

# Improving the efficiency of the handling of cash: recirculation

## RECIRCULATION PAPER

European Payments Council (EPC) has created a "Recirculation paper" in order to:



Promote private recirculation (increased efficiency)

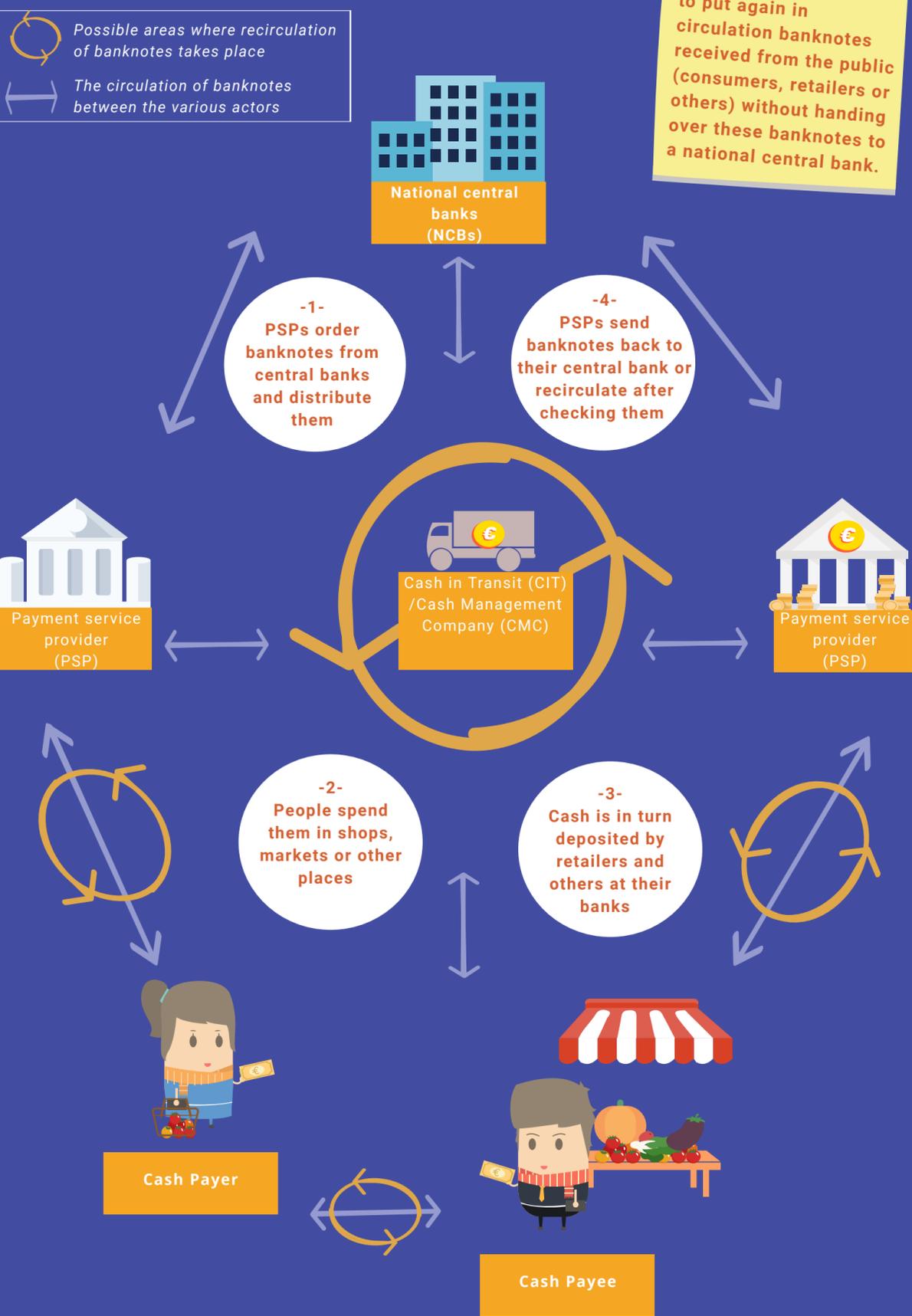


Decrease costs and risks by less transport

Today, both the usage of cash and the ways in which it circulates and recirculates still differ between Eurozone countries. Whilst convergence of these should become a policy objective, payment service providers and other participants in the cash value chain pursue 2 main, complementary strategies:

- Shortening, and thus optimising, the cash cycle;
- Continuing reducing manual handling and any redundant processes.

## RECIRCULATION PROCESS



## Regulatory framework

At European level, recirculation is defined by following pieces of legislation or quasi-legislation:

- **EU Regulation 1338/2001 amended by EU Regulation 44/2009**
  - This Regulation lays "down measures necessary with a view to issuing euro banknotes and coins in such a manner as to protect them against counterfeit".
- **ECB Recirculation framework (Decision ECB/2010/14 of 16 September 2010 on "the authenticity and fitness checking and recirculation of euro banknotes")**.
  - Decision ECB/2010/14 ensures that credit institutions and cash handlers only recirculate euro banknotes if they have been checked for both fitness and authenticity.

## Examples of Specific national dispositions

**The Netherlands**

The Dutch National Bank and the Dutch banks use the following processes:

- Discouraging ordering and depositing of the same denomination in the same week from a bank to the Dutch National Bank, by using penalties;
- Facilitating the exchange of amounts of banknotes of the same denomination from a bank that doesn't need them to a bank that needs them ("matching");
- Encouraging storing banknotes overnight in the cash centres of banks and the CMCs by using the instrument of "consignment";
- Enhance effectiveness by using the same cash centres.

**France**

In France, private operators are allowed to sort and recirculate banknotes and coins if they bilaterally sign agreements with Banque de France for processing and / or distribution. They are then subject to obligations, such as the use of positively tested machines (as tested under the ECB framework) and the periodic reporting of statistical data.