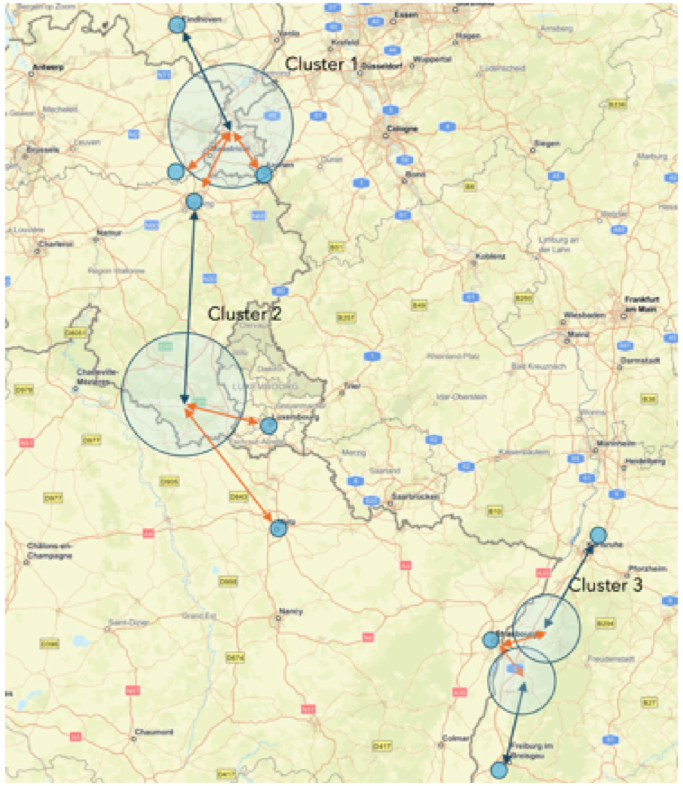
- Cash cycle model of the Central Bank and resulting cash center infrastructure/locations
- Standards for delivery, deposit and packaging of cash
- Electronic data interchange communication standards for orders

Labor

- Personnel with increasing wages
- Staff shortages in operations (including willingness to carry firearms)
- Demand for higher expertise in ATM operation is linked to higher costs for staff training

CIT study: potential for more cross-border CIT in the regions

Sample calculation for 3 border regions in BeNeLux, Germany and France:



Cluster 1:	Region of Maastricht/ South-Limburg:
BAU	CIT1 Eindhoven
Alternatives	CIT2, Aachen/ Tongeren; CIT1, Liège
Cluster 2:	Belgium, triangle with Arlon, Virton and Neufchateau
BAU	CIT1, Liège; CIT2, Tongeren
Alternatives	CIT1, Luxembourg; CIT2, Metz
Cluster 3:	Strasbourg region in Germany
BAU	CIT3 Karlsruhe (north), CIT3 Schallstadt (south)
Alternatives	CIT1/CIT2, Strasbourg

BAU = Business As Usual

Tour based on 8h shift with an average driving of 150 km.

CIT study:
BeNeLux as an example – substantial number of ATMs, bank branches and bigger retailers in border region (max. 25 km) giving opportunity for cross-border CIT

Comprehensive coverage of the data model for BeNeLux

Coverage of data model		Zone of interest in target region (per country)		
In defined target region:		NL	BE	Lux
ATM :	100%	38%	37%	95%
Branch:	95%	28%	52%	91%
Retail:	70%*	33%	54%	97%

* Limited overall data availability for retail cash points. Analysis primarily focuses on major players with significant cash services

Region of interest provides approx. 45% of the overall cash point locations in BeNeLux !

