

Euro Retail Payments Board (ERPB)

Report of the ERPB Working Group on Access and Acceptance of Cash

ERPB Meeting 25 November 2021



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1 Executive Summary

In November 2020, the ERPB expressed the view that access to and acceptance of cash is a relevant concern and may become a crucial issue in the light of developments driven by the coronavirus (COVID-19) pandemic. The ERPB considered that further analysis at ERPB level needs to rely on the latest data on cash usage and the outcome of the relevant Eurosystem activities in this area (e.g., measurement of access to cash). Although it seems that access to cash is not yet a major issue in most countries, there are increasingly voiced concerns that access to cash and banks' cash service levels is generally deteriorating, at least in certain areas of some countries. To foster discussion between all relevant parties about access to and acceptance of cash in the euro area. To avoid erosion of these functions without any further analysis or policy action, a working group on access to and acceptance of cash (hereinafter, 'the working group') was set up in February 2021.

This report represents the final deliverable of the working group. In line with its mandate, the report focuses on the gap analysis on access to and acceptance of cash based on a stock taking exercise. Split across four workstreams, each tasked with focusing on one of the four aspects mentioned under the mandate's Deliverables, the stock take was performed via analysing the input received through the filled-in questionnaires sent to relevant stakeholders.

Overall, the working group found that there is a great variety of initiatives aiming at ensuring access to cash among countries. Despite the increase in the use of digital payment means, access to cash continues to be broadly ensured in the euro area mainly via traditional cash access points, i.e., via ATM (mainly individual network or pooling ATMs) and branch networks of credit institutions. In addition, the profit-cost model, sustainability, and the service level of operating the ATM and branch are key for their smooth operation. However, to preserve access to cash services, all stakeholders in the cash cycle need to play their role and cooperate closely.

The report finds that distance and capacity criteria for cash access points have become an important topic for many Member States, considered usually via national payment councils. It is noted that these criteria may vary across the Member States and their appropriateness should still be validated in the future. In some Member States they are already a part of the national action plan to retain or increase access to cash, put forward in a non-legally binding way (i.e., covenants, memoranda of understanding). Should such initiatives fail to bring the desired goals, further action may be taken, if necessary, also in the form of legally binding (minimum) cash access point network. In addition, a lack of harmonisation has been identified for accessibility requirements stemming from the European Accessibility Act (EAA)¹ defined for ATMs. Lastly, special needs in rural areas as well as of ageing population may deserve further investigation.

As complementary cash access points to the traditional ones, Independent ATM Deployers, cashback, and cash-in-shop schemes have been identified. Although currently forming only a fraction of the cash supply, they may play a greater role in the future in light of a diminishing traditional ATM and branch network. It is noted, though, that these complementary access points cannot be seen as a fully-fledged alternative to the traditional network. The reason is that for the above-mentioned alternatives, banknote depositing and coin service functions are generally not provided. In addition, the role of post offices in offering cash lodgement and withdrawal facilities has been recognised given its good geographical coverage. However, if the above-mentioned cash supply alternatives should play a more

¹ European Accessibility Act, Directive (EU) 2019/882 of the European Parliament and of the Council of 17 April 2019 on the accessibility requirements for products and services (Text with EEA relevance), available at <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32019L0882> (accessed 30 October 2021)

prominent role in the future, more incentives may be needed to make their offering financially attractive for retailers and other relevant stakeholders.

As far as the acceptance of cash is concerned, most merchants in general accept cash as a reliable means of payment provided that adequate cash infrastructure exists to ensure cash lodgement and withdrawal at reasonable distance and costs. Next to the several national initiatives to ensure acceptance of cash by retailers in the form of moral suasion (e.g., pledge to accept cash by retailers), more clarity on the notion of legal tender status of cash is expected from the ongoing discussion of the expert group at the Commission level (ELTEG 3). In particular, interpretation of mandatory acceptance of cash versus the contractual freedom when choosing a payment instrument accepted by retailers and shopkeepers should be postulated.

This general finding notwithstanding, the working group identified certain issues related to both the access to and the acceptance of cash, that are further detailed in [section 6](#). Despite various attempts to get their responses to the questionnaire, the working group did not manage to collect feedback from a segment that is considered important – notably that of the small and medium enterprises and small entrepreneurs, including for example doctors and sole traders. The working group acknowledges that their missing input does not warrant the widest possible analysis and interpretation on some key issues of access and acceptance of cash, such as withdrawal and lodgement facilities for coins if not provided by CIT/Cash Management Companies (which is usually the case for SMEs), acceptance of cash, and cashback deployment in small rural retail shops. Therefore, the outcome of the Working Group as far as cash withdrawal and deposit facilities, is concerned must be treated with caution and this matter may deserve further input from small retailers.

The working group sees a merit in revisiting the evolution of cash access and acceptance in the future so as to ensure that, in line with the Eurosystem Cash Strategy defined by the Eurosystem², cash will remain an inclusive, efficient and sustainable means of payment for consumers in the future alongside digital retail payment means. In doing so, special attention could be paid to alternative ways to provide access to cash in the market (beyond IADs, cashback, and cash-in-shop) and what role they could best play in the future.

The evolution of access to and acceptance of cash could be further monitored by the ERPB (if need be, a set-up of a new ERPB working group may be considered) or via a dedicated body (e.g., EFIP and/or ECAG) in consultation with industry stakeholders. In that context, it would be useful to collect input from the SME communities (e.g., SME United, local associations of e.g., doctors, sole traders, etc) on the drivers for and obstacles to access and acceptance of cash. Finally, as a complement of the study on post-pandemic consumer attitudes towards payments in the euro area that is already in the workplan of the ECB, the working group would welcome an additional study on the societal costs and benefits of different payment instruments in the euro area that could support future work and policy discussions in this area.

The conclusions and views expressed in this report of the ERPB working group on access to and acceptance of cash are solely based on the responses submitted by relevant stakeholders to the questionnaire drafted by the working group. The responses were not subject to prior validation and only reflect the views of the individual respondents. As such, the information contained in this report is provided on a best-effort basis, with no guarantees of completeness. The working groups is not responsible for any errors or omissions.

² ECB, “The Eurosystem cash strategy”, available at https://www.ecb.europa.eu/euro/cash_strategy/html/index.en.html (accessed on 21 October).

2 Introduction

In November 2020, the ERPB expressed the view that access to and acceptance of cash is a relevant concern and may become a crucial issue in the light of developments driven by the coronavirus (COVID-19) pandemic. The ERPB considered that further analysis at ERPB level needs to rely on the latest data on cash usage and the outcome of the relevant Eurosystem activities in this area (e.g., measurement of access to cash). Nowadays, EU consumers face some difficulties in accessing cash to various degrees depending on the specific country. The Eurosystem's 'Study on the payment attitudes of consumers in the euro area' (SPACE)³ conducted in 2019 found that public access to cash is declining, mainly due to the reduction of the number of cash access points in the euro area. According to the ECB data, between the second half of 2016 and the first half of 2019, the number of credit institutions' branches offering cash services in the euro area decreased by 19,830 (-12.0%); the overall number of ATMs/cash dispensers in the euro area decreased by 13,921 (-4.3%). Although it seems that access to cash is not yet a major issue in most countries, there are increasingly voiced concerns that access to cash and banks' cash service levels is generally deteriorating, at least in certain areas of some countries. The need to ensure a continuous access to and acceptance of cash, despite several obstacles identified in this report, stems from a number of its unique functions, both from a user and a payment system perspective. From a user perspective, the functions of cash are:

Inclusiveness. Cash provides payment and savings options for people with limited or no access to digital payment methods, making it crucial for the inclusion of socially vulnerable citizens. In fact, for a substantial number of people in society, cash is a prerequisite for being able to independently control their own finances. This concerns people with disabilities, people with no or insufficient digital skills or people of low literacy.

Budgeting. Cash helps people to keep track of and exercise closer control over their expenses, thus preventing them from overspending and creating debts. People tend to be more careful when spending cash because banknotes and coins themselves carry value. For that reason, people on lower incomes or with limited budgets and people of low literacy may tend to prefer cash as a monitoring and budgeting tool. Admittedly, there are apps available for smartphones which also help people in budgeting and preventing overspending, but these may not be as simple and easy to use as cash.

Store of value. Cash is more than just a payment instrument and means of exchange. It is also a store of value, one of the other generally accepted functions of money. Unlike electronic money, however, cash allows people to hold money for saving purposes without default risk. Whereas the use of cash as payment instrument is declining, cash is increasingly being used as store of value.

Autonomy. Banknotes and coins are the only form of money that people – both private individuals and entrepreneurs/retailers - can keep without involving a third party, such as a bank. Cash gives people control over their own money, independent of the decisions (e.g., on credit policies or fees) of their bank and its systems.

Privacy. Cash transactions respect the citizens' fundamental right to have privacy and to have their data and identity protected in financial matters. It offers people an alternative to digital payment, without leaving behind digital traces and thus maintaining their anonymity.

From a payment system perspective, cash fulfils the following functions:

³ ECB, (2020), "Study on the payment attitudes of consumers in the euro area (SPACE)", available at <https://www.ecb.europa.eu/pub/pdf/other/ecb.spacereport202012~bb2038bbb6.en.pdf> (accessed on 22 September, 2021).

Back-up. Cash may serve as a back-up means of payment in case electronic payments are temporarily unavailable, e.g., due to a POS terminal or processor failure. Cash is robust because it works independently from electronic systems for payment authorization and processing. It is also secure, in the sense that it is not vulnerable to cybercrime. Naturally, once people have spent their cash, they need to withdraw new banknotes and make use of an ATM or bank branch. Ultimately, cash is not independent from the banking system. It can only function as a back-up option, if there is a sufficient number of cash access points, which should be technically independent from the electronic payment system.

Legal tender. Cash is the only form of legal tender in the euro area. This implies - where a payment obligation exists - mandatory acceptance, acceptance at the full face value of the banknotes and coins, and the power to discharge from payment obligations. Mandatory acceptance means that in principle the payee cannot refuse cash unless payee and payer have agreed on other means of payment.

Public money. Cash in its physical form of banknotes and coins is the only public money available to the general public. It is a claim on the central bank, it does not entail credit risks for either the payer or payee. Hence, it is a reliable alternative to non-cash (digital) money, which involves a claim on a private bank. The fact that there is cash allows people to keep part of their financial resources outside the banking sector and to exchange private money into public money (cash), which contributes to confidence in non-cash money. Cash as public money is an anchor. Its exchangeability ensures that the value of euros held with banks is equal to that of euros in cash.

To foster discussion between all relevant parties on the issues related to the acceptance and access to cash in the euro area and to avoid erosion of these functions without any further analysis or policy action, a working group was set up in February 2021 with the participation of relevant stakeholders nominated by the members of the ERPB and of third parties that were invited as per the mandate. The working group was invited to prepare a report summarising the stock take, its analysis, and key findings regarding access to and acceptance of cash and the respective conditions thereof, including the following:

1. Overview of the factors influencing the bank branch and ATM networks (credit institutions and, where applicable, Independent ATM Deployers) and description of possible future initiatives on how to avoid cash supply deficits, for example in rural areas.
2. Overview of various initiatives aiming at ensuring adequate cash withdrawal and lodgement facilities, especially for smaller and medium sized enterprises (which usually do not contract CITs to take care of cash lodgements/withdrawals and need to rely on 'local' cash services).
3. Overview of obstacles regarding the acceptance of cash and initiatives aiming to ensure acceptance of cash also in the future.
4. Overview and evaluation of alternative ways where other actors (e.g., retailers, post offices) could offer services to provide access to cash (i.e., cashback, cash-in-shop, etc.), including possible obstacles hindering such cash services.

In line with the mandate set by the ERPB, this report is the final deliverable of the working group. Section 3 below describes the approach taken by the working group to ensure a wide participation of relevant stakeholders at EU and national levels in the stock taking exercise. Section 4 covers external presentations which complemented the stock taking exercise and enabled the working group to discuss some relevant topics with experts. Section 5 provides details on the outcomes of the stock taking exercise and analyses of collected data done by the four workstreams, whilst Section 6 outlines the key findings, the identified gaps, and the next steps proposed by the working group.

3 Approach taken

Following its inception, the working group established four workstreams, each tasked with focusing on one of the four aspects of the working group's mandate. These workstreams were composed by individuals nominated by members of the working group and included also representatives from the various non-ERP associations or organisations that were invited to join the working group. All workstreams were invited to plan their work independently. In parallel with the work of the workstream, the working group held a total of 16 plenary meetings on a bi-weekly basis. The composition of the working group is contained in [Annex 1](#), the mandate of the working group is contained in [Annex 2](#), and the composition of the four workstreams is contained in [Annex 3](#) of this report.

The work of the working group was divided in three phases running from March to November 2021:

- Phase 1: Data collection (March – May).
- Phase 2: Analysis of received input by workstreams, drafting of stock take, key findings and gaps identified for each of the 4 topics mentioned in the WG mandate (June – September).
- Phase 3: Drafting of the final working group report, key findings, identified gaps, and proposed next steps (September – November).

During phase 1, all four workstreams concluded they needed input from various market stakeholders as part of their stock taking exercise and defined the questions they wanted to address to specific stakeholders. It was agreed that while the stock take exercise should cover countries in the euro area, interesting examples from other countries including from outside the EU could be collected as well to illustrate possible issues and solutions thereto for the future. The questions developed by the workstreams and approved by the working group were divided into nine stakeholder-specific questionnaires, addressed to the Eurosystem national central banks, commercial banks, retailers, payees, PSPs and fintech companies, consumers, independent ATMs developers, Cash-in-Transit (CIT) companies, and national postal services. The table with all questions, including an indication of which workstream raised the question and to what stakeholders the question is targeted at, can be found in [Annex 4](#).

The nine stakeholder-specific questionnaires were sent to 20 identified Level 1 Stakeholders (European networks involved in the WG, a few additional ERP members which are not in the working group and relevant third parties). Level 1 stakeholders were encouraged to consult their members and relevant external entities/experts, identified as Level 2 Stakeholders. Overall, the working group collected around 100 responses from Level 2 stakeholders; answers cover 23 countries⁴, including some non-EU Member States. The Level 1 Stakeholders were then asked to consolidate the feedback received from their Level 2 Stakeholders in order to return an aggregated response to the working group secretariat. Unfortunately, the working group did not receive responses from the SMEs and from small entrepreneurs (e.g., doctors and sole traders).

During phases 1 and 2, the working group received progress updates from the four workstreams and provided steering to identify and avoid possible overlaps and duplication of work between workstreams. The working group sent an interim report to the June ERP meeting covering the progress up to the end of phase 1. Since May 2021, workstream participants were welcomed to attend the plenary working group meetings too, and some external presenters were invited to present on

⁴ Austria, Belgium, Croatia, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom

specific topics – more details on these external presentations can be found in [section 4](#) and in [Annex 6](#).

The workstreams operated autonomously until the end of August, working on their specific deliverable whilst providing regular updates to the working group. Since the start of September, regular alignment meetings were held between the working group co-chairs and secretariat, the workstream facilitators and their respective secretariats to avoid duplication of work, overlaps and contradictory messages. From the end of September onwards, the workstream deliverables were incorporated in the final report (see [section 5](#)), and work was performed to identify possible overall key messages that needed to be brought to the attention of the ERP – these can be found in [section 6](#). A Glossary has been provided in [section 7](#) and includes also acronyms used in this report.

The report was enhanced in various iterations, allowing working group and workstream participants to provide input and comments, whilst also enabling them to consult their respective constituencies on the work in progress.

4 External Presentations

Occasionally, external and internal speakers were invited to present during working group meetings on a topic relevant for the working group. For these meetings, workstream participants were invited as well. An overview of these interventions is presented in the table below.

Date	Organisation	Presenter	Topic
16-02-2021	ECB	Patricia Roa Tejero	ECB update: Cash trends and ongoing work on access to cash
11-05-2021	Mastercard	Benjamin Didszuweit	Cash and access to Cash – The Mastercard perspective Why cash and access to cash are important in a digital world and what Mastercard is doing about it
25-05-2021	Batopin	Kris De Ryck	Batopin – Smarter access to cash
08-06-2021	Sonect	Sandipan Chakraborty	Virtual ATM (Cash in Shop) - Sharing economy in Cash Logistics
22-06-2021	ECB	Alejandro Zamora-Pérez	The paradox of banknotes - ECB Economic Bulletin Article
06-07-2021	Deutsche Bundesbank	Fabio Knümann	The Costs of Cash Payments - A study to determine and evaluate the costs arising from cash payments in the retail trade sector
20-07-2021	European Commission – DG FISMA	Céu Pereira	Cash in EU retail payments legislation
20-07-2021	De Nederlandsche Bank	Roel van Anholt	McKinsey Report: Future of the Cash Infrastructure in the Netherlands
31-08-2021	Lietuvos Bankas	Edita Lisinskaitė	Memorandum of Understanding for Ensuring Access to Cash in Lithuania

Date	Organisation	Presenter	Topic
14-09-2021	European Commission – DG EMPL	Inmaculada Placencia Porrero	The European Accessibility Act - Directive 2019/882

Brief summaries of these presentations can be found in [Annex 6](#).

