



EuroCommerce

Messages on the Legal tender of euro bank notes and coins regulation proposal

4 key messages



On 28 June 2023, the European Commission launched the Legal tender of euro bank notes and coins regulation proposal

Our key messages:

- 1. Keep cash acceptance voluntary.**
- 2. Prioritize safety measures.**
- 3. If mandatory, streamline regulations, ensure security, cost control, and exempt unmanned scenarios.**
- 4. Offer cashback as a voluntary service.**

1. Keep cash acceptance voluntary:

Freedom of contract: Businesses should have the liberty to select payment methods that are both cost-effective and align with their customers' preferences. This means they can choose options that provide value for money and enhance customer service, promoting a more efficient and customer-centric transaction experience.

Cash Refusal: Merchants should be able to reject cash if fees are high and/or if it compromises safety, without legal repercussions for merchants. Monopolistic service providers shouldn't burden customers with extra charges.

Equal Treatment: Legislation must treat physical stores and e-commerce equally, acknowledging challenges faced by brick-and-mortar businesses. This ensures fairness and allows all retailers to cater to customer payment preferences without unfair financial burdens.

2. Prioritize safety measures:

Safety Concerns: The Commission proposal overlooks safety risks associated with handling cash, including store/ATM robberies that pose threats to employees and consumers. Small businesses, lacking funds for security services, face significant risks. Employees are increasingly reluctant to work at cash registers due to safety concerns, and investments in robbery prevention are costly.

Financial Risks: Cash usage is linked to counterfeiting, money laundering, fraud, shadow economy, and violence. The proposal fails to address these risks, impacting businesses of all sizes equally.

Unconsidered Factors: The proposal neglects the psychological harm and societal costs related to cash-related incidents, affecting workplaces and communities without distinction between small, medium, and large stores.

3. If mandatory, streamline regulations, ensure security, cost control, and exempt unmanned scenarios:

1. Minimize Regulation Burden:

- Allow businesses to display 'no cash' or 'cash only' signs without restrictions.
- Address uncertainties regarding prior agreements on payment methods.
- Remove barriers for cross-border cash transportation services.
- Balance flexibility for Member States with the need for a predictable operating environment in the Single Market.

2. Exempt Unmanned Use Cases:

- Recognize and exempt unmanned facilities such as fuel dispensers and vending machines from cash acceptance regulations.
- Consider exemptions for stores with limited cash-accepting tills or evening/night operations.

3. Ensure Secure Cash Infrastructure:

- Governments and central banks should ensure affordable and secure cash infrastructure, covering distribution, counting, and disposal.
- Current legislation should be updated to include these measures.

4. Monitor and Regulate Cash Acceptance Costs:

- Monitor and regulate cash acceptance costs to prevent undue financial burden on businesses.
- If mandatory, cap cash acceptance costs at a fair and competitive rate.
- National authorities should oversee costs related to transport, change money, processing, and deposit, ensuring fairness and competitiveness with non-cash payment methods.

4. Offer cashback as a voluntary service:

Voluntary Cashback Services: Cash distribution through "cashback" at merchants should be entirely optional. Businesses must not be compelled to provide this service.

Banks Maintain Cash Responsibility: (Central) banks should not delegate their duty and infrastructure for cash distribution to merchants. This includes avoiding transferring associated risks.

Fair Compensation for Cashback: If merchants choose to offer cashback, they should not be charged transaction fees. Instead, they should be fairly compensated for providing this essential service, ensuring fairness and sustainability.