Border region within max. 25km radius as region of interest

CIT study: analysis from a logistics perspective

Logistics to be considered for analysis and review of the Regulation

Rule settings for route planning	Realization in Regulation and Impact	Best practice
Home Depot Rule	Vehicle must return to the home depot on the same day. No overnight stays in host country possible.	Overnight stays of empty vehicle in secured location can be allowed outside of home depot.
Majority Rule	Majority of stops must take place in Host Member State	Free stop allocation in Host and Home Member State based on logistic network optimization (no cabotage rule-setting)
Currency Rule	Transport of non-euro currencies is limited to 20%. Higher amounts of non-euro currencies/ over valuables must follow road haulage regulations	No limitation of euro/ non-euro currencies and valuables on transport (following regulation of insurance policies)
Day-time rule	Security aspect in the Regulation but not aligned with national regulations for CIT transports in Home and Host Member States creating procedural complexities	For special hub-to-hub shipments, the day-time window can be extended according to national standards in the country

Logistical restrictions of the Regulation lead to lower productivity in transport

CIT study: the scenarios to be analysed

3 main scenarios are evaluated from an economic/technical/legal view

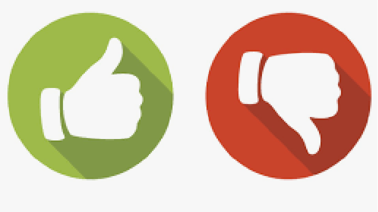
S1: "Business as Usual"	S2: "Simplifying the Regulation"	S3: "Repealing the Regulation"
▪ **maintaining the existing Regulation** ▪ adjustment of the Regulation depending to technical developments (max each 5 years)	▪ **amending the Regulation by simplification** - less complexity and administration - eliminating of operational/ logistic hurdles ▪ adjustment of the Regulation to state of technology (optional/ if necessary)	▪ **Repeal** of the regulation
Possible objection: "EU targets will not/ only partially be achieved"	Possible target: "Enable optimization potential in cross-border regions for customers and CiT companies with the aim to reduce cost of cash"	Possible objection: "Transport of Euro cash is unregulated"/ Application of other EU regulations to CiT such as cabotage rules

A 4th scenario would be to completely overhaul the CIT-Regulation. The study looks into this scenario, too, but it is not the main focus of the exercise.

Does the study look into workers' rights and labour conditions?

- The study did not deal with the **rights regarding remuneration of CIT staff** (Art. 24 including the rules on posting workers), nor did it recommend to change the rules in this regard.
- The study triggered some first and preliminary discussion on whether the requirement for **ad-hoc training of CIT staff** (200 hours according to Article 5 of the Regulation) is still appropriate and whether the number of total hours could be lowered and whether **basic knowledge of the host country** language is still necessary for CIT staff in the vehicle, given that English is widely used for business in the euro area.
- While providing some general remarks on firearms, the study does not provide any recommendation to change the rules on **carrying weapons** (Art. 6 of the Regulation).

CIT study: what are the conclusions for the 3 main scenarios?



Keeping the status quo would reduce operational flexibility, discourage cross-border activity, and **prevent potential efficiency, cost, and sustainability gains for banks, retailers, and ATM operators**, even in regions where cross-border transport is feasible.

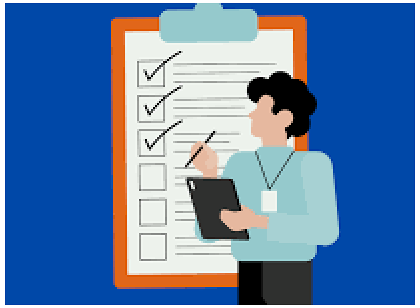
Targeted simplification of the CIT Regulation would **reduce compliance burdens, and support innovation**, while preserving its core objectives. Simplification would **be achieved by repealing selected provisions**. Measures could include removing the majority and currency rules, easing operational and notification constraints, adjusting language requirements, and modernizing technical standards. Overall, these changes would lower costs, enable route optimization, and align the Regulation with EU competitiveness objectives.

Repeal of the CIT Regulation: A full repeal of the CIT Regulation would remove the EU-level framework and lead to the **reapplication of divergent national rules**, creating legal uncertainty and **regulatory fragmentation**. While some Member States might continue applying the Regulation **through national law**, others would introduce stricter or inconsistent regimes, reversing progress made since 2012. Repeal would likely **increase market concentration**, as only large operators could manage cross-border operations under fragmented rules, while smaller CIT companies would be priced out.