5 Workstream Deliverables

Each workstream delivered its report with their own key findings. These deliverables were presented to and discussed with the working group.

5.1 Overview of the factors influencing the bank branch and ATM networks (credit institutions and, where applicable, IADs) and description of possible future initiatives how to avoid cash supply deficits, for example in rural areas

5.1.1 State of the debate

Cash use for transactional purposes has been declining in the last decade in the euro area in general, but at different degrees in individual countries. According to ECB surveys⁵, between 2016 and 2019 the share of cash payments at the point of sale (POS) and between individuals (person-two-person or P2P) has decreased by six percentage points, both in terms of number of transactions and value. In 2019, however, cash represented overall 73% of the volume and 48% of the value of total POS and P2P transactions, although with significant differences in euro area countries. While the Covid-19 pandemic may have further tilted some consumers toward the use of electronic payments (40% of them used less cash and more contactless cards, according to an ECB July 2020 survey), cash remains the primary means of payment for many people and the only option available to parts of the population in today's digital retail payments ecosystem⁶.

Those who need or wish to use cash to make their payments constitute a diverse range of consumers: children and older persons, people who use cash out of choice, habit or on principle, people who lack basic digital skills, the tech adverse, the unbanked, as well as many tourists and other groups who – for various reasons – are affected by declining cash supply where they live or travel for professional or personal reasons. Across the EU, surveys conducted by consumer organisations show that consumers want to keep cash as a means of payment. As noted by Banco de Portugal in a report⁷ published in July 2020, *'apart from the issue of the necessary protection of segments of population, there are other reasons for a continuous commitment to cash, such as keeping the payment option that ensures the fundamental right to anonymity and allows for a higher control over expenses'*.

⁵ Zamora-Pérez, A., (2021), "The paradox of banknotes: understanding the demand for cash beyond transactional use", ECB, available at https://www.ecb.europa.eu/pub/economic-bulletin/articles/2021/html/ecb.ebart202102_03~58cc4e1b97.en.html (accessed on 22 September 2021).

⁶ Panetta, F. (2021), "Cash still king in times of COVID-19", Keynote speech by Fabio Panetta, Member of the Executive Board of the ECB, at the Deutsche Bundesbank's 5th International Cash Conference – "Cash in times of turmoil", available at <https://www.ecb.europa.eu/press/key/date/2021/html/ecb.sp210615~05b32c4e55.en.html> (accessed on 21 October 2021).

⁷ Banco de Portugal, (2020), "Avaliação da cobertura da rede de caixas automáticos e balcões de instituições de crédito, available at https://www.bportugal.pt/sites/default/files/anexos/pdf-boletim/avaliacao_da_cobertura_da_rede_de_caixas_automaticos_e_balcoes_de_instituicoes_de_credito.pdf (accessed on 22 September 2021).

ATMs form part of a nation's critical cash cycle infrastructure for distribution and for round-the-clock self-service banking. These two aspects, in turn, have direct and indirect impacts on cash payments in the consumer economy, budgeting, savings and finances for households and families, as well as on the wider issues of financial inclusion in society, for rural and urban population groups. They are also important for citizens when dealing with such threats as mass cyber-attacks on digital and electronic systems and natural disasters.

More recently, when closing branches, banks are usually inclined to keep an ATM nearby to ensure cash supply. For this reason, while the number of ATMs has overall decreased, banks responding to the questionnaire note that access to cash has not decreased significantly even in rural/touristic sites, where banks sometimes try to maintain a remote ATM or offer facilitation to access cash free of charge. However, it should be noted that even if ATMs are kept, they do not always offer the possibility to deposit banknotes, nor to withdraw and deposit coins, thus not providing an equal substitute.

For private operators, the key goal when deciding where to locate their ATMs/branches is to reach as many customers as possible, both existing and new clients. Factors that are taken into account are: area; public transport; distance to other ATMs/bank branches; flow of customers; and costs. An occasional paper published by Banca d'Italia focuses on diminishing ATM/branch network and the drivers influencing the trend¹¹. The paper finds that banks are more prone to close branches in those areas where other proprietary branches are closer and where competitors' branches are closer. This indicates that banks have closed branches especially in those areas where their proprietary network was relatively more populated and competition was fiercer. The mostly mentioned obstacles to maintain and operate ATMs/bank branches include a declining demand for cash, low market potential, and lack of profitable business opportunities, followed by security risks connected to criminal attacks, the destruction of ATMs/bank branches during riots or protests, cash auditing, and regulation. The surge of electronic means of payment, notably contactless payments, is likely to lead to a further decrease in the use of cash and, as a consequence, of ATMs. Against this background, consumer organisations note that the reduction of ATMs may be influenced by the vicious circle 'sleepwalking to a disappearance of cash': because ATMs are cut and become more expensive, consumers react by paying more by card and other means of payment (e.g., wallets), which encourages banks to close more ATMs.

5.1.2.1.2 Digitalisation

In the last years, bank branch closures were influenced, *inter alia*, by the increased development of digital payment services that led to a decrease in cash usage (mainly fostered by online banking and self-service options which intensified during the pandemic¹²). The digitalisation of payment transactions has influenced society and, together with the current pandemic situation, has been playing a role in the change of customers' payment habits, although it is not yet known if this change will last after the pandemic is over.

¹¹ See for instance, Mistrulli P.E., Antelmo L., Galardo M., Garri I., Pellegrino D., Revelli D., and Savino V., (2019), "Why do banks close? The geography of branch pruning", available at https://www.bancaditalia.it/pubblicazioni/qef/2019-0540/QEF_540_19.pdf?language_id=1 (accessed 24 September).

¹² Indeed the ECB SPACE study concluded that while cash is still the predominant payment instrument for POS and P2P payments, the share of cash usage for day-to-day transactions in the total number of payments has declined from 79% to 73% in three years and that the ongoing coronavirus (COVID-19) pandemic appears to have accelerated this trend for at least some consumers as confirmed by the results of a separate survey on the impact of the pandemic on cash trends which was carried out on behalf of the ECB in July 2020 in all euro area countries and incorporated in the SPACE report (see Box 3 on Page 22). See also for example the outcome of the study led in France in the Bulletin de la Banque de France, (2020), "Les espèces, malgré leur repli, restent le moyen de paiement privilégié des Français", available at <https://publications.banque-france.fr/les-especes-malgre-leur-repli-restent-le-moyen-de-paiement-privilegie-des-francais> (accessed on 22 September 2021).

Digitalisation (which can affect the way we pay) may also be indirectly influenced by institutional/regulatory factors. In particular, the European Commission adopted on 24 September 2020 a digital finance package¹³, including notably a Digital Finance Strategy¹⁴ and a Retail Payments Strategy¹⁵. Furthermore, on 9 March 2021, the European Commission presented a vision for Europe's digital transformation by 2030 which should accentuate the trend toward digital payments as it covers digital transformation of businesses and the push for advanced digital skills in the population. However, the Retail Payment Strategy also stresses the important role of cash in retail payments and its indispensable role in the euro area's payment ecosystem.

5.1.2.1.3 *Costs and business model*

The costs for security, transport, non-cash payment settlement of cash transactions, and their relation to potential benefits in customer acquisition and revenues from fees determine banks' business case for providing cash services. Depending on the circumstances, this has led to different national market solutions. Notably, two different models have emerged. In countries where cash use was already low (i.e., Finland and the Netherlands) retail banks have outsourced their ATM network to a third party provider under a neutral branding. In other countries banks still own and operate their ATMs individually and, in some cases, (e.g., Germany) have joined together to form cooperative networks where they give their respective customers free or preferential access to cash. Banks in these countries generally intend to find efficient solutions (e.g., a cooperation-based approach is preferred to a purely cost-based model) in order to maintain access to cash throughout the country.

According to the responses collected by the banking industry, there are different cost recovery models for accessing cash across the EU. In general, the wider cost recovery model of bank-owned ATMs, beyond the payment of the bank account charges which usually cover cash withdrawals, is based on fees applied to non-bank customers (disloyalty fees), while free cash withdrawals are usually in place for customers of the own bank's network. Depending on the type of account, some banks charge customers for over-the-counter withdrawals and lodgements to encourage the use of ATMs or Cash Recycling Machines (CRM). Although some banks cover their costs by charging currency conversion fees, in general they are unable to cover the costs of over-the-counter cash withdrawals. Analyses related to ATM fees in Italy revealed that on average only 15 percent of the costs (direct and indirect) related to the cash handling service (on both ATM and branches) are recovered via explicit fees. However, this does not consider the charges applied to bank accounts, which usually cover costs related to cash withdrawals¹⁶. The main cost drivers for bank branches offering cash services are: (i)

¹³ See speech by Valdis Dombrovskis, Executive Vice-President for an Economy that works for People, who said: "The future of finance is digital. We saw during the lockdown how people were able to get access to financial services thanks to digital technologies such as online banking and fintech solutions. Technology has much more to offer consumers and businesses and we should embrace the digital transformation proactively, while mitigating any potential risks. That's what today's package aims to do. An innovative digital single market for finance will benefit Europeans and will be key to Europe's economic recovery by offering better financial products for consumers and opening up new funding channels for companies". EC, (2020), "Digital Finance Package: Commission sets out new, ambitious approach to encourage responsible innovation to benefit consumers and businesses", available at https://ec.europa.eu/commission/presscorner/detail/en/IP_20_1684 (accessed on 22 September 2021).

¹⁴ The aim of the Digital Finance Strategy is to make Europe's financial services more digital-friendly and to stimulate responsible innovation and competition among financial service providers in the EU.

¹⁵ This strategy aims to bring safe, fast, and reliable payment services to European citizens and businesses, i.e., to make it easier for consumers to pay in shops and make e-commerce transactions safely and conveniently. It seeks to achieve a fully integrated retail payments system in the EU, including instant cross-border payment solutions. It will promote the emergence of home-grown and pan-European payment solutions.

¹⁶ Banca d'Italia, (2020), "Il costo sociale degli strumenti di pagamento in Italia", p. 27, available at https://www.bancaditalia.it/pubblicazioni/tematiche-istituzionali/2020-costo-soc-strum-pagamento/Tem_Istituzionali_2020_costo_sociale_strumenti_pagamento.pdf (accessed on 20 October).

personnel; (ii) rental fees; (iii) infrastructure (including maintenance, security, and insurance); and (iv) transportation.

While in most countries disloyalty fees are permitted, in countries such as Hungary these are capped, and in Portugal they are not allowed on operations carried out at ATMs. Additionally, in several countries there are mutual agreements between banks for free ATM withdrawals.

The CIT costs are slightly higher for cash provision to rural ATMs than for urban locations, although rental costs are generally lower in rural locations.

Merchants find an incentive to host an ATM in their shop or shopping mall when there is a business case – typically the merchant receives a rental fee for the provision of the space for the ATM (stall rent) and gains a revenue (i.e., share of interchange income on each cash withdrawal). In addition, the physical presence of an ATM in the store offers customers more services and increases the footfall – especially in rural areas – and may save costs when using the same CIT. As such, having a good business relationship with a bank or an IAD encourages merchants to host ATMs in their shop. On the other hand, lack of space in the store, security issues, and costs connected to CITs are listed by merchants as the main reasons for not hosting an ATM. Additionally, merchants may be considered responsible and face complaints in case the ATMs hosted at their premises run out of cash, even if it is the ATM operator's fault. ATM interchange fees are vital for the profitable operation of ATMs and are mainly set by the international card schemes (Visa and Mastercard), national ATM schemes, and national bank associations. Mastercard reports having successively reduced ATM interchange fees as part of a past cash substitution strategy¹⁷, i.e., to substitute cash with card payments (which offer higher profits for banks and card schemes). Such reductions in ATM interchange fees are perceived by merchants as anti-competitive and contrary to the interest of consumers and retailers. In their view, ATM interchange fees (and cashback interchange fees) should instead be regulated (e.g., as part of the EU Interchange Fee Regulation)¹⁸.

For consumers, the role of increased fees for accessing/depositing cash has also been assessed in the SPACE study as a factor influencing the use of cash and the volumes withdrawn. Indeed, the fees for ATM withdrawals differ across euro area countries. In some countries average surcharge fees are lower than in other countries, or commercial banks offer a certain number of free withdrawals, which may influence consumers' withdrawal patterns.

5.1.2.2 *Regulatory and governmental factors*

5.1.2.2.1 *Measures related to cash re-circulation*

Beyond profit and considerations to ensure staff safety, measures taken by authorities as regards recirculation may also have a certain influence on the choice to provide ATMs/CRMs insofar as they impact the costs related to the checking, processing, and transportation of banknotes. Indeed, with the development of recirculation by third parties as authorised by the Eurosystem, banks have been increasingly deploying Cash Recycling Machines instead of withdrawal-only ATMs. Those machines accept customer deposits, check the banknotes, and reissue fit and genuine notes to other customers. This helps banks save significant staff and transportation costs.

¹⁷ See the presentation given by Mastercard to the WG on access and accessibility of cash at its 6th meeting, on 11 May 2021. See also [Annex 6](#).

¹⁸ EuroCommerce, (2020), "EuroCommerce submission to the EU Interchange Fee Regulation Review", para 247-249, available at https://www.eurocommerce.eu/media/192282/eu_interchange_fee_regulation_review_-_eurocommerce_submission_04-feb-2020.pdf (accessed on 21 October 2021).

5.1.2.2.2 Measures promoting cashless payments

Card payments are also being promoted in certain Member States to the detriment of cash payments. In Greece, the government grants some decrease in the taxes owed by citizens up to a certain percentage of their income if they present evidence of electronic payments meeting certain thresholds¹⁹. In Italy, the government launched the Italia Cashless initiative in December 2020 to encourage cashless payments through a system of 10% reward for purchases paid with a digital mean²⁰. Measures promoting cashless payments are also in place in Portugal. Due to AML/CFT (Anti-Money Laundering/Combating of Financing of Terrorism) concerns, eleven euro area countries have introduced limits and restrictions to the use of cash above a certain threshold between B2B and P2B, thus indirectly promoting card payments for transactions above a certain amount.

5.1.2.2.3 New EU legal framework on accessibility features

It should be considered that accessibility of ATMs does not only include the location of ATMs, but also refers to measures facilitating the use of ATMs by persons with disabilities. Currently, there are divergent accessibility regulations across the euro area. This is detrimental to banks and ATMs developers/suppliers who must comply with different sets of rules and increased costs per ATM, while customers with disabilities face obstacles caused by the lack of interoperability of accessibility solutions, especially in cross-border situations. This affects not only ATMs (e.g., height or depth of control panels), but also cash-recycling-ATMs, statement printers, coin-counters, et cetera).

The EAA, which was adopted on 27 June 2019, aims to improve the functioning of the internal market for accessible products and services by removing barriers created by divergent legislation across the EU. Currently there are different regulations and laws across EU countries that lead to market fragmentation. The EAA – which covers inter alia ATMs and banking services – shall be transposed by 28 June 2022 and applied by 28 June 2025 in all EU member states. The European Commission is currently drafting standardization requests to European standardisation organisations which will also apply to ATMs/CRMs and other cash and non-cash services. The EAA will have an impact on the access to cash for the wider public. On the one hand, it will probably increase the costs for the deployment of ATMs and the provision of other cash services, which in turn may lead to higher fees or negatively influence the cash infrastructure. On the other hand, the EAA aims to improve the access to cash for some 80 million people in the EU (18% of the EU population) who are affected by some degree of disability. Accessibility is a precondition to ensure their full and equal participation in society.

Another factor to keep in mind is that there is no guidance yet on how to interpret paragraph 77 of the recent European Court of Justice (ECJ) judgement in the joined cases C-422/19 and C-423/19²¹. More in detail, it is not entirely clear whether or not it introduces an obligation in line with Principle

¹⁹ Article 37.3 of the Law 4797/2021 states that the required amount of expenses paid by electronic means is set at 30% of the real income (salaries, pensions, and business activity) and up to €20.000 of expenses. If the taxpayer does not present electronic payments for 30% of their income, they pay extra tax 11% on the difference between the required 30% and the percentage they can provide. Nevertheless, taxpayers over 60 years old are exempted from that obligation.

²⁰ In July 2021, the initiative was temporarily suspended until December 2021.

²¹ “It is nevertheless for the referring court to ascertain whether such a limitation is proportionate to that objective, in particular in the light of the fact that the lawful alternative means of payment of the radio and television licence fee may not be readily accessible to everyone liable to pay it, which would entail providing for those without access to such means of payment to be able to pay in cash”. Judgement of 26 January 2021, in Joined Cases C-422/19 and C-423/19, EU:C:2021:63, paragraph 77, available at <https://curia.europa.eu/juris/document/document.jsf?docid=236962&text=&dir=&doclang=EN&part=1&occ=first&mode=lst&pageIndex=0&cid=4351101> (accessed on 22 September 2021).

20 of the EU Pillar of Social Rights on Access to essential services²² to accept cash when the other lawful means of payment are not accessible to the customer.

5.1.2.3 *Specific challenges in rural areas*

Based on the responses collected from different stakeholders some specific challenges affecting access to cash in rural areas were identified.

