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EU White Paper on Professional cross-border transportation of Euro cash by road between member states in Euro area EPC suggestions

(Approved by Plenary on 16 December 2009)

BACKGROUND

Although the physical euro is in effect since 2002, cross-border cash transport by road between Euro Member States has still to take off. Differences between national legislations on multiple aspects (e.g. carrying of firearms by Cash-In-Transit (CIT) staff, armouring and equipment of transport vehicles or the number of staff required during the transport) make that the CIT market is still organised along national borders.

The European Commission considers the establishment of common rules on cross-border cash transport as an important phase for more efficient transport and operations in border regions fostering benefits to banks, merchants and professional cash handlers. Therefore it has developed a White Paper laying out options for rendering cross border transport feasible. Facilitating cross-border cash transport will also give teeth to the European Central Bank's Roadmap for more convergence of the National Central Bank (NCB) cash services. Furthermore, all payment service providers will have opportunities to improve services to their customers.

EPC supports the intent of the White Paper and has formulated a position and a suggestion for making cross border cash transport possible.

STANDPOINT

1 GENERAL

The impossibility to transport cash cross border is a barrier to competition, efficiency gains and risk reduction for the providers and recipients of such services. CIT companies cannot choose the shortest or most efficient routes to serve their clients and spend more time on the road, thus increasing the risk for attacks and for the public security in general.

EPC wishes to stress that EU legislation on this matter must not provide for dispositions which could negatively impact the current security levels and/or increase the cost for the users of professional **national** cash transport by road in the Member States concerned.

2 SCOPE OF PROPOSED LEGISLATION

4 main areas of attention for any legislation need to be considered:

2.1 Preferred legal framework option

The European Commission considers 3 legislation framework options:

- Full harmonisation of the regulation of CIT transport in the Member States
- Authorisation in one Member State is valid in all other Member States; i.e. mutual recognition
- A set of common rules applicable on x-border transport **only** in all Member States

EPC would suggest legislation which is most capable of achieving the following objectives within a short period of time:

1- In a first phase, which could last up to 5 years, it must be possible for professionals to transport cash cross-border within set "corridors" which at a minimum will extend up to 100 km on each side of a border (however every Member State may decide to extend this zone further on his territory). Within these corridors, professional cash transporters registered and licensed (or, where licensing is not required, equivalently authorized and effectively providing such services for at least 12 months) by one Member State must be allowed to service merchants and retailers, financial institutions and their branches, as well as national Central Banks branches, provided they comply with the security dispositions (means of transport, firearms, staff, convoy and accompanying procedures...) mandated by the Member State "visited". During this initial phase a cap could be set to the value transported at any given time by a single transport.

2- Longer term, the above mentioned corridor limitation, and any cap limit, must be lifted, so that any professional cash transporter must be allowed to render services anywhere in the EU. Furthermore by that time the use of IBNS mechanisms should be accepted by every Member State. Neither in the short term nor in the long term should these dispositions result in an increase of costs for users of professional cash transport services, when compared to current national cash transport.

EPC would suggest that there is an analogy between the above proposed approach and the "passporting" of e.g. credit institutions. Indeed it has become an accepted practice in the EC that a member State trusts the authorities of another Member State with respect to registering, licensing a service provider for a specific purpose. On the other side the recommendation that with respect to security the dispositions in force in the Member State "visited" will apply is in line with the principle of subsidiarity.

2.2 Cross-border cash transport definition

EPC welcomes the European Commission's proposal of cross-border transport covering routes between and among retail points (bank branches, ATM, merchants etc), National Central Bank (NCB) branches and CIT cash centres. In addition, EPC fully supports - and would welcome an equally strong support from the European Commission - to the establishment of a "virtual" NCB cash centre model envisaged by the ECB's roadmap for convergence in NCB cash services in the Euro zone. The aim of this model is for basic functions for coins and banknotes handling by different NCBs in Europe to become interchangeable, without any practical obstacle. Such "virtual" NCB network will further encourage the design of the most optimal cross-border transport routes.

Although no kilometre range restriction as such is proposed in the White Paper, if cross border corridor boundaries would have to be determined as a transition measure, EPC is in favour of the widest possible kilometre range on each side of a border. The validity period for such corridor range must be limited to the shortest possible timeframe after which the range restriction should be lifted completely.

2.3 Type of value types covered

Unlike the White Paper's proposal to cover Euro coins and notes only, EPC recommends the widest possible value type scope for cross-border cash transport.

Foreign currencies and other precious values should be covered as well by a cross-border CIT transport legal framework. The transport of these values should be allowed during any single cross-border transport journey together with Euro cash when picked up at e.g. retail points. This would lead to a rationalization of daily value transports by CIT companies and less costs for their clients. Organising parallel transport systems/journeys covering non-Euro values would be less efficient.

2.4 Geographical applicability

In its White Paper the European Commission considers limiting cross border cash transport to the Euro zone. EPC favours the widest possible scope covering all EU Member States, whether they are a Euro zone member or not. This would provide equal opportunities to CIT companies from Euro and non-Euro countries to compete for cross-border routes for various value types.

If the European Commission considers the geographical scope to the Euro zone as the 1st step of a phased legislation roll-out, the CIT-companies from non-Euro countries should be allowed to compete for cross-border Euro cash transport.

3 DURATION OF TRANSPORT

The European Commission's White Paper proposes that a security vehicle must return to its Member State of origin within the same day (suggested daytime between 06h00 – 22h00).

EPC considers that – within the constraints that may have been set by the Member State "visited" for any "national" cash transporter - full flexibility should be given to the CIT companies for security vehicles to leave the Member State home base, execute its itinerary throughout multiple border zones, deliver its content at a e.g. CIT centre in a neighbouring Member State at end of day and stay over for the night at this particular centre (and could e.g. thus start new border route early next day).

Such flexibility would be beneficial for CIT companies to stimulate their network expansion and new route planning in neighbouring countries. For CIT clients alike, benefits would be concretised in wider CIT company, route option and cost pricing choices.

4 CIT CROSS-BORDER LICENSE

A specific CIT cross-border license from the competent authorities of the Member State of origin is put forward by the European Commission to allow a CIT company to perform cross-border transport. As a workaround, if a Member State does not dispose of a specific approval procedure for CIT companies, the company should prove that it is carrying out regular cash transports since a minimum period of time (suggestion of 12 months).

EPC would recommend that any professional cash transporter registered and licensed (or, where licensing is not required, equivalently authorized and effectively providing such services for at least 12 months) by one Member State provided it complies with the security dispositions (means of transport, firearms, personal, convoy and accompanying procedures...) in force in the Member State "visited".

Referring to point 2.3. and 2.4., if the geographical scope would be restricted to the Euro zone in a 1st phase, CIT-companies licensed by non-Euro countries should be allowed to operate in cross-border Euro cash transport on the same basis as described in the paragraph immediately above.

5 CIT SECURITY STAFF

Provided the objectives defined under 2.1.1- to 2.1.2- can be effectively achieved, CIT companies willing to offer cross-border cash transport will have to comply with the standards imposed in the Member State "visited".