What are the **major misunderstandings wrongfully drawn** from the study (examples)

1. "The study was an impact assessment."
2. "No CIT is compelled to use the common set of rules and conducting cross-border under the Regulation (Recital 7)."
3. In case of repeal of the CIT-Regulation: "Van Binsbergen EUCJ case law: "the provision of a [cross-border] service is subject to the same conditions under the national law applicable".

4. CIT-clients do not want their money abroad.
5. There is no need for cross-border CIT because the use of cash is declining.
6. The study's footnote on page 111 referring to CIT competition is wrong.
7. The Commission circulated the study "without any moderation of some of its totally unwarranted statements."



Part 2: “Stress test” and CIT

In 2025, the Commission announced a new drive to **speed up, simplify, and improve EU policies and laws**.

- Speed up EU policy delivery.
- Make rules clearer and easier to understand.
- Deepen cooperation with stakeholders.

A systematic methodology used to evaluate the overall effectiveness and suitability of existing EU legislation.

Key Objectives:

- Identify opportunities for simplification and consolidation of current laws.
- Enhance implementation to ensure rules remain relevant and proportionate.
- Achieve policy goals in the most cost-efficient manner possible.

Strategic Focus:

- Critical analysis of the potential to reduce administrative costs.
- Prioritization of the unique challenges and needs of SMEs.

“Stress testing” of the CIT Regulation as part of a broad exercise

The stress test exercise regards the **entire EU legislation** and thereby also the CIT Regulation and other rules governing **euro cash** except where the ECB is solely competent (technical aspects and denominations of euro banknotes).

2026
- Regulation 651/2012 on the issuance of euro coins.
- Regulation 729/2014 on the denominations and technical specifications of euro coins intended for circulation.

2027
- Regulation 1210/2010 concerning authentication of euro coins and handling of euro coins unfit for circulation.
- Regulation 1214/2011 on the professional cross-border transport of euro cash by road between euro-area Member States.

2028
- Regulations 1338/2001 and 1339/2001 on laying down measures necessary for the protection of the euro against counterfeiting.
- Regulation 2182/2004 concerning medals and tokens similar to euro coins.

“Stress testing”: roadmap and possible role industry can play

2026: Stress test

- Written consultation with CIT companies (Q2 2026)
- Reality check meeting with CITs (October 2026)
- Consultations with other relevant stakeholders. This can be EU Member States, commercial banks, retailers and other involved parties including trade unions representing the cross-border CIT sector if they wish so: stakeholders may share practical insights based on facts and figures and point at issues and opportunities that could realistically be tackled or broadened on euro area level.

2027:

- Analysis of the consultation and results
- Depending on the results, the Commission can submit one out of 4 proposals:

  → (1) stay with the Regulation as it stands today, (2) simplify the Regulation,

  → (3) in-depth revision of the Regulation, (4) repeal the Regulation.

Part 3: The review of the CIT Regulation in 2027

… and the role trade unions can play

- Legal duty of the Commission to submit a report on the implementation of the Regulation every five years.
- The report must, in particular, examine the possibility of establishing common training requirements for the carrying of arms by CIT security staff and of amending Article 24 of that Regulation in the light of the Directive on posting workers.
- The report shall take due account of technological progress in the area of intelligent banknote neutralization systems, consider the potential added value of granting Union CIT licences on a group basis and assess whether the Regulation should be revised accordingly.
- After **consultation of CIT stakeholders**, the Commission published the requested reports in **2017** and **2022**. Amongst others**, trade unions** representing the CIT sector were consulted. So far, the Commission has not submitted any proposal to amend or repeal the Regulation.
- The next mandatory revision is planned for 2027. The facts and suggestions gathered with regard to the CIT study and the stress test are important input. Therefore, they are likely to have an impact on the five-year revision though the latter is a legally independent obligation.
- Relevant CIT stakeholders providing fact and number-based information will automatically be invited to provide input for the five-year review in 2027 once this excise is launched.

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