Consumers. While in most countries ATMs and bank branches are still available within reasonable distances in urban areas, consumers report increasing difficulties to access cash in rural areas, touristic areas affected by seasonality, and rural areas where ATMs are removed or not adequately serviced. Having one ATM within 15 minutes driving distance may still be too far, in particular if there is no or little public transport or there is only one ATM on an island or mountain valley, and it is regularly empty/out of order.

Banks. Banks' decision to densify the branch network generally depends on the changes in customer's behaviour and demand. The digitalisation of payments and the current pandemic have had a great influence on payment habits. Although in some countries the closure of a bank branch often implies the removal of the ATM, in the majority of countries banks tend to maintain at least one ATM. In Austria, where the demand for cash is still high, the number of ATMs has increased over the past years (from about 7,400 in 2005 to about 9,000 in 2019) and banks consider it important to show presence and offer services in rural areas too. Banks in several countries have tried to address the risk of cash supply deficit by ensuring a maximum distance between citizens and ATMs on a voluntary basis.

In Latvia, there are specific factors affecting access to cash in rural/touristic areas affected by seasonality, such as regional governance or the number of local municipalities. In Romania, and similarly in other countries with seasonal workers, the factors that influence seasonality in ATM use are – next to the standard ones as the number of pay days, public holidays (Christmas and Easter) – also the higher volumes during summer due to citizens working abroad going home for holidays.

Eurosystem. In many countries, legal imposition of minimum coverage of ATM and bank branches is not deemed necessary, as sufficient coverage is driven by market forces themselves. Cash withdrawals and payments in urban and rural areas were analysed in Germany in an article published in June 2020 in Deutsche Bundesbank's Monthly Report²³. It was concluded that access to cash is ensured in both urban and rural areas, provided that only around 6.5% of the respondents from towns and cities and only 10.3% of those surveyed in rural areas reported having to make a greater effort or a relatively great effort to withdraw cash. Differences in cash withdrawal and payment behaviour between consumers from urban and rural areas were barely discernible.

Retailers. According to EuroCommerce, the business case for retailers to host an ATM on their premises may even be larger in rural parts with a higher cash usage than in urban areas, where enough cash services are available.

²² "Everyone has the right to access essential services of good quality, including water, sanitation, energy, transport, financial services and digital communications. Support for access to such services shall be available for those in need". See Baptista, I., and Marlier, E., (2020), "Access to essential services for people on low incomes in Europe. An analysis of policies in 35 countries", European Social Policy Network, available at <https://op.europa.eu/en/publication-detail/-/publication/9b16d965-090e-11eb-bc07-01aa75ed71a1/language-en> (accessed on 24 September 2021).

²³ Deutsche Bundesbank, (2020), "Cash withdrawals and payments in urban and rural areas", Monthly Report June 2020, pp. 33 ff, available at <https://www.bundesbank.de/resource/blob/835308/883b0d7e02a4d9edbebb4069038fbeb/mL/2020-06-stadt-land-vergleich-data.pdf> (accessed 27 September).

5.1.3 Possible future initiatives how to avoid cash supply deficits, for example in rural areas

Various initiatives are ongoing or envisaged that could help ensuring an adequate level of cash access points. They are summarized below, with some indications of their possible advantages and drawbacks as reported by the different stakeholders.

Public initiatives

In some countries, quantitative criteria have been developed that are intended to safeguard countrywide sufficient access to cash for the public; this is especially relevant when there is only one ATM network in the country or when there is an inadequate cash distribution on the territory.

Several countries are promoting stakeholder agreements on accessibility to ensure a sufficient network of cash access points. As mentioned before, public authorities and private stakeholders in the Netherlands have a long-standing agreement that distance to an ATM should not exceed 5 km. In Lithuania, all major credit institutions have recently signed a Memorandum of Understanding for ensuring access to cash²⁴. Financial market participants committed to ensure by 1 July 2022²⁵ the availability of at least one cash withdrawal point (ATM or equivalent access point) within 10 km from the declared place of residence for at least 90% of Lithuania's population, and within 20 km for 99% of population²⁶. In Latvia, a Memorandum of Cooperation on Ensuring Access to Cash for Residents of Latvia²⁷ has been signed recently with the banks with the widest network of ATMs and branches. In the UK, the Payment Systems Regulator issued a Special Direction ensuring a geographic spread of free-to-use ATMs.

While in the Netherlands, a legislative proposal in 2004 was kept on hold after an informal agreement on ATM coverage between banks and social partners²⁸, in Sweden, a law²⁹ entered into force on the 1 of January 2021, obliges the largest credit institutions and branches of foreign credit institutions to maintain a collective coverage around the country with cash services. A cash point has to be within 25 km between a home address and a cash service point and these points should be available, have reasonable opening hours and be user friendly, especially for people with disabilities. In the UK, according to the Guidance issued by the Financial Conduct Authority (FCA)³⁰, credit institutions (CIs) must provide the FCA with an analysis of the impact on customers' access to cash every time they plan to close a branch or an ATM. The analysis shall include a clear summary of their assessment of the

²⁴ Bank of Lithuania, (2021), "Memorandum of Understanding for Ensuring Access to Cash in Lithuania", available at <https://www.lb.lt/en/access-to-cash-atms-and-equivalent-alternatives#ex-1-1> (accessed on 22 September 2021).

²⁵ With ATMs currently up and running in 91 localities, access to cash withdrawal points should be ensured in at least 191 localities by 1 July 2022.

²⁶ On 9 June 2021, 1,044 ATMs were available within 5 kilometres (travel distance) for 73% of the population and within 10 kilometres for 82% of residents.

²⁷ Latvijas Banka, (2021), "Financial industry agrees on ensuring access to cash", available at <https://www.bank.lv/en/publications-r/news-and-articles/press-releases/12587-financial-industry-agrees-on-ensuring-access-to-cash>, (accessed on 22 October 2021).

²⁸ Tweede Kamer der Staten-Generaal (Second Chamber), "Proposal for a law by MP Crone laying down rules on the accessibility, safety, availability and reasonable pricing of basic payment services (Accessibility and Availability of Basic Payment Services Act)", 29688, no 2, 19 July 2004.

²⁹ Obligation for credit institutions to provide cash services: Riksdagen, (2021), "Skyldighet för kreditinstitut att tillhandahålla kontantjänster", available at https://www.riksdagen.se/sv/dokument-lagar/dokument/svensk-forfattningssamling/lag-2010751-om-betalntjanster_sfs-2010-751 (accessed on 22 September 2021). The geographical obligation of the regulation is to maintain cash withdrawal for all consumers with the exception of 0,3% of the population, cash deposit for small businesses with an exception of 1,22%.

³⁰ Financial Conduct Authority, (2020), "FG 20/3: Branch and ATM closures or conversions", available at <https://www.fca.org.uk/publication/finalised-guidance/fg20-03.pdf> (accessed on 22 September 2021).

needs of customers currently using the sites, the impact of the proposed closure on those customers, and alternatives that are, or could reasonably be, put in place. If a credit institution decides to implement its closure or conversion proposals, it will also be expected to clearly communicate information about this to its customers no less than 12 weeks before implementation, making people aware of the alternatives.

These measures aim to guarantee over the longer run that a minimum coverage of cash access points remains and to avoid an erosion of the underlying cash infrastructure. In a few countries, similar measures are currently under discussion, but no agreement has yet been reached. In other countries, measures of this type have not been envisaged at this stage, likely because in some cases private initiatives exist, and in others there is an assessment by public authorities that the geographical distribution of access to cash is currently adequate.

While distance to ATM provides useful metrics, some NCBs also run surveys aimed to complement them with indicators of satisfaction of customers with cash services. On the one hand, effective access by parts of the population (e.g., the poor, older persons, or persons with disabilities) may not be well reflected by measures of distance (as they either cannot afford or drive a car). On the other hand, measures of distance from where people reside do not take fully into account commuting patterns as people in rural areas might commute for work and have access to cash near the working place. In the SPACE study run by the ECB in 2019 and published in 2020³¹, results of the surveys carried with euro area citizens in all countries show that a large majority of respondents were still satisfied with their access to cash via automated teller machines (ATMs), bank branches and post offices in 2019, but compared with the 2016 results there has been a decline in the ease of access to them (from 94% to 89%) in all euro area countries. Moreover, although for a country as a whole access to cash may be perceived as generally good, at regional level there may be relatively large parts of the population who are not satisfied with their access to cash. Indeed, consumers' responses to the working group's questionnaire show that, especially in some rural and mountainous areas, a relatively high share of respondents said that access to cash was very difficult.

Consumer organisations recommend a minimum availability and balanced geographical distribution of ATMs within each Member State and generally support the idea (originally put forward by ATMs owners, like Batopin and Jofico in Belgium, and Geldmaat in the Netherlands) to ensure that each citizen has an ATM at less than 5km from their home. Consumer organisations however call for appropriate legislative action to be taken, to ensure a geographic repartition enabling every citizen to have an ATM near their home as they also see some potential high risks in the outsourcing of banks' activity in cash distribution³². Additionally, given the rapid ageing of local populations in rural areas, consumer organisations submit that the population age structure should be taken on board when defining legal rules on ATM geographical coverage.

Some other countries addressed the issue of fees for cash services: for instance, in Portugal no fees are levied on ATM operations related to withdrawals or deposits; in Finland, the Central Bank has

³¹ ECB, (2020), "Study on the payment attitudes of consumers in the euro area (SPACE)", available at <https://www.ecb.europa.eu/pub/pdf/other/ecb.spacereport202012~bb2038bbb6.en.pdf> (accessed on 22 September, 2021).

³² Such a risk was highlighted recently by Financité and confirmed by Belgium National Bank's projections that demonstrate that the rural Provinces of Namur and Liège would be severely affected by Batopin reduction of ATMs with only 70% of their population having access to an ATM within 5 km. See also, Cloot, A., (2021), "Distributeurs de billets: Batopin va revoir sa copie", Le Soir, available at <https://plus.lesoir.be/381542/article/2021-07-01/distributeurs-de-billets-batopin-va-revoir-sa-copie> (accessed on 22 September 2021).

published guiding principles³³ for a reasonable number of cash withdrawals – 1 per week – at no charge.

Consumer organisations also call for legislative action to be taken to limit or delete ATM fees for consumers, noting that these fees can be very high, with particular reference to the direct charging fees and the disloyalty fees charged by some PSPs for using ATMs not owned by the consumer's bank (for example, in Germany they usually range between 2 and 7 EUR). However, it is worth noting that in countries where they are allowed, direct fees are an important source of revenue for all ATM deployers and thus contribute to the preservation of an adequate ATM infrastructure. Consumer organisations are of the view that the costs should be borne by the banking sector (for example, *via* a fund in which banks would have to participate to finance the measures). They also call for mandating free withdrawals by law (similar to what is currently happening in Portugal)³⁴.

As stated in the Eurosystem cash strategy³⁵, the ECB and the NCBs expect that banks will keep providing adequate cash services, including cash withdrawals, that are free or are charged only a reasonable fee. Currently, the Eurosystem is carrying out a thorough analysis of the cash access points networks in each country based on a harmonised methodology. The Eurosystem has conducted some studies on cash access and the factors determining the distribution of bank branch and ATM networks. In 2020, the Eurosystem has developed an internal methodology serving as a basis for all studies on access to cash conducted in 2021 by euro area NCBs. The Eurosystem has thus defined two metrics to analyse access to cash services, by using distance to and capacity of cash access points, meaning that both geographical coverage and overall number of cash access points are considered important for ensuring good access to cash. These studies will be instrumental for future analysis on factors influencing access to cash and possible initiatives to avoid cash supply deficits. Some countries are also carrying out deeper analysis, especially where a further reduction of an already low usage of cash is putting into question the resilience of the cash infrastructure. For instance, at the request of the Dutch consultative National Forum on the Payment System (NFPS), the Dutch Central Bank (DNB) commissioned an independent study on the Future of Cash in the Netherlands which looked at how to make the Dutch cash infrastructure more resilient and adapted to future needs in an inclusive approach. In July 2021, worried by the deteriorating accessibility of payment services, the NFPS and DNB have also drawn up an action plan to counter the negative impact of current cash decline on vulnerable consumers³⁶. Similarly, the Bank of Finland is following up and evaluating on a regular basis public access to and acceptance of cash, cash flows and payments. They conduct regular surveys asking public views on ATMs (which are not owned by banks in Finland) and cash services across the country³⁷.

³³ Bank of Finland, (2018), "Board Member Tuomas Vähimäki: The payment revolution — change, challenges, and solutions. Helsinki 28.11.2018.", available at <https://www.suomenpankki.fi/en/media-and-publications/speeches-and-interviews/2018/tuomas-valimaki-maksamisen-murros-helsinki-28.11.2018/> (accessed on 22 September 2021).

³⁴ See for example, BEUC, (2019), "Cash versus cashless: consumers need a right to use cash", available at [beuc-x-2019-052_cash_versus_cashless.pdf](https://www.beuc.eu/x-2019-052_cash_versus_cashless.pdf) (accessed on 22 September 2021).

³⁵ ECB, (2021), "The Eurosystem cash strategy", available at https://www.ecb.europa.eu/euro/cash_strategy/html/index.en.html (accessed on 22 September 2021).

³⁶ De Nederlandsche Bank, (2021), "Accessibility of payment services for vulnerable groups deteriorating", available at <https://www.dnb.nl/en/actueel/dnb/dnbulletins-2021/accessibility-of-payment-services-for-vulnerable-groups-deteriorating/> (accessed on 23 September 2021).

³⁷ Finnish National Bank, (2021), "The future of cash in Finland – a basic service guaranteed by law? The euro and the economy", available at <https://www.dnb.nl/en/actueel/dnb/dnbulletins-2021/accessibility-of-payment-services-for-vulnerable-groups-deteriorating/> (accessed on 24 September 2021).

Fully private initiatives

To address what is seen as an unfavourable evolution of the cost/revenue ratio for ATMs, there are several initiatives taken by banks, including:

- Reducing the cost of cash operations, while still providing attractive services to customers, thanks to increasing automation in cash handling with technical solutions that ensure secure on-site cash storage and recirculation of deposits for reissuance. Cash Recycling Machines (CRM) – which accept customer deposits, check banknotes for authenticity and fitness and afterwards reissue them for customer withdrawals – provide cash services that used to be provided by the staff of bank branches, possibly improving the cost/revenue ratio for automated cash machines. These measures however do not deal with alternative channels to withdrawal/deposit euro coins especially for SMEs, ticketing/vending, and parking machine operators, etc.
- Setting up joint ATM networks, which consist of bank-neutral ATMs shared by several banks with the aim to reduce costs by disengaging from cash services while still ensuring minimum coverage. Since 1985, the Multibanco network aggregates the majority of the ATMs in Portugal, while Automatia, an ATM pooling entity, has been in the Finnish market for almost 30 years. As of 2019, Geldmaat has been taking over the ATMs of the three major banks in the Netherlands and currently operates a network where more than 99% of the population lives within 5 km of an ATM. These networks also provide CRMs to facilitate deposits by merchants and the general public. Following the establishment of the joint network, cash services are discontinued in almost all branches of the participating banks. Two joint ventures have also recently been created in Belgium: Batopin and Jofico. Batopin, the new entity operating the ATMs formerly owned by the Belgian retail banks, aims that cash access points should be located within 5 km from home for 95% of citizens.

National neutral ATM-networks can ensure satisfactory access to cash nationwide. However, there is a risk that cost pressure and lack of competition and service level agreements (SLAs) with unclear requirements will lead to a deterioration in the quality of supply to the population over time in the absence of regulation. Merging banks' proprietary ATM networks in a network under combined ownership and operation may indeed enhance the cost efficiency of ATM networks and rationalize the overall network for example by reducing the number of ATMs operated by different credit institutions in a small area. However, this may also lead to a monopolistic supply situation that comes with risks for consumers (e.g., fewer incentives for innovation, a further reduction of the ATM network, and higher costs). Furthermore, optimising an ATM network from the operators' point of view may lead to a shortage of cash access points in specific areas (e.g., rural areas). Risk mitigations may include adequate service level agreements, with clearly defined benchmarks for the number and distribution criteria of ATMs to be maintained, that may include oversight by the responsible NCB.

Cashback and cash-in-shop services where customers withdraw cash at retailers are established in several euro area countries as complementary channels of cash supply while some schemes also offer cash deposits on customers bank accounts and the possibility to pay bills with cash. Most consumer organisations support the creation of alternative channels of cash supply following the closure of bank branches and the local shortage of ATMs. Inter alia, these could include the setting-up of mobile branches by banks or autonomous agents to provide services in localities where there are no branches and ATMs. Mobile branches/ATMs already exist and have been tested in some countries (see for example, current initiatives in Portugal, Spain, Germany, Slovenia). However, this solution is mainly adopted for special/critical events or for branding reasons and can only play a supporting role in providing a wide and permanent access to cash.

Another option could be a cooperation between Independent ATM Deployers, and banks interested in providing ATMs throughout the country. For instance, the IADs could thereby operate ATMs owned by banks on the basis of an outsourcing agreement. In doing so, banks could continue to decide on the deployment of ATMs and thus balance their operating costs with the needs of their customers.

However, according to banks, ATMs remain a communication channel and an asset for them. Banks may be willing to outsource ATM networks to IADs, but this depends on banks' own strategies. Although these outsourcing agreements are very common in some countries (e.g., Ireland), at this stage they are not present in all countries. The ATM Industry Association (ATMIA) has launched a Next Gen ATM future-proofing project to link ATMs to mobile phone Apps for ATM transactions, based on certifiable standard API interfaces, with certifications already occurring, including for a leading ATM manufacturer³⁸. Although the functionality to enable ATM withdrawals via a banking app has been available for several years, for example, through cardless ATM transactions using a QR code, ATMIA's system is based on a set of industry standards for APIs enabling vendor-agnostic, interoperable Customer Owned Device (COD) based ATM transactions using NFC or QR codes. This standardised API App model will enable more convenient and secure access to ATM services for consumers; it will also help financial inclusion for it will allow the unbanked (including children) to access cash.

Public/private partnerships

Post offices may play an important role in access to cash given their balanced geographical presence in most of the euro area countries. Depending on national situations, they may or may not need to be incentivised to offer these services (e.g., by receiving interchange fees for cash withdrawal). It is worth noting that in several cases, agreements with post offices (in France, Spain, and Italy) enable to support a minimum access to cash points: in Italy, for instance, Poste Italiane committed to install ATMs in municipalities with a population of up to 5,000 inhabitants upon their request³⁹. In France there is a public service mission to the group La Poste ensuring access to cash to the population but there is no direct obligation as regards to ATM location. A greater role for local post offices with banking facilities offering free cash withdrawals to consumers, provided that measures are taken to ensure the continued existence of such post-offices in rural areas, is also seen favourably by consumers' associations.

There are also agreements between municipalities and ATM deployers to contribute to the cost of the ATM. Indeed, in rural areas, local authorities cooperate with ATM operators (as is the case in Austria), can rent a ready-to-use ATM (such as Point Cash by Brink's and Cash 24/7 by Loomis in France) or in one case even subsidize ATM installation (in Spain). In France, public subsidies to maintain an ATM are only limited to exceptional cases where the last ATM or branch closes to avoid any distortions of competition with the private sector (in line with EU Law).

Consumer organisations see with some favor municipalities contracting with private actors for maintaining ATMs, with risk-sharing mechanisms at no extra cost for consumers/citizens (an example is in Spain, where, if the ATM is profitable, the private operator will pay a fee to the municipality; if it is not, the municipality will share with the operator part of its revenues stemming from advertisements placed near the ATM).

³⁸ ATMIA, (2021), "Next Gen ATM Certified Products", available at <https://www.atmia.com/connections/committees/consortium-for-next-gen-atms/self-certification/certified-products/> (accessed on 22 September 2021).

³⁹ As the Post office ATM network is fully interoperable with the banks' ATM network, this commitment (part of an agreement with the Ministry of Economic Development and currently valid until 2024) may have a tangible impact on cash access for smaller communities.

5.1.4 Key findings and identified gaps

5.1.4.1 *There is a huge diversity in use of cash between countries*

Different patterns can be observed across the EU, as in some member states use of cash will continue to be more widespread than in others and cash supply there may be more resilient as well. The set-up and density of the ATM network in countries partially reflects aspects of the national banking system, for example the number of retail banks and the level of competition in cash services. Another factor playing a role may be the increased mergers and acquisitions between banks. Thus, these aspects would deserve to be studied in parallel with a statistic-based analysis on cash access points. WS1 members consider it important that access to cash remains a sustainable and affordable option for all to ensure consumers have a choice of means of payments they can use across the euro area, including in cross border situations.

5.1.4.2 *Consumers report challenges to access cash in some regions*

While studies by national central banks show that cash is generally accessible within a reasonable range in a number of countries, they also show that in certain regions or municipalities there are no ATMs within a reasonable distance⁴⁰. The average age of the population living in areas with less ATMs would deserve to be studied to assess whether the needs of ageing citizens in rural areas are met⁴¹. Problems are reported by consumers in rural areas, touristic areas affected by seasonality and even in some rural areas affected by economic decline where ATMs are removed or not adequately serviced. Indeed, beyond the issue of the distance to an ATM, one should also be concerned with the adequate refilling and functioning of this ATM; thus, any necessary requirements in terms of access points should be complemented by requirements in terms of service level. Furthermore, currently what is also missing in the EU, compared to the UK where specific Guidance was issued by the FCA in 2020, is the provision by credit institutions of an impact analysis when planning the closure or conversion of a bank branch or ATM⁴². Under the inspiration of the FCA example, it could thus be explored for CIs to include as part of their infrastructure review plans an analysis of the needs of customers using the sites, the impact of the possible closure proposal, and the identification of realistic alternatives to put in place in case of implementation of the proposal.

Additionally, it should be noted that even in case ATMs are kept after a bank branch is closed, they do not offer the possibility to deposit banknotes (unless these are CRMs), nor to withdraw and deposit coins. It follows that the ex post situation of cash supply is not equal, especially for SMEs.

5.1.4.3 *There is currently regulatory fragmentation and unclear guidance on access and accessibility measures across EU countries*

Different accessibility regulations lead to incomprehension and discussions both with customers and suppliers and make it impossible to design standards for people with disabilities. Therefore, it would be helpful to have common regulatory standards based on the European Accessibility Act. The Commission is working to issue a standardization Mandate to develop such standards. Exchanges of

⁴⁰ See for instance Posada Restrepo, D., (2021), "Cash infrastructure and cash access vulnerability in Spain", Economic Bulletin, 3, available at <https://www.bde.es/f/webbde/SES/Secciones/Publicaciones/Publicaciones/InformesBoletinesRevistas/ArticulosAnaliticos/21/T3/Files/be2103-art23e.pdf> (accessed on 22 September 2021).

⁴¹ BEUC and AGE answers to the WG questionnaire.

⁴² Financial Conduct Authority, (2020), "FG20/3: Branch and ATM closures or conversions", available at <https://www.fca.org.uk/publications/finalised-guidance/fg20-3-branch-and-atm-closures-or-conversions> (accessed on 21 October 2021)

existing good accessibility practices (e.g., voice guidance, virtual teller, e-branch) across the euro area would also be useful.

In its 2018 report, the ERPB informal working group on broader accessibility issues⁴³ recommended the ERPB revisit the accessibility of retail payments and ATMs two years after the implementation of the EAA which seeks to avoid market fragmentation of accessibility solutions.

5.1.4.4 *In terms of the micro-economics of ATM deployment, there are different business models*

Some financial institutions tend to view ATMs as a cost-centre, while banks in some countries also earn significant revenues through ATM fees and all IADs view ATMs as a profit-centre, basing their business case on profitability. The future viability of ATM networks will depend on managing and sharing the costs and profits of the cash infrastructure between stakeholders. This entails a continuing enablement of bank business models for ATM deployment. Overall, the ATMs operated by banks and IADs can coexist. It is important to analyse the underlying business models as, in relation to a declining number of transactions, the cost of cash infrastructure increases. As specialised service companies, IADs can contribute to continuing cash access, provided the business case is sustainable. In this respect, the business model of more established IAD markets such as the USA and Australia could be analysed to understand its possible application in Europe, where the IAD sector is not as developed.

In individual cases local governments and municipalities cooperate with ATM operators to uphold local cash infrastructure. However financial subsidies, e.g., in the form of cost remuneration and other forms, are only used as an ultimate option when all available measures of market participants to maintain a sufficient level of cash access have been exhausted. As a general principle the supply of cash access points reflects customers' and businesses' demands and lies within the responsibility of credit institutions.

5.2 **Overview of various initiatives aiming at ensuring adequate cash withdrawal and lodgement facilities, especially for smaller and medium sized enterprises (which usually do not contract CITs to take care of cash lodgements/withdrawals and need to rely on 'local' cash services)**

Given the broad mandate given to workstream 2, possible overlaps may exist with the subsections 5.1 and 5.4. Where this occurs, this is indicated.

5.2.1 **Overall summary**

Workstream 2 was mandated to take stock of initiatives aiming to ensure adequate facilities for cash withdrawal, cash lodgement, transport and processing, and acceptance; besides the facilities offered by the Eurosystem national central banks to ensure a smooth cash supply thorough the euro area. The workstream decided to introduce four questions in the questionnaire in order to assess these four facilities. The stock taking made clear that indeed initiatives have been taken in many countries. At the same time, however, it became clear that there is a great variety of such initiatives across European countries. This may be explained by the differences between the countries when it comes to their payment systems and financial industries.

Having said that, the results of the questionnaire find that regarding cash withdrawal and lodgement facilities there have been both regulatory and non-regulatory initiatives; the same is true for cash acceptance. However, with respect to cash transport and processing, only non-regulatory initiatives,

⁴³ ERPB, (2018), "Final report. ERPB informal working group on Accessibility", available at https://www.ecb.europa.eu/paym/groups/erpb/shared/pdf/10th-ERPBM-meeting/Final_report_of_the_informal_group_on_broader_accessibility.pdf?2305a8a870431a0b3be513cadbd262c5 (accessed 27 September).

led by either banks or CITs, are reported. Detailed summaries of answers to each of the questions follow below.

5.2.2 Cash withdrawal facilities

Stakeholders were asked to provide information on any initiative in their country seeking to ensure adequate facilities for cash withdrawals. A variety of initiatives were reported, including regulatory, 'soft law', and non-regulatory/market initiatives:

- Regulatory initiatives included limits on ATM fees (Portugal), rules on the geographic coverage of ATMs (Sweden, Switzerland), and specific rules for Cash-in-Transit companies (Belgium).
- A variety of non-regulatory/market-led initiatives, which included market-led cash pooling/cash grouping (Belgium, Germany, and the Netherlands), geographical coverage of ATMs (Latvia, Lithuania, and Spain, the latter at regional level), facilitating SME access to cash (UK and Belgium), 'bank hubs' (UK), and the provision of higher interchange fees to providers of Protected Status ATMs in deprived areas (UK).

Responses were received from consumer representatives, non-bank PSPs/fintech companies, credit institutions, retailers, and post offices. Countries where any type of initiative was reported include Spain, Portugal, Belgium, Germany, UK, Latvia, Lithuania, Sweden, Switzerland, and the Netherlands.

Qualitative analysis

Initiatives on ATM coverage. Initiatives on ATM coverage typically mandate that the vast majority of the population (a fixed percentage or number of population) has to have access to an ATM within a certain radius of kilometers; in some cases, the requirement also includes deposit facilities for SMEs. The obligation applies to a variety of institutions: in some cases, it concerns the biggest banks, in other cases only the postal bank. Some initiatives also touched upon ATM opening hours. This aspect is covered in more detail by workstream 1.

ATM pooling. ATM pooling, also referred to as ATM grouping, was reported in a few countries, either as a 'soft law' initiative or a market-led industry initiative. The objective of ATM pooling is to reduce the cost of purchasing, maintenance, and operation and also to ensure continued access to ATMs for the population. This aspect is also covered in more detail by workstream 1.

Cashback. Cashback (at merchants but also at, for instance, vending machines in some countries) was also reported as a generally available alternative, although it is not considered as one that could (completely) replace ATM presence. This topic is covered in more detail by workstream 4.

Other. Other initiatives reported include pilots of 'bank hubs' where basic banking services are provided; pilots for SME 'shared hubs' for withdrawal and deposit; memorandum signed by individual banks with local/regional government for the provision of ATMs; a 'light touch' regulatory regime for CIT companies in certain cases to facilitate cash collections from ATMs; cash deposit functionalities for ATMs; increased use of smart safes; and provision of financial subsidies to providers of ATMs in deprived areas.

In their responses, credit institutions highlighted that they have strategies in place to effectively ensure that their customers have access to cash as wide as possible and that lack of ATM presence is not necessarily perceived as a problem in all countries.

5.2.3 Initiatives on acceptance of cash

Respondents were asked to provide information on any initiative they were aware of in their country seeking to ensure the continued acceptance of cash (for example legislation ensuring cash acceptance

by payees, etc.). Reported initiatives on the acceptance of cash can be distinguished in legislative and non-legislative measures:

- **Legislative measures.**

A first approach is to define the legal tender status of cash, but in many countries this is not the case. The issue is being considered by an EU legal expert group, the Euro Legal Tender Expert Group (ELTEG). An alternative approach is to define and enforce the legal tender status of euro banknotes and coins. In specific countries (France, Denmark, and Portugal) there are legal provisions regarding cash acceptance. Another indirect approach consists of legal provisions which build on human rights or basic rights of vulnerable consumers, which thus could entail that cash payments should be accepted.

- **Non-legislative measures.**

Non-legislative initiatives are reported in two countries: either as a pledge of retailers to accept cash payments (UK), or as a public appeal on retailers to do so and not to refuse cash (the Netherlands).

Overall, the workstream received four consolidated answers, respectively from consumers (AGE/BEUC), banking associations (EACB, EBF, EPC, and ESBG), retailer organizations (EuroCommerce), and the Eurosystem. These answers relate to 12 countries (10 EU-countries, UK, and Switzerland). Upon a closer look, some answers rather concern the availability of cash, some pertain to a prohibition or refusal of cash, and some are too general ('not an issue'). Apart from a general classification by the Eurosystem, detailed information about 6 countries were received.

Qualitative analysis

Legislative initiatives

Regarding legislative initiatives, the Eurosystem notes that two groups of countries can be distinguished:

- Countries where the legal tender status of euro banknotes is enforced, i.e., a failure to accept banknotes to discharge debts is considered as a breach of law.
- Countries where specific legal measures have been taken to protect the use and acceptance of cash.

A general approach is to define the legal tender status of cash. However, in 15 countries this is not the case⁴⁴.

In France, there is a legal provision regarding cash acceptance. As long as the payment in cash is within the legal limits, a retailer is, in principle, obliged to accept cash, except in some specific cases.

According to legislation in Denmark, physical stores are obliged to accept cash as long as they accept electronic payment instruments and as long as they are staffed. The minister of Finance may define exemptions, as well as specifications (e.g., 24h pharmacies should always accept cash). Since 2018, stores are allowed to decline cash payments at night.

Non-legislative initiatives

There are also non-legislative initiatives on the acceptance of cash in various countries, either explicitly pro-cash or speaking out against card-only.

⁴⁴ At EU level, the ELTEG is currently assessing the issue.

In the UK, a group of big and small retailers, with 4.500 stores and a joint market share of approximately 30%, have made a public commitment to accept cash by signing up to a 'Which? Cash Friendly pledge'; other retailers can sign up as well. These retailers will display 'Cash Friendly' logos around their stores and on their websites. The initiative has been backed by various retail associations in the UK.

In the Netherlands, the National Forum on the Payment System (a forum comparable to the ERP) has repeatedly called upon retailers to keep accepting cash payments, or retailer organizations not to advise their members to go over a cards-only policy, unless in specific circumstances.

5.2.4 Transport and processing of cash

Most of the initiatives seeking to ensure adequate cash management facilities for enterprises are non-regulatory driven on a national basis; in most cases, CIT companies or credit institutions are in the lead. The most common practice in different countries is to install cash deposit boxes in the bank branch or in the retailers' premises in order to make it easier for the retailer to deposit his cash. The installation and use of cash deposit ATMs give the opportunity to the customers (mainly retailers) not only to withdraw banknotes but to deposit banknotes as well. Based on the answers collected, ATMs deployed by CIT companies seem a less used alternative. Regarding the strategic continuity, in general, the central banks are in the lead.

Responses were received from the Eurosystem and credit institutions. Initiatives were reported by the following countries: Romania, Belgium, Italy, UK, Netherlands, Malta, Lithuania, Spain, and France.

Qualitative analysis

In many countries, lodgement facilities are offered by CIT companies. Examples were received from Romania, Belgium, Italy, the Netherlands, Malta, and France. The 'smart safe' and 'drop box' can be installed at the premises of the merchant or at the bank's premises. In some cases, banknotes and coins can be dropped in the safe. There are also joint premises between different banks within a shopping mall to make deposits and withdrawals for SMEs, for instance in France. Banks and retailers receive real-time information about deposits, balances, and pickups so that the retailers' payment accounts can be credited the same day. This helps streamline retail cash management. Furthermore, in Belgium, a 'light touch' regulatory regime is in place for CIT companies in certain cases to facilitate cash collections from ATMs.

ATMs deployed by CIT companies are offered in France by the two major CIT companies. These initiatives offer a 'ready for use ATM' for rent and the main objective is to equip (usually rural) municipalities with an ATM. In Spain, agreements between credit institutions and IADs are in place in order to provide cash services and to guarantee access to cash.

Concerning the strategic continuity, discussions are ongoing in Malta with commercial banks on the continuity of the cash cycle including that of CITs that play a central role. A Business Continuity Plan for Cash Circulation Processes is applicable in Lithuania in order to manage negative consequences for the country's financial system and its participants in critical situations, crises in the shortest time. Other initiatives cover the Robustness WG in France (with French cash industry stakeholders in order to produce a confidential document detailing an action plan of access to cash in case of a major crisis) or The National Centre for Infrastructure Protection and cybersecurity in Spain, which has designed the CIT companies as critical infrastructures.

5.2.5 Any other initiatives

Many of the ‘other’ initiatives seeking to further enhance the functioning of the cash cycle refer to cashback or cash in shop solutions, which can be a good alternative for the declining number of ATMs and bank branches. The latter trend is a consequence of the rising costs of ATMs and the decline in the use of cash in many countries. It is clear that the Covid-19 pandemic has strengthened the evolution towards a more widespread use of, for example, contactless payments. This topic is covered in more detail by workstream 4.

Cooperation between banks and CITs, between banks and retailers, between CIT and retailers, as well as among banks, is growing with the objective to improve efficiency in the cash cycle and to reduce costs in cash operations.

In some cases, country-specific or situation-specific measures have been taken. Answers were received from the Eurosystem, credit institutions and retailers, SMEs, and self-entrepreneurs. The input was linked to the following countries: Belgium, Germany, Estonia, France, Luxemburg, Austria, Sweden, Finland, Spain, the Netherlands, Greece, Italy, Czech Republic, and the United Kingdom (13 EU member states and 1 non-EU member).

Qualitative analysis

Promotion of cashback and cash-in-shop. Many initiatives are linked to cashback or cash in shop, for example in Italy (although not yet widespread), United Kingdom (where Cash-in-Shop legislation came into effect on 29 June 2021), Germany (cashback as withdrawal in connection with a purchase as well as cash withdrawal and deposit services via *viacash* and *sonect Home*), France (through an app that allows customers to withdraw cash in a shop without any purchase of goods or services, even if the retailer is not an agent of the customer’s PSP – it should be noted that this service is still a project in France), and Lithuania (wide geographical coverage). This topic is covered in more detail by workstream 4.

Cash access in rural areas. Other initiatives are focused specifically on access to cash in rural areas. Although this topic is notably addressed in [subsection 5.1](#) above, workstream 2 also collected some example initiatives. In Germany, in a small number of cases, rural municipalities are reported to have entered into agreements with banks or IADs to support continued deployment of an ATM when revenue from customer transactions alone would not have been sufficient to continue the ATM operation at this location. In Austria this initiative is called *Bargeld Service für Österreichs Gemeinden*. The thinning out of rural infrastructure due to migration and budget constraints is one of major challenges for smaller communities. Bank branches are also falling victim to these developments, often taking their ATMs with them. To remedy this situation, the Austrian Association of Municipalities and Mastercard initiated the extension of cash services to small businesses and restaurants. This means that when a customer pays the restaurant bill with their debit or credit card, they can withdraw up to 200 euros at the same time⁴⁵. The initiative was initially very well received, but the use of this service declined during the pandemic and is recovering. Nevertheless, the service has since been expanded from the former 2,000 to 4,000 locations. A second initiative in Austria is called *Geldautomat für die Gemeinde* (‘ATM for the community’) and was launched in November 2020 by Euronet 360 Finance Limited, the third largest ATM operator in Austria with a market share of 4%. For the same reasons as described above, Euronet has started to extend its ATMs to rural areas in cooperation with smaller municipalities on a cost-sharing basis to optimise costs for all partners, with

⁴⁵ Further details can be found here: Österreichischen Gemeindebund, (2019), “Bargeld Service für Österreichs Gemeinden”, available at <https://gemeindebund.at/bargeld-service-fuer-oesterreichs-gemeinden/> (accessed 28 September 2021).

the main objective of ensuring access to cash for the public also in rural areas⁴⁶. In Estonia, people have the opportunity to withdraw and deposit cash at tills.

Dialogue between relevant stakeholders (often chaired by the central bank). In France a discussion is ongoing with the relevant stakeholders about the cash policy. The National Cash Management Policy aims to address various challenges with a view to managing the decline in the use of cash in an orderly manner. Formalising quantifiable actions, shared by all the cash stakeholders, is the best way to ensure that this contraction is managed in the best possible way. Relevant topics of this national strategy are acceptance of cash as a means of payment; access to cash; business continuity and resilience in case of crisis; quality of circulation of banknotes and coins; and efficiency of the cash industry. This requires the involvement of public authorities, banks, and cash-in-transit companies, as well as all other stakeholders in the French cash industry, particularly the retail sector. The sector has a high-level group: the Cash Industry Steering Committee. Chaired by the Banque de France, it brings together all the direct stakeholders in the French cash industry and the French Treasury. This body is entrusted with the steering of the National Cash Management Policy.

In Latvia, in 2021 Latvijas Banka signed with banks a Memorandum of Cooperation on Ensuring Access to Cash for Residents of Latvia⁴⁷. As a result of the agreement, banks committed to preserving the existing ATM network and taking other measures relating to cash availability (e.g., to ensure proper access to ATMs often located in the premises of shops or other indoor spaces) and to facilitate, whenever possible, alternative types of cash withdrawals (e.g., cashback).

A Memorandum of Understanding for Ensuring Access to Cash in Lithuania was signed in 2021, pursuant to which banks committed to ensure access to cash and to improve the conditions of residents' access to cash⁴⁸.

The *Vision on cash-initiative* in the Netherlands is a multilateral agreement between representatives from banks, retailers, and consumers pursuant to which: (i) retailers would continue accepting cash, (ii) consumers can withdraw cash easily, and (iii) retailers can deposit cash easily and at reasonable cost. This agreement was reached in 2015 (and renewed in 2020) in the National Forum on the Payment System, chaired by the Central Bank. The initiative resulted in a recent McKinsey study⁴⁹, ordered by the Central Bank. Currently, the Central Bank tries to achieve a new agreement regarding cash with banks, Geldmaat, CIT, retailers, and consumers.

Country specific measures. Some initiatives are linked to a specific situation as in Greece, where ATMs have been installed at the refugee camps. This is an example of a government led, local non-regulatory

⁴⁶ Further details can be found here: APA-OTS, (2020), "Euronet expandiert in den ländlichen Raum", available at https://www.ots.at/presseaussendung/OTS_20201130_OTS0009/euronet-expandiert-in-den-laendlichen-raum (accessed 28 September 2021).

⁴⁷ See Latvijas Banka, (2021), "Financial industry agrees on ensuring access to cash", available at <https://www.bank.lv/en/publications-r/news-and-articles/press-releases/12587-financial-industry-agrees-on-ensuring-access-to-cash> (accessed on 21 October 2021).

⁴⁸ See Bank of Lithuania, (2021), "Memorandum of Understanding for Ensuring Access to Cash in Lithuania", available at <https://www.lb.lt/en/access-to-cash-atms-and-equivalent-alternatives#ex-1-1> (accessed on 22 September 2021). Pursuant to the MoU: (i) sufficient supply of cash shall be ensured at cash withdrawal points, also in small denomination banknotes; (ii) access to cash withdrawal services shall be provided for at least 12 hours a day between 6 a.m. and midnight or, if an access point is located indoors, during the opening hours. Additionally, a group (including market participants and consumer representatives) in the remit of the national Payments Council has been working from January 2021 with a view to finding the best possible solutions on improving access to cash (concentrating on cash back and cash in shop) by the end of 2021.

⁴⁹ De Nederlandsche Bank, (2021), "DNB calls for new agreements about cash", available at [DNB calls for new agreements about cash](https://www.dnb.nl/en/about-dnb/newsroom/news/2021-09-28-dnb-calls-for-new-agreements-about-cash) (accessed 28 September 2021).

initiative. In Luxemburg the situation of a monopolistic CIT market has risen. The effects of this development, in particular as far as the availability of adequate cash management facilities are ensured; yet they need to be investigated. The situation in Luxemburg is not really an 'initiative' but it might be important to take into account. Other initiatives have a more general character as the Slovak *5 pennies* project⁵⁰. This project is focusing on financial education especially for children and schools. Cash will be incorporated with the aim to promote the use of cash and to raise awareness of security features. A separate website has been created for this purpose.

Initiatives on the level of the Central Bank or Government: (i) offering free multi denomination bulk services (all the denominations mixed up) with the objective to keep the cost of cash as low as possible; (ii) performing a level 3 control by the central bank of minimum once a year on all banknotes in circulation and by keeping a tight control on the quality with the objective to maintain a good quality of the circulation (Belgium); and (iii) notes Held To Order-schemes in order to make the cash cycle more efficient (Greece).

Collaboration initiatives between banks (private sector). In some cases, banks cooperate in order to make the cash cycle more efficient. An example is Spain, where collaboration agreements among credit institutions have been made to exchange their coin surpluses with other entities with deficits through a central bank platform. In the Czech Republic discussions are ongoing on a banking sector level to create joint ventures (currently in a phase of pre-feasibility study).

5.2.6 Key Findings

5.2.6.1 A variety of initiatives to ensure withdrawal, lodgement, and acceptance of cash exist

Based on input collected, workstream 2 finds that various initiatives to ensure withdrawal, lodgement, and acceptance of cash have been taken or are being taken throughout the different countries. These initiatives differ, depending on their nature, the involved stakeholders, the local needs, et cetera. However, the main distinction can be made on regulatory driven initiatives on the one hand and private initiatives on the other hand (some are in between or mixed). Initiatives exist at national, regional, and local levels.

Given the variety among countries in payment habits and financial industries, as well as the variety of initiatives, the question whether a harmonized approach regarding the availability and acceptance of cash is necessary, and if so, what this should entail, is open for discussion. In any event, listing some of the ongoing national initiatives and exchanging information between countries and stakeholders (lessons learnt) can provide useful insights. However, listing ongoing initiatives should not be viewed as an endorsement. Further analysis could be needed to determine which of these initiatives achieve their intended objectives, as their efficacy has not been assessed, and likely to vary across countries depending on their particular circumstances.

5.2.6.2 The impact of regulation on cost of access to cash

Another aspect for withdrawal services is the cost of access to cash. Some regulations attempt to reduce the cost borne by customers (e.g., by banning fees for withdrawals and deposits) in order to improve the access to and acceptance of cash. Such regulations, however, may have harmful side

⁵⁰ See EUFIN, (2020), "5 pennies will help you understand the world of finance", available at <http://eufin.org/blog/5-pennies-will-help-you-understand-the-world-of-finance> (accessed on 2 November 2021).

effects on access to cash, which should be carefully considered (e.g., banks having to cover the costs or further discontinuing cash services due to foregone profits).

5.2.6.3 *The role of CIT companies*

In some country's lodgement facilities, in addition to ATMs bank counters, are offered by CIT companies, such as 'smart safes' that can be installed at the premises of the merchant or the premises of the banks.

5.2.6.4 *Legislative and non-legislative initiatives on acceptance of cash*

For the acceptance of cash, in some countries either legislative or non-legislative initiatives are taken (e.g., retailer associations pledge to continue to accept cash payments). The Euro Legal Tender Expert Group (ELTEG) is assessing this issue.

Creating discussion forums (often chaired by the National Central Bank) may play a role for finding balanced solutions. Different stakeholders (banks, CIT companies, consumer and merchant organisations, national/regional/local authorities, et cetera) can exchange views, discuss possible alternatives, and agree on a balanced solution. Thorough analyses of the costs and benefits of the initiatives already put in place, as well as their success in achieving the intended effects, should be encouraged by all stakeholders. However, discussion forums have no formal competences and can only function well if the stakeholders involved have similar objectives. If not, other measures may be considered after discussing with relevant stakeholders (potentially graduated to legal acts).

5.2.6.5 *Other initiatives*

On ATM coverage initiatives and ATM pooling on the one hand, and cashback and cash-in-shop on the other hand, the findings are in line with the analysis of workstream 1 and workstream 4 respectively.

5.3 **Overview of obstacles regarding the acceptance of cash and initiatives aiming to ensure acceptance of cash also in the future**

5.3.1 **Introduction**

Workstream 3 was tasked to analyse the obstacles to the acceptance of cash and initiatives to improve its acceptance, i.e., how to potentially overcome these obstacles. The workstream preliminarily identified nine obstacles and included relevant questions in the questionnaire to collect the stakeholders' views on these obstacles and to deepen the analysis. Feedback received focused on obstacles, but also some initiatives to tackle these obstacles have been identified.

Apparently, the obstacles are of a different nature, ranging from behavioural ones to operational costs, from security to legal rules. Given this diversity, the order in which the obstacles are presented is not a ranking of their importance; they may be assessed differently for the single Member States and among the parties represented in the workstream.

5.3.2 **Obstacles to the acceptance of cash**

5.3.2.1 *The image of cash*

The perception seems to be growing among some consumers and retailers that cash is a payment method that is less and less appropriate for modern societies and the global economy. A growing proportion may consider cash as 'outdated', 'not cool', or even 'cumbersome', along with a perception that it lacks technological advantages and is used by 'digital illiterates' and non-participating citizens. Besides, as it allows anonymous payments, cash is also increasingly discredited as a preferred payment

instrument used for fraud or in connection with criminal activities. The perception is that cash is divergent to socially and economically less desired directions.

Additionally, there is a lack of positive recognition of the merits of cash. Governments increasingly pursue restrictions for larger cash payments to combat tax evasion, money laundering, and terrorist financing.

There is a difference between the way central banks communicate on cash and the way other providers communicate on cashless means of payment. Central banks' communication on cash often follows traditional patterns. It focuses on the transmission of factual information such as the explanation of security features and the description of relevant legal or administrative modalities. By comparison, commercial actors introduce new cashless means of payment nearly always along with an image campaign, actively presenting the product in a modern environment and linking it to positive attributes and user experience, while technical description or related risks are less pronounced, if presented at all. For many consumers, especially for those belonging to the younger age groups, this modern context plays an important role, and they relate easily with the image of the associated product.

The perception of cash is subject to change and depends – like that of any other payment instrument – on the features associated with it. While for any digital payment instrument its modernity and convenience of use ('quick and easy') outshine most of the other features today, anonymity and privacy, for example, may score higher once their importance will be recognised by the public at large. Here, the positioning of cash in the context of a positive image as safeguarding anonymity and privacy, for which various legitimate reasons exist, might have an effect on people's preference for a payment instrument.

From a retailer's point of view, however, the choice of any specific means of payment and its associated features might be secondary: as long as customer preferences are met and the underlying business is settled in an economically viable way, it does not matter in concrete what means of payment is used – it is merely a tool facilitating the sale/service.

Feedback received from various stakeholders to the questionnaire showed only little attention for the image of cash. There was neither strong reference to it as a potential obstacle to accept cash payments, nor any visible indication that the image of cash could be at risk at the current juncture. Among the few occurrences where the image of cash was mentioned in the responses to the questionnaire, the re-establishment of a connection between people and their money was identified as a positive means to increase access to cash again. The recognisability, with a view to making cashback and cash-in-shop services an attractive way of accessing cash, was also seen as a viable option for improvement.

As a learning point, future communication on cash should refer more visibly to a modern image of this means of payment, which could contribute to an increased acceptance of cash among image-affine user groups, and ultimately also on shops, restaurants, and retailers. While all parties involved could contribute to this, notably central banks' communication would need to amend this move.

5.3.2.2 Health and hygiene of coins and notes

Banknotes and coins are physical tokens that are handed over from person to person. Due to its unavoidable soiling, cash is associated with attributes such as 'dirty', 'unsanitary', or even 'contagious' in campaigns promoting electronic payment instruments, and some actors have amplified this message during the pandemic and expressed strong preference for cashless payments and encouraged consumers not to use cash.

In July 2021, the ECB published the results of comprehensive scientific research on the survivability and transfer of SARS-CoV-2 viruses via cash⁵¹. The study concludes that SARS-CoV-2 viruses mainly spread via respiratory fluids and airborne transmission, and that touching surfaces plays only a very minor role. This study is deemed to mitigate health and hygiene related concerns when using cash.

The pandemic made consumers, shops, restaurants, and other businesses to use less cash in daily payments, which is evident given the decline of cash withdrawals and lodgements at commercial banks and central banks of close to 20% in 2020⁵². To some extent, the demand for cash and its use in daily payments has recovered in 2021, but still falls well below the level before the pandemic.

From the retailers' perspective, EuroCommerce reported in its response to the questionnaire that, due to recommendations from governments and media driven concerns around the transmission of Covid-19 in the early stages of the pandemic, before cash as a driver of transmission was discounted, a significant shift from cash to card payments has taken place. Apparently, the general public followed these recommendations and made companies to indicate to customers to prefer card payments. For some merchants, though, this shift to card payments implied higher costs for payments at the point of sale, increased dependencies on the dominant non-EU card schemes, and ultimately resulted in higher prices for consumers. On balance, the cost drivers seemed to outweigh cost reductions for retailers switching to card payments (such as accelerated paying and queueing times). EuroCommerce further notes that merchants behaved differently regarding the policies to make customers pay contactless. For those that tried to impact on the payment behaviour, especially at the beginning of the pandemic, staff was for instance trained to (actively) ask customers to pay contactless or signs were posted to inform customers about the preferred payment types.

The European Vending & Coffee Service Association (EVA) notes that, irrespective of health considerations, as a general policy, this sector is continuously increasing the instalment of digital payment systems on new (or revamped) vending machines; this is part of the normal upgrading process of the vending machines fleet. During the pandemic (as many locations were closed) the industry communicated more actively on the existence of contactless payments systems in order to promote the use of these systems and to minimise the decrease of vends.

From the consumers associations' perspective, a general concern is the wide availability of cash via ATMs, a circumstance which deteriorated during the pandemic as some bank branches were closed and ATMs were not refilled (temporarily).

Banks and bank associations hold the view that the pandemic has impacted consumers behaviors and the use of cash. Also, the Bank of England⁵³ revealed that it seems unlikely that transactional demand for cash will revert fully to the levels of use seen before the pandemic.

5.3.2.3 Safety and security on consumer's and retail's sides (robberies, internal thefts, counterfeiting)

Some characteristics of cash, like the physical presentation of the value and the related supposed ownership by the holder, make cash subject to safety risks, including theft, fraud, and deceit. Additionally, when losing cash, the loss can be drastic and impactful, especially considering that the

⁵¹ See ECB Occasional Paper: Tamele, B., Zamora-Pérez, A., Litardi, C., Howes, J., Steinmann, E., and Todt, D., (2021), "Occasional Paper Series: Catch me (if you can): assessing the risk of SARS-CoV-2 transmission via euro cash", ECB, available at <https://www.ecb.europa.eu/pub/pdf/scpops/ecb.op259~33b180d450.en.pdf> (accessed 28 September 2021).

⁵² [European Central Bank, Annual report 2020, Section 6.1, available at https://www.ecb.europa.eu/pub/pdf/annrep/ar2020~4960fb81ae.en.pdf](https://www.ecb.europa.eu/pub/pdf/annrep/ar2020~4960fb81ae.en.pdf).

⁵³ Bank of England, Quarterly Bulletin 2020 Q4, Ellen Caswell, Miranda Hewkin Smith, David Learmonth, and Gareth Pearce (Notes Directorate) "Cash in the time of Covid", available at <https://www.bankofengland.co.uk/quarterly-bulletin/2020/2020-q4/cash-in-the-time-of-covid>

possibilities to get compensation are limited. It is hard to provide evidence of possession, and it is difficult to prove the concrete circumstances in which the loss has happened. Most insurance policies prevent compensation due to lack of proof. The loss can also be accompanied by violence and threat, like in cases of robberies or attacks. For retailers and/or public transportation service providers, physical safety and security could indeed be relevant reasons for preferring cashless means of payment, or at least for trying to hold only small amounts of cash stocks at their premises.

In the responses to the questionnaire, safety reasons are also mentioned by retailers as a key reason for not accepting cash payments. Inter alia, not accepting cash should avoid that staff is subject to violence (robberies, threats) in the shop, at the point of sale, as well as in back-offices when counting and handing-over cash to other organisations (i.e., CITs, seal bag-vaults). Necessary safety measurements, like safes and regular collections by CITs, are not always implemented or possible, thus increasing these risks. In most countries these safety reasons are mentioned; however, this issue is not considered as a high risk in countries where cash payments are a dominant payment method.

Another important concern is fraud, as cash is considered ‘the easiest way to commit fraud’. Fraud can happen unintentionally, e.g., due to mistakes at the checkout process, or intentionally, i.e., fraud done by staff in the processes of acceptance or handling of cash (also referred to as shrinkage). In the back-office, fraud is possible when preparing the seal bags for hand-over, individually or working together with others, inside or outside. Measures to prevent mistakes and/or fraud connected with cash handling are usually already implemented to mitigate the risk of loss. However, these protective measures may be labour-intensive and/or cost intensive.

Accepting counterfeit banknotes, fake money, or banknotes marked by intelligent banknote neutralisation systems (IBNS), with security (ink or glue), constitutes another risk of loss. Fake money should be easy to recognize, but is still mentioned as a risk, probably because cashiers do not pay enough attention at check-outs and ECB rules in combination with national laws prohibit reimbursements. NCBs generally offer training to retailers on methods to authenticate euro cash and to detect non-valid notes (counterfeits, IBNS-notes). However, it is up to retailers to decide whether to train their staff handling cash and if a two-hour training pays off, e.g., by reducing the risk to accept non-valid notes or coins. Although not 100% effective, staff training, together with ECB licensed checking devices/machines, should ensure counterfeits are recognised. Ink-stained money is in principle still legal tender, but it is strongly advised not to accept it as it is marked as stolen money. The problem is that cashiers cannot always recognise the ink traces as IBNS ink-stained notes; additionally, cash-in machines may accept such notes. [Annex 7](#) of this report contains some more background on counterfeit euro banknotes.

Although consistently mentioned in the answers given by stakeholders throughout Europe, risks of loss caused by robberies, theft, fraud, and deceit are mostly countered by traditional measures. However, these measurements are perceived as logical when cash is a predominant payment method; when cash usage declines, instead, the same actions are considered as more costly and labour-intensive. Safety is sometimes mentioned by retailers as being an obstacle for cash acceptance, but this seems to be only very locally. The underlying reasons behind this unwillingness to accept cash have been severe attacks and robberies which heavily impacted staff and made management consider measures to prevent exposing staff to such incidents.

5.3.2.4 *Costs of Accepting Cash*

The costs of cash relate to the physical character of cash. As such, cash needs to be stored and handled, and enough change must be available to give out to customers (please also refer to [section 5.3.2.5](#) below for more information on cash management as an obstacle). Administration of the stored cash needs reconciliation and authentication checking activities (counting, explaining differences, booking activities, checking) that tend to have a manual character, even with automated processes. The lower

the share of cash payments, the higher the relative costs for maintaining the infrastructure/equipment and for using cash services of CIT companies, as these are to a large extent fixed cost.

The table in [Annex 8](#) provides a general overview on the various processes in relation to cash from a retailer's perspective.

5.3.2.4.1 Cost components

The costs of cash can be classified into direct and indirect costs. Direct costs include all activities by the merchant associated with the handling of cash (e.g., counting or ordering change money), as well as costs for the depositing of cash, e.g., via a CIT company. Other direct costs concern equipment for cash handling like safes, vaults or closed cash management machines, or other machines for authenticity checks of banknotes). Indirect costs include shrinkage and other losses due to fraud.

EuroCommerce gives an overview of the specific cost components from a merchant perspective:

- Fixed costs include: cost of a safe to securely store cash; cost for a cash carrier to bank the money; and bank charges for counting and processing the credit.
- Variable costs include: staff cost of counting/till reconciliation; costs associated with back-office reconciliations; losses arising from manual handling of cash (e.g., wrong change given and fraudulent notes); and loss of interest between cash acceptance and credit on bank account.

According to EuroCommerce, the cost components with the most weight are associated with the handling (personnel costs of own staff), as well as the cash collection via CITs. The lowest cost shares are associated with AML measures and shrinkage. In general, EuroCommerce notes that merchants associate high fixed costs with cash, as handling is extensive regardless of the amount of cash and services, as contracts with CIT companies cannot be quickly adjusted according to cash volumes.

According to Western Union Agents, the highest share of costs is associated with the transportation of cash as well as with KYC/compliance processes due to stricter requirements. Insurance is also viewed as a high-cost factor, as the handling of cash leads to higher premiums. Lastly, the preparations for the deposit of cash and the counting processes are also viewed as labour intensive and thus make up a high share of the costs of cash according to Western Union Agents.

According to the responses from the German National Payment Committee, manpower and safety costs (i.e., safes) are the factors contributing most to the costs of cash.

There are some initiatives ongoing in some jurisdictions to simplify cash acceptance for merchants: for instance, some CIT companies offer to have an all-in-one point of sale solution for all types of payments. With such a service, the merchant/retailer gets a single platform for all types of payments, i.e., cash, card, and other digital options, regardless of where the transaction takes place, either in a physical store or through e-commerce.

5.3.2.4.2 Development of costs over time

Views on the development of the costs of cash differ among market participants.

EuroCommerce indicates that overall costs of cash increased in the recent past and continue to rise. This is mostly attributed to rising personnel costs: cash handling takes up a significant amount of time and constitutes an important cost driver. EuroCommerce also notes that costs of cash collecting companies are rising - it is suspected that CIT costs are rising due to increasing personnel costs on their side too. EuroCommerce also mentions that as cash volumes decrease, the CIT related costs will further rise due to a weaker bargaining power and that in some countries (e.g., Sweden) CIT and depot owner fees increased by approximately 10% p.a. It is also noted that, as consumers in society shift from cash to alternative payment methods, the overall (unit) cost of cash increases as the fixed costs remain. Furthermore, banks are increasing their costs associated with accepting (and processing) cash

from merchants. Also, bank (branches) closures restrict the locations where merchants can deposit their cash (longer travel time/distance). The problem is further aggravated by the ongoing consolidation in the CIT sector, with a lower competition between CITs leading to higher prices for retailers. In some EU countries and areas, retailers have only one option when choosing a CIT company. Also, cross-border cash collections are mostly impossible due to different national legislations, despite the establishment of an EU regulation on cross-border transportation of cash aiming at facilitating the free movement of euro cash also between Member States⁵⁴.

EuroCommerce expects that a hypothetical mandatory acceptance of cash (at physical establishments) would inevitably lead to rising costs for some retailers, which somehow will have to be passed through to consumers by means of higher prices. EuroCommerce also notes that a hypothetical mandatory acceptance of cash would give a commercial advantage to merchants that solely operate online and thus lead to a further shift from brick and mortar to e-commerce.

Collectively, these increases result in the cost of cash far exceeding the costs of other forms of payment for some merchants, ultimately resulting in the refusal to accept cash. Some merchants indicate that as cash volumes will decrease, costs will continue to increase. Thereby the theoretical transaction cost of one cash transaction will increase. This also leads back to the mentioned high fixed costs of cash.

ATMIA, by contrast, views cash management costs as quite stable, or at least expects costs to change proportionally to the cash volume; in general, no cost increases are expected. ATMIA also notes that digital payments costs increased, both their direct costs and costs in relation to capital expenditure.

5.3.2.4.3 *Costs compared to other means of payment*

The views on the costs of cash compared to other means of payments differ. EuroCommerce sees that, in general, overhead cost for cash are higher than for other means of payment like card payments. EuroCommerce also notes that the overall cost would vary by merchant sector: supermarkets and other retailers with a low average transaction value and high cash usage will most likely find cash cheaper than card payment. Other merchants with a higher average transaction value and fewer cash payments will find cash more expensive. SMEs which accept cash and who do use their own banks instead of using CIT companies will probably find cash less expensive than card payments. Unfortunately, the workstream has not received direct feedback from the SME sector so this cannot be validated.

The European Commission's 2015 'Survey on merchants' costs of processing cash and card payments'⁵⁵, showed that the cost of accepting cash was on average significantly lower than the cost of other payment methods (i.e., card payments), mainly due to the high fees associated with card payments. According to EuroCommerce, the average cost of card acceptance in Europe is now even higher than in 2015.

ATMIA notes that considering all the direct and indirect costs/capital expenditure, cash is still less expensive compared to other means of payment and it will be so for some time. For assessing costs, in addition to the explicit service costs the capital expenditure for the various appliances that must be installed on the vending machines are to be taken into account (necessary for both cash and digital payments); also, the indirect IT and administration costs are to be factored in. All these costs/capital expenditures have to be divided by the number of vends (volumes) associated with each payment

⁵⁴ See Regulation (EU) No 1214/2011 of the European Parliament and of the Council of 16 November 2011 on the professional cross-border transport of euro cash by road between euro-area Member States.

⁵⁵ European Commission, (2015), "Survey on merchants' costs of processing cash and card payments", available at https://ec.europa.eu/competition/sectors/financial_services/dgcomp_final_report_en.pdf (accessed on 18 October).

instrument. ATMIA thereby notes that with low numbers of consumptions paid with POS and Apps, the weight of the costs/capital expenditure of digital payments is in their view still much higher compared to cash.

5.3.2.5 *Logistics of cash management physically and administrative burden*

Banknotes and coins need logistics and manpower in order to get administered and deposited on bank accounts. Tasks are for example to pack the cash (in seal bags, cassettes, or vaults), managing and planning the transports (for which contracts with commercial parties are needed) and ‘unpacking’, counting, and crediting (or clearing the pre-crediting). Most activities are outsourced and expensive. If the retailer itself brings the cash to bank vaults, it is time-consuming as well and not without the risk of loss. Liabilities must be covered, which also involves handling costs and procedures for acquittance. In summary, the topics cost of cash management as well as the security aspect seem to be the most relevant when considering the logistics of cash.

When it comes to the costs of cash management, EuroCommerce mentions that cost for depositing money/ withdrawals as well as costs for change money are rising.

Managing cash inside a company also requires extra security measures to avoid employees being tempted to rob. This is also reflected in the choice of how retailers deposit cash. When considering the most important factors in the decision on how to deposit cash, EuroCommerce views price, the availability, and the security of the staff as the most important drivers, with some retailers highlighting that security of staff is the key factor in the decision-making process. Distance and opening hours are only the least important drivers according to EuroCommerce. This can be traced back to the fact that most members of EuroCommerce indicate that they contract CITs which will pick up the cash. Availability of deposit facilities as well as the security of these facilities is also considered important. According to ATMIA, the two most important factors in the choice on how to deposit cash are price and availability. Distance and opening hours, instead, are considered the least important. The European Vending and Coffee Service Association (EVA) reports that in the vending industry there are two different models: (a) the vending operator counts himself every day the cash that was collected by the fillers and brings it personally to the bank (for this depositing or lodgement service the bank can charge a fee); (b) the cash is counted, coins are rolled, put in seal bags, and collected by a CIT company. In this case, the operator does not only pay for the service of the collection, but also for the number of bags. In this latter case, a machine to roll coins (costing between €10-15k) must be acquired and its operation requires up to 2.5 hours of work per day. Finally, the cash is only credited two to three days after collection.

Cash management has always required additional manpower and logistics in companies, but it appears to have become more costly and challenging to collect and deposit cash over the last years. Availability, price, and security of staff are the most important drivers regarding the decision on how to deposit cash in retail, while availability and price are key for the ATM industry.

5.3.2.6 *Legal obstacles to acceptance and implications of the legal tender status*

5.3.2.6.1 *Unclear definition a legal tender status within the euro area*

Euro banknotes are protected as legal tender under Article 128(1) Treaty of the Functioning of the European Union. Article 128(1) TFEU states that: ‘*The banknotes issued by the European Central Bank and the national central banks shall be the only such notes to have the status of legal tender within the Union*’. The legal tender status of euro coins is granted under secondary legislation (Article 11 Regulation EC/974/98); their existence is recognised by the Treaty (Article 128(2) TFEU), but it says nothing about their legal tender status. The European Commission has issued a non-binding recommendation as to what the legal tender status means (Recommendation 2010/191/EU), covering particularly:

- Mandatory acceptance (unless other means of payment explicitly agreed).
- Legally recognised means for repaying a debt, i.e., with a discharging effect; and
- Discharging a debt at face value, with no levying of additional fees permitted (as is the case, for example, with credit cards).

Some euro area Member States have legal provisions in place that further detail the concept of legal tender. Some Member States have provisions foreseeing sanctions (fines) for payees refusing to accept cash. However, the majority of euro area Member States have no such rules in place.

In general, the responses to the survey highlight that, while cash is legal tender, the freedom of contract allows the payer and the payee to agree not to use cash. In this case, the customer should be clearly informed in advance.

In January 2021, the ECJ ruled that a Member State whose currency is the euro may, in the context of the organisation of its *public administration*, adopt a measure obliging that administration to accept payment in cash or introduce, for a reason of public interest and under certain conditions, a derogation from that obligation⁵⁶. The Court notes that the status of legal tender of euro banknotes and coins implies, in principle, an obligation to accept them. However, the ruling states that existing EU law must be interpreted as *'not precluding national legislation which excludes the possibility of discharging a statutorily imposed payment obligation in banknotes denominated in euro, provided (i) that that legislation does not have the object or effect of establishing legal rules governing the status of legal tender of such banknotes; (ii) that it does not lead, in law or in fact, to abolition of those banknotes, in particular by calling into question the possibility, as a general rule, of discharging a payment obligation in cash; (iii) that it has been adopted for reasons of public interest; (iv) that the limitation on payments in cash which the legislation entails is appropriate for attaining the public interest objective pursued; and (v) that it does not go beyond what is necessary in order to achieve that objective, in that other lawful means of discharging the payment obligation are available'*.

The judgment then elaborates on the particular case of the audio-visual tax explaining that allowing consumers the possibility of paying in cash would entail an unreasonable cost for the administration (paragraphs 72 and 73). The ECJ concludes in paragraph 76 that *'the limitation at issue in the main proceedings appears to be both appropriate and necessary in order to achieve the objective of actually recovering the radio and television license fee, in that it enables the administration to avoid having to bear an unreasonable financial burden given the cost that would be involved in the widespread establishment of a procedure that allows license fee payers to pay the radio and television license fee in cash'*.

For the future, it remains to be seen to which extent the argument of unreasonable cost for a public administration (for collection of a high amount of payments) or even for a retailer could be a derogation to any kind of mandatory acceptance.

An identified legal obstacle, however, is that counterfeit money has no value (by regulation), even if accepted by the merchant. Actually, the further attempt to use it for payments, or to deposit it, is considered a criminal offence. The responsibility of recognizing counterfeit banknotes and refusing them lies either in the acceptance process for retailers, or (for banks) to take it in and report.

⁵⁶ ECEU judgment in joined cases C-422/19 and C-423/19 *Johannes Dietrich and Norbert Häring versus Hessischer Rundfunk*, available at <https://op.europa.eu/en/publication-detail/-/publication/ac7ae972-8531-11eb-af5d-01aa75ed71a1/language-en/format-PDF/source-222104107> (accessed 28 September 2021).

5.3.2.6.2 Upper limit for cash transactions

In an attempt to combat tax evasion, money laundering, and terrorist financing, national laws set up in several European countries prohibit retailers to accept cash payment transactions above a certain amount. Thresholds differ per country, ranging from €500 (Greece) to €10.000 (Malta)⁵⁷.

The European Commission's proposal for a new Regulation on AML/CFT⁵⁸, presented on 20 July 2021, contains a provision preventing traders in goods or services from making or accepting cash payments of over EUR 10,000 for a single purchase, while allowing Member States to maintain in force lower ceilings for large cash transactions, or adopt stricter ones. The proposal is currently subject to the legislative procedure.

Some respondents to the survey pointed out that, in general, the upper cash payment limits at the EU level will have little impact on their business as cash payments concern mostly amounts below €20.

5.3.2.7 Micropayments in cash

5.3.2.7.1 Shortage of high-value coins (€1/€2) and low-value banknotes (€5)

To obtain 'change money', contracts with service providers are necessary. Small denominations notes (5€) are only rarely dispensed in ATMs. For coins, only a limited number of coin withdrawal machines (coin roll dispensers) exist in certain Member States, with limited relevance for coin supply. Obtaining change money needs planning activities for the retailers and the propositions are expensive related to the amounts concerned.

Before the introduction of the euro, the lack of small denomination was a recurrent problem in some countries. EuroCommerce notes that there have been instances where specific euro coins could not be obtained leading to distress and higher costs for retailers. However, it does not seem to be a big issue for the time being for the euro.

5.3.2.7.2 Difficulties with handling 1-2 cents

In some countries 1 and 2 eurocent coins are not used for exchange money (they can be used for payments, but this happens seldom). Rounding rules are used and those rules are accepted broadly. Where those coins are used, they augment the 'change money' problem (obtaining them, storing them, and handing them over manually (mostly to customers, but for deposits as well)).

A majority of the 13 National Payment Councils who answered to the questionnaire view 1 and 2 cent coins as unnecessary in line with the factual summary report on public consultation on uniform rounding rules for cash payments⁵⁹ published by the European Commission in May 2021.

The factual summary report of the open public consultation on rounding rules (to which 17,033 answers were provided) shows that 72% of respondents do not find 1 and two 2 cent coins useful and 71% consider that rounding rules to the nearest 5 euro cents should be introduced. A majority of respondents consider that rounding rules should be mandatory (71%) and harmonised in the euro area (77%).

⁵⁷ Current overview on national limits can be found at the following link: <https://www.europe-consommateurs.eu/en/shopping-internet/cash-payment-limitations.html#:~:text=Since%20January%201st%202016%2C%20cash,is%20at%20least%20%E2%82%AC15%2C000> (accessed on 18 October 2021).

⁵⁸ European Commission, (2021), "Banking and financial services", available at https://ec.europa.eu/finance/docs/law/210720-proposal-aml-cft_en.pdf (accessed 28 September 2021).

⁵⁹ European Commission, (2021), "Factual summary report on the public consultation on uniform rounding rules for cash payments – May 2021", available at https://ec.europa.eu/info/sites/default/files/economy-finance/opc_rounding_rules-factual_summary.pdf (accessed on 18 October 2021).

As part of the consultation, a Eurobarometer survey yielded some 17,700 responses from the 19 euro area Member States in March 2021. The survey showed that 67% of the public is in favour of abolishing 1 and 2 euro cent coins through mandatory rounding (up or down) of the final sum of purchases to the nearest five cents. There is majority support for this in all 19 euro area Member States.

13 National Payment Committees and one stakeholder (EuroCommerce) answered to the question of the working group's questionnaire on stakeholders' view on the use of 1 and 2 euro cent coins. Overall, no concrete arguments were given on the concrete reasons to maintain them. Should there be an abolishment of 1 and 2 cent coins, EuroCommerce calls for harmonised rounding rules for cash payments in the euro area. However, it is important to note that only selected stakeholders were surveyed (e.g., SMEs and governmental market actors were not consulted on the 1 and 2 euro cent topic).

5.3.3 Key findings

The key findings of the workstream are summarised below. It should be noted that the factors below may be assessed differently by different stakeholders and are therefore not listed in order of their importance.

5.3.3.1 *No single major obstacle per se*

All in all, there seems to be no single major obstacle *per se* to the acceptance of cash by retailers and other businesses. However, this finding is based on the pre-requisite that a certain 'minimum level' of cash infrastructure and cash services by commercial banks and other actors in the cash industry exist which support the efficient use of cash by merchants.

5.3.3.2 *Factors that influence retailers' decision on whether to accept cash*

As the stakeholder survey has confirmed, there are several factors that may influence retailers' business decisions whether or not to accept cash, taking also into account customers' preferences and payment habits. These factors include:

- In general, various logistical and other cash handling related processes are needed to convert physical money into bank deposits. This may be seen as a competitive disadvantage, or inconvenience, of cash compared to electronic means of payments. Most of these activities are outsourced by retailers and are deemed costly. This issue may intensify in parallel to the possible future decline in the use of cash, as the cost of many of these processes are fixed or semi-fixed by nature.
- Security and safety: some characteristics of cash, like its intrinsic value, makes cash subject to theft, fraud, and deceit and creates safety risks. Safety reasons are mentioned as a reason for not accepting cash payments in order to avoid that staff could be subject to violence (robberies, threats), both in the shop in the acceptance process, as well as in the back-offices when counting and handing-over cash to other organisations.
- Cost of handling cash: cash needs to be counted, authenticated, reconciled, and stored. Change money needs to be planned and made available at the point of sale. These activities continue to have predominantly a manual character, even if partly supported (or even substituted) by automated processes. The currently observed trend to lower cash usage for payments will not lead to a proportional decrease of the cash handling costs due to the comparably high proportion of fixed costs. Thereby, the declining use of cash will lead to higher unit costs of cash payments. Cash management has always required additional manpower and logistics in companies. However, it appears that cash management has

become more costly and challenging over the last years, especially CIT outsourcing of services for collecting and depositing cash.

5.3.3.3 *Lack of clarity on the concept of legal tender*

From a consumers' perspective, the lack of clarity about what the legal tender concept implies when paying in cash, is also seen as relevant in this context. The debate is about mandatory acceptance and freedom of contract.

5.3.3.4 *The cost of cash compared to other means of payment*

Additionally, there is no clear view on how the cost of cash compares to other payment methods. The workstream has been unable to conclude on this point due to the lack of recent pan-European studies on this topic. Retailers seem to be willing to accept cash as long as customers demand to pay with cash and cash acceptance and handling can be provided in an economically viable manner.

5.4 **Overview and evaluation of alternative ways where other actors (e.g., retailers, post offices) could offer services to provide access to cash (i.e., cashback, cash-in-shop etc.), including possible obstacles hindering such cash services**

5.4.1 **General issues**

Next to bank branches, post offices, and ATMs, the most common alternative ways to access cash seem to be 'cashback' (CB) and 'cash-in-shop' (CIS), two channels involving also other actors (e.g., retailers, fintech companies, etc.). Cash-back and cash-in-shop are services where customers withdraw cash at retailers are established in several euro area countries as complementary channels of cash supply. Some of the cash-in-shop schemes also offer cash deposits on customers bank accounts and initiation of cash transfers to pay bills. The main advantage of these solutions is that they add a potentially broad network of cash access points at locations where there already is commercial activity. Hence, they bring together cash supply and demand and potentially reduce the need for cash transport.

The term 'cashback' is reported as creating confusion among consumers because it is also used in some countries to refer to:

- Rebates offered by some merchants or producers to consumers fulfilling some conditions such as providing their contact details.
- Rewards offered by some card schemes as financial incentives to encourage consumers to pay cashless.
- Financial incentives offered by public authorities for instance to encourage consumers to use digital payments means instead of cash.

Although these three use cases are very different, they are all called 'cashback' by their promoters despite none of them are actually dealing with cash. While both CB and CIS are mentioned in the PSD2, they are treated differently in terms of legal requirements: although CB is recognised as a way consumers can access cash upon request at the till when making a purchase, it is not considered a payment service pursuant to Article 3(e) PSD2. On the opposite, CIS does fall under the scope of PSD2 and therefore CIS service providers must have a PSP licence or act on behalf and under the responsibility of a PSP. Therefore, as long as the current EU legal framework is in force, there will be a need to have distinct terms for the abovementioned activities.

In order to ensure customers and market players fully understand the difference between CB and CIS, WS4 supports the suggestion of using full and simplified definitions for CB and CIS as proposed by

the Eurosystem. It is noted that the full definitions should be used for technical and legal considerations in the future by experts in the field of cash services and the simplified definitions are better suited for the general public, a conduct of public surveys, service providers and the retail environment.

WS4 members suggest supporting these definitions:

- **Proposed *full* definition for cashback:** The provisioning of cash offered at a retailer's checkout by using a point-of-sale terminal, which is debited to the customer's account, in conjunction with a purchase of goods or services, and which is executed as part of the payment transaction.
- **Proposed *simplified* definition for cashback:** A cash withdrawal at the retailer's checkout which is debited to the customer's account and is made in conjunction with a purchase of goods or services.
- **Proposed *full* definition for cash-in-shop:** A cash withdrawal, or a cash deposit, which is offered by a retailer on behalf of a payment service provider without being linked to a purchase of goods or services, which is settled through the customer's account and which is considered a payment service pursuant to the Payment Services Directive.
- **Proposed *simplified* definition for cash-in-shop:** A cash withdrawal or deposit at the retailer's checkout which is settled through the customer's account and is not being linked to a purchase of goods or services.

5.4.2 Legal framework for cashback and cash-in-shop

5.4.2.1 Legal framework applicable in the euro area

As mentioned above, while in principle cashback and cash-in-shop may appear similar, they differ from a legal perspective. This section explains the main differences between cashback and cash-in-shop when considering three different legal acts:

5.4.2.1.1 The revised Payment Service Directive ('PSD2')

Pursuant to the PSD2, cashback is not a payment service: it is rather regarded as 'extended' change handed over to customers. Indeed, Article 3(e) of the PSD2 provides that the rules set therein do not apply to cashback, i.e., the '*services where cash is provided by the payee to the payer as part of a payment transaction following an explicit request by the payment service user just before the execution of the payment transaction through a payment for the purchase of goods or services*'.

On the contrary, cash-in-shop is subject to the PSD2 requirements. The reason is that cash-in-shop is a service enabling cash to be deposited in or to be withdrawn from a payment account, which is considered a payment service by the PSD2. This entails, *inter alia*, the execution of a payment transaction under the PSD2, since 'payment transaction' means 'an act (...) of placing, transferring, or withdrawing funds' (Article 4(1)(5) PSD2).

To some extent, the rules laid down by the PSD2 may be relevant also for the retailers as far as cash-in-shop service is concerned. In particular, it could be qualified as an agent of the Payment Service Providers, i.e., '*a natural or legal person who acts on behalf of a payment institution in providing payment services*'. Hence, either a PSP or its agent (retailer) have to meet the requirements set out in the PSD2.

5.4.2.1.2 *Council Regulation (EC) No 1338/2001 of the 28 June laying down measures necessary for the protection of the euro against counterfeiting ('EC Regulation') and ECB decision 2010/14 of 16 September 2010 on the authenticity and fitness checking and recirculation of euro banknotes ('ECB Decision')*

In a simplified way for the purpose of this overview, on the one hand, the EC Regulation sets out the parties obliged to check the authenticity and fitness of euro banknotes; on the other hand, the ECB Decision further specifies how the authenticity and fitness checking shall be carried out.

In particular, the EC Regulation states in Article 6 that 'Credit institutions, and, within the limits of their payment activity, other payment service providers, and *any other institutions engaged in the processing and distribution to the public of notes and coins*, including:

- establishments whose activity consists in exchanging notes and coins of different currencies, such as bureaux de change,
- transporters of funds,
- other economic agents such as traders and casinos engaged on a secondary basis in the processing and distribution to the public of notes via automated teller machines (cash dispensers), within the limit of these secondary activities, shall be obliged to ensure that euro notes and coins which they have received and which they intend to put back into circulation are checked for authenticity and that counterfeits are detected.'

The ECB decision sets out, *inter alia*, rules applicable when recirculating banknotes received from the public back to the cash cycle, in both a manual and automated way. Article 3 of the ECB Decision stipulates that '*The authenticity and fitness checking shall be carried out either by a type of banknote handling machine successfully tested by an NCB, or manually by a trained staff member*'.

Currently, cashback does not fall under the scope of EC Regulation nor under that of the ECB Decision. The reasons are essentially the same that determine its exemption from the PSD2 application⁶⁰, i.e., as part of an (extended) change, it is not considered a recirculation/cash distribution activity. Regarding cash-in-shop services, banknotes distributed via the retailer need to be processed in line with ECB Decision, for credit institutions/PSPs cannot discharge itself of its obligations by merely outsourcing the cash handling part of its service to the retailer. Decision ECB 2010/14 provides that in case of engagement of two or more cash handlers in the recirculation of the same euro banknotes, the one responsible for the authenticity and fitness checking of these banknotes shall be designated under the national regulations (or, in their absence, in contractual arrangements between the relevant cash handlers).

For this purpose, a retailer may be qualified as an 'agent' acting on behalf of the PSP or a 'cash handler' independently of the PSP, depending on the actual activity of the retailer and possibly also on the bilateral arrangements between the two parties. In the former case, a PSP must ensure that the retailer properly executes the banknote authenticity and fitness checking, as well as the counterfeit detection. In this regard, the PSP must instruct the retailer on the correct handling of banknotes, as well as adopt an adequate procedure to monitor its activity. In the latter case, the retailer should also meet all the requirements laid down by the regulatory framework and comply with all the obligations set forth therewith.

For manual authenticity and fitness checking of banknotes, retailers' staff (i.e., cashiers) must be trained to reliably detect and withdraw suspect and worn-out banknotes from circulation. Retailer

⁶⁰ It should be noted that exemptions from the PSD2 do not automatically set similar exemptions from the provisions of the EC Regulation or the ECB Decision.

associations note that the costs of cash recirculating machines are considered high by the retailers, making it impossible for merchants to place them at every till. They also note that this is a time-consuming task, and transaction times at the till do not allow the retailers' staff to check every banknote with a machine.

In the analysis so far, we considered both cashback and cash-in-shop as provided in an attended way (i.e., via a cashier at retailers' premises). The legal framework is not explicit as to the applicability of the ECB Decision if cashback is provided in an unattended way (i.e., through automated systems such as SCoTs, Cash Out machines, etc).

5.4.2.2 *National legal frameworks*

In most euro area countries, there is not a specific additional national legal framework governing cashback. France defined specific cashback related measures in the Monetary and Financial Code (CMF) which have been further specified in ministerial rulings and decrees (maximum 60€ for CB and minimum 1€ for the associated purchase). Cashback may be organised through private agreements, restricted to card holders of specific schemes/banks and only available in some shops. At the same time, agreements between retailers and PSPs may define minimum purchase required, minimal withdrawn amount to be eligible for cashback and a maximum cashback limit.

Although cash-in-shop services fall in general under the PSD2, national legislation may restrict the way cash-in-shop is offered across the euro area. In Belgium, for instance, the national Law on private security (Wet Private Veiligheid) seems to prevent the deployment of cash-in-shop (as well as ATM in shop) because it allows cash to be handled only by a CIT. In France, only the PSP's own customers can currently use the cash-in-shop services provided by the retailer. Also limits to cash-in-shop vary across the euro area. As a general rule, the upper limit observed in the euro area for cash-in-shop is below EUR 1,000.

5.4.3 **Alternative ways where other actors could offer services to provide access to cash**

5.4.3.1 *Cashback and Cash-in-Shop turnover and data availability*

Based on the information collected via the questionnaire, it is currently not possible to provide an aggregate number/value of cashback/cash-in-shop transactions in the euro area.

5.4.3.1.1 *Availability and volume*

Cashback and Cash-in-Shop only play a minor role in terms of access to cash. For instance, in Germany, a panel of 403 companies from the EHI Retail Institute⁶¹ found that in 2020 only 2,8% of the cash that was received by the merchants in the study was handed out again via cashback; it also found that the average CB amount in that study was 96,49 Euro. More generally, merchants consider that total cash distributed via cashback is such a low percentage of the total cash received as payments at POS, that it is not possible for the moment to observe significant trends in CB volume.

Based on the limited available data, NCBs estimate that CB turnover only reaches 1 – 3% of the POS transactions, and CIS turnover is even much less compared to the ATM withdrawals.

According to banks, quantifying the number and value of cash offered via these services is virtually impossible, although some countries have data confirming that their volume is less than 2% compared to overall ATM withdrawals. The CB figures are in particular rough estimates because data is not collected in a systematic way and, according to banks, in most cases it is not possible for the retailer's

⁶¹ Holtman, U., (2021), "Bezahlen im Handel – Starker Einfluss von Online-Payment", EHI Retail Institute/ Bezahlen im Handel – Starker Einfluss von Online-Payment, available at <https://www.ehi.org/de/pressemitteilungen/bezahlen-im-handel-starker-einfluss-von-online-payment/> (accessed on 21 September 2021).

POS system/software to automatically distinguish between a purchase and cashback amounts at checkout. According to EuroCommerce, it is usually possible to distinguish the purchase from the cashback amount in the retailer's own accounting systems. Acquirers are usually not able to distinguish between the two amounts. According to most card schemes, it might be technically possible to automatically distinguish between a purchase and cashback amounts at the till, but further investments would be required by all parties/stakeholders. Our stock taking exercise finds that currently among the 13 respondents, a majority of schemes transmits lump-sum amounts, while only a minority transmit separate amounts. Usually, retailers and banks – although the latter to a minor extent – are the responsible party to promote the availability of cashback. This is generally done via a sticker on the shop window, but the concrete means may also depend on country-specific characteristics.

5.4.3.1.2 Reasons for offering CB and CIS

The provision of cashback and cash-in-shop is primarily an individual business policy decision of retailers (in conjunction with a credit institution). Such a decision entails an ex-ante analysis of pros and cons of the offering of the service. Although cash provision via cashback and cash-in-shop channels involves several stakeholders (e.g., retailers, credit institutions, and card schemes), it is usually the retailer which ensures a proper cash handling.

The tables below illustrate the main reasons for cashback and cash-in-shop provision from a different stakeholders' perspective. The first table recap the reason for merchants in offering these services: while different stakeholders provided replies, answers provided by retailers themselves should be given more weight in assessing such reasons. The second table illustrates the reasons put forward by PSPs for offering such services.

Reason for offering cashback and cash-in-shop by merchants.

	Competition among retailers	Attraction of (new) customers and their retention	Additional cash access points (service) especially in the rural areas	Shortening the cash cycle with less cash transports/rec onciliation needed at the end of the day	Reduction of risks linked with storing cash	Remuneration for cash-in-shop (and potentially cashback) provision for retailers/more
EuroCommerce	X	X	X			
Credit institutions/ PSPs		X	X	X	X	X
Fintech companies	X	X	X	X	X	X

Reason for offering cashback and cash-in-shop by PSPs.

	Competition among retailers	Attraction of (new) customers and their retention	Additional cash access points (service) especially in the rural areas	Shortening the cash cycle with less cash transports/rec onciliation needed at the end of the day	Reduction of risks linked with storing cash	Remuneration for cash-in-shop (and potentially cashback) provision for retailers/more
PSPs		X	X	X	X	X

5.4.3.1.3 Fees for CB

CB fees are in most countries comparable to the card fees a merchant must pay for a POS card transaction, with some exceptions. For a card transaction, the merchant pays a Merchant Service Charge (MSC) to the acquiring bank. This MSC can be composed of up to four standard components (these can be percentages on the transaction volume, flat absolute fees per transaction, or a combination of the two):

- The interchange fee (IF), paid by the acquiring bank to the issuing bank. According to Visa and Mastercard the IF only applies to the purchase amount and not to the cashback amount. However, in cases where the two banks involved are not always aware of the CB amount, the IF is applied on the full amount of the transaction.
- The scheme fee, paid by the acquiring bank to the scheme.
- The margin of the acquiring bank, which is negotiated between the acquiring bank and the merchant, and therefore can be different between merchants.
- The processing fee, which is paid to the processor.

As the IF represents roughly 80% of the MSC, it is interesting to look at the different responses to Q70 collected by the WG. Besides the European Association of domestic schemes, 13 schemes have provided an answer. Of these, five are international schemes, and eight are domestic schemes. Only five respondents (Visa, MasterCard, Bank Axept-Vipps, Bancomat, and Girocard) are able to distinguish between the purchase amount and the CB amount. This does not mean that distinguishing the CB amount is not possible for the others, but it means that the IF is paid on the full amount of the transaction. WS4 finds especially interesting the answer provided by the Belgian scheme Bancontact Payconiq: 'No distinction; too much effort, no benefit'. Yet, this circumstance does not prevent the development of CB in Belgium, as the MSC is a fixed amount (5,6 cents), not related to the amount of the transaction. Among the five schemes able to distinguish the CB amount, only Bank Axept-Vipps indicates that there is no interchange fee, while Visa reports there is a fee paid by the issuing bank to the acquiring bank (this fee is also called reverse interchange fee, as for ATMs). Credit institution report that also the Polish and the Latvian national schemes distinguish between the two amounts.

5.4.3.1.4 Fees for CIS

Basically, Cash in Shop is the equivalent to a cash withdrawal at an ATM or at the branch of the bank. Therefore, card schemes do not make any difference between the 3 categories: a reverse interchange fee is paid by the issuing bank to the acquiring bank (the bank who has the agent contract with the retailer for the CIS). A peculiar situation is highlighted in France, where the CIS bank can offer the service only to its own cardholders.

On the other hand, there is no clarity as to the remuneration of the retailer in case of CIS: how the retailer is remunerated, and which part of the reverse interchange fee is attributed to the retailer differ widely in the EU. In several answers to our questionnaire, it is indicated that there are specific rules in many countries. Also, the rules regarding fees for the cardholder are different. In some countries the service is free of charge for the end-users, while in other countries the consumer pays a fee directly to the retailer. In other countries the consumer pays directly to the issuing bank (as for a withdrawal at the branch) and/or the retailer is remunerated by the acquiring bank.

There are also cash-in-shop schemes that operate without cards (e.g., via direct debit, cheques, e-money wallet, mobile apps, etc.). Currently these only have a small market share. In those schemes merchants and PSP receive a fee per transaction from the customer's bank.

5.4.3.1.5 *Expected evolution of cashback and cash-in-shop in the near future*

Overall, despite cashback services still not being very common in many parts of Europe (probably because of the high density of ATMs in many countries, at least in urban areas and large cities), the expectation is that consumer demand will drive cashback and cash-in-shop to increase their market penetration and become more common in the future.

Retailers' view. EuroCommerce members' views differ on the future evolution of cashback and cash-in-shop. On the one hand, some feel that less cash use by customers will necessarily lead to a decreased demand for CB. On the other hand, others feel that if merchants become an integral part of the cash infrastructure, transactions cannot be priced similar to card transactions.

The decision to offer CB or CIS needs to stay in hand of the merchant, as it is a business decision. Reverse interchange models can encourage retailers to offer the service. Otherwise, retailers have to consider the higher costs associated with the service, including staff training and increasing time at till for customers. According to EuroCommerce, if merchants decide to offer CB/CIS as a way to maintain cash services to the public, they should be compensated accordingly to make it economically sustainable for them, as these services entail additional costs and security risks.

Card schemes. Some card schemes believe that in the future the increase of contactless payments will have a significant impact on the demand of cash with diminishing demand for related services. On the other hand, other schemes believe both cashback and cash-in-shop will increase with the demise of ATMs.

Fintech companies. Fintech companies believe CB and CIS will grow in the next years, mainly due to increasing costs and risks of holding high amounts of cash. As to their evolution, respondents consider the inclusion of mobile devices owned by consumers processing dedicated apps of new PSPs into this ecosystem. Fintech companies could create dedicated networks of registered consumers and acceptance points (which will finally execute the cash withdrawal) in order to thereby coordinate the money flow.

5.4.3.2 *Other alternative ways*

Some alternative ways (other than CB and CIS) are developing but no data was received on the number and value of cash involved. Such examples include:

5.4.3.2.1 *Specific role of Post offices*

In many countries, the post office network represents a traditional chain of outlets where cash payment or deposit is widely accepted, and cash withdrawal services are available. These nation-wide networks are linked to the universal postal service provider, which, in all EU countries, is the incumbent national postal company. But, also traditionally, the profiles of the post offices – operated by either the postal company itself or subcontractors – can be different from country to country due to different market development or diverse public missions.

These postal companies' relation to cash services may vary greatly. Several universal postal service providers do not provide any payment/financial services. While in some cases the postal company's business model does not leave room for cash related services, in other countries payment or financial services are an important part of the post's operation and meet basic expectation of their customers, where it is a most common habit to withdraw or deposit in the post offices (for more details, see [subsection 5.1.3](#) above). In some countries the designated universal service provider's licence is attached to the obligation of the provision of postal payment services. It is also a widespread model where the national post has a long-lasting cooperation with a bank. Since the efficiency of the service is in many cases questionable in rural areas, there are countries where the provision of cash-related services in rural areas is part of the postal company's public economic interest mission. For example,

in Finland, Slovenia, and the UK there are private bank-post office arrangements which enable customers to ask their bank to send cash for them to pick up at the Post office closest to their residence ('Payout Now' and 'Fast PACE' services). In Spain, the national postal services provider, Correos, signed an agreement with financial institutions to act as cash supplier in rural areas: the service is called Correos Cash and also offers Cash home delivery.

WS4 welcomes any initiative to further widen the provision of cash withdrawal and lodgement facilities, especially in rural areas. Indeed, post offices, depending on the national situation, may also play an important role in access to cash given their balanced geographical presence in most of the euro area countries. Post offices might in certain areas need to be incentivised to offer these services (e.g., by receiving reverse interchange fees for cash withdrawal or other cost-recovery models). At the same time, cash provision through post offices are seen as complementary to the cash provision via bank branches and ATM networks

5.4.3.2.2 *Mobile bank branches with cash withdrawal facilities*

In order to offer a minimum of banking services to their customers, some banks in Germany, France, and Spain are rediscovering past initiatives, such as setting up mobile bank branches⁶². In Germany, the Sparkasse of Kulmbach and Kronach (north-eastern Bavaria) set up a banking truck to replace several closed branches. In Spain, the 'Ofibus', the name given to the moving branch of Bankia (banking conglomerate composed of seven local saving banks), is touring several provinces and stops once a month in villages (although the frequency is not enough according to consumers), while Unicaja Banco's mobile branches cover 353 municipalities with fewer than 1,000 inhabitants in Castilla y León and Extremadura. In France, Crédit Agricole, which was originally a cooperative bank serving the agricultural world, has launched a fleet of mobile branches in the countryside over the last ten years, particularly in Auvergne, Lozère, Aquitaine (Landes, Gascogne), the Centre region and Alsace. The hours of presence in each village are based on local market hours.

5.4.4 **Description of possible obstacles hindering such cash services**

CB offer depends on cash availability at the till and on the good will of the retailer, as well as on other factors such as costs involved for the merchant. For example, consumers report that retailers often refuse to offer CB with credit cards because they have to pay fees which are calculated on the total amount of the transaction. According to EuroCommerce, CB fees paid by merchants are in most countries comparable to the card fees they pay for a POS card transaction.

WS4 finds that the main factors hindering the development of CB and CIS are the following:

- Despite in some countries merchants being compensated by banks for offering CIS services, or fees being negotiated bilaterally, in some cases high fees lead to a negative business case for many merchants.
- Security concerns and training of the staff.
- Provision of ATM either in or outside close to the store, making it unnecessary to provide CB or CIS.
- Low customer demand.
- Some issuing banks/card schemes do not allow CB/CIS withdrawals.

⁶² Financité, (2020), "Agences bancaires itinérantes: une solution aux agences en dur?", available at https://www.financite.be/sites/default/files/references/files/banque_itinerante_-_af_-_juillet_2020.pdf (accessed on 21 September 2021).

- Merchant discretion (to avoid long queues at till, or shortage of cash in their till⁶³, security concerns).
- Restrictive national legal framework (e.g., in some countries CIS services can be offered only when customers and merchants have the same bank).

5.4.5 Key findings and identified gaps

5.4.5.1 *Cashback and Cash-in-Shop are not well known among consumers and retailers*

There seems to be a need for financial education and literacy to build trust among consumers, in particular those who could benefit most from such alternative ways to access cash. Yet there is no educational tool on alternative ways to access cash, to support national/private financial literacy initiatives.

5.4.5.2 *CB and CIS are scaling up very slowly*

Currently cashback and cash-in-shop schemes cover only a small amount of cash withdrawals and an even lower amount of cash deposits. While in some countries cashback withdrawals (which must always be combined with a purchase of goods) are free for customers, they almost always have to pay a fee for cash-in-shop transactions. Another drawback is that some innovative cash-in-shop solutions, e.g., via proprietary or bank applications, are based on the use of mobile phones. As these innovative solutions mostly target consumers that already have payment choices, the impression is that it should not be considered as appropriate methods for ensuring cash access to vulnerable groups. Finally, it should be noted that alternative options such as cash-back and cash-in-shop could further reduce the ATM and bank branch network.

While agreeing that CB and CIS should only play a complementary role to efficient, affordable, and inclusive ATM/branches networks, WS4 would find it useful to explore whether the definitions and/or requirements applicable to CB and CIS would need to be reviewed in the process of the PSD2 review. The aim would be to facilitate the scaling up of these alternative ways, inter alia by reviewing the rules applicable to CIS and CB, while ensuring that cashback remains excluded from the scope of possible future regulation (amending Article 3(e) PSD2) and retailers are not requested to have a PSP licence.

5.4.5.3 *Managing cash in till to cope with consumers' cash demand through CB and CIS can be challenging for retailers*

New ideas on how to manage cash availability in stores are needed in rural areas, where small shop owners have quite a limited amount of cash and cannot always cover the withdrawal demand, especially as the payments in cash are decreasing. If CB volumes considerably increase in the future, all retailers could run into distress as this could entail the need to order and plan extra cash for CB. This would also mean adding a new process that would need to be handled by store personnel and increase the overall costs for CB for the retailer, thus leading to a worse business case.

5.4.5.4 *There are only limited other alternative ways to prevent cash supply deficits in particular in rural areas*

Solutions should be further explored on the role of post offices in offering cash withdrawal and lodgement facilities not only for the customers of the parent bank (usually Post Bank). This is especially important in rural areas without any bank branch/ATM. It should also be highlighted that for relevant stakeholders (notably, post offices) offering cash services in less populated and rural areas could represent a loss making activity. At the same time, additional initiatives should be further explored

⁶³ For instance, according to responses collected by the WG, an analysis on cashback potential in Latvian rural areas and concluded that local shop owners cannot ensure the equivalent amount of money that is taken out via ATMs.

and, if proven to be successful, promoted by the relevant (local) authorities. This includes bank hubs (i.e., a shared branch which is used by different CIs at defined days), mobile ATMs, bus bank branch, and cash delivery. WS4 suggests exploring measures needed to increase the overall number of cash access points in case the shrinkage of the ATM/bank branch network is too high and, at the same time, the penetration of cashback and cash-in-shop will proceed very slowly or not at all.

5.4.5.5 *There is confusion around the term ‘cashback’*

The term ‘cashback’ is already widely used at the national level by credit institutions, retailers, and the Eurosystem, and may be used even more in the future if the proliferation of these services continues. Since the Eurosystem has just proposed new full and simplified definitions for CB, the ERPB may consider alerting its members – in particular retailers, card schemes, and other relevant stakeholders – of the new full and simplified definitions of CB and recommend them to encourage their respective members to use different, more appropriate terms when referring to the financial incentives they offer to their customers/citizens (e.g. moneyback, rebate, money bonus, financial incentive), as they are normally carried out in a cashless way and as such should not contain the word ‘cash’. Then, during the review of the PSD2, the current confusion around the use of the term cashback could be further analysed, and, if still prevalent, the pros and cons of possible solutions to address this confusion under possible future regulation could be explored (for example, ‘Cash at Till’ is used in some non-EU countries⁶⁴ to refer to the process of provision of cash as currently called ‘cashback’ in Article 3(e) PSD2, but may be confused with ‘Cash-in-Tills’ used to refer to the amount of change available in the tills, creating a new source of confusion).

5.4.5.6 *It is not always possible for consumers to know how much cash they withdrew through CB on their payment statement*

To improve transparency for consumers, it would be useful to explore the feasibility of requesting that, in addition to the total amount of the payment transaction, the payment statement should display the amount related to the purchase of goods/services and the amount of cash requested by the customer at the till (cashback). EuroCommerce supports the call for more transparency. Distinguishing cashback from a purchase should be possible in all systems. But for the time being the provision of this information in payment statements is not possible for most payment schemes.

This suggestion would build on the work already done by the ERPB WG on transparency for retail payments end-users⁶⁵ and would require that the information sent to the acquiring PSP include also the amounts related to the two parts of the transaction (purchase and cash withdrawal at the till). This information is currently often missing on consumers’ payment statements. According to fintech companies, this would not require so much IT development, with some scheme protocols already doing so: Visa and Mastercard, as well as some domestic schemes, already separate the two amounts. However, banks’ analysis finds the implementation to be costly.

5.4.5.7 *Retailers struggle to find a business case in offering CB*

WS4 would like to suggest examining the feasibility to make the CB offering financially incentivised towards retailers. One first aspect would be no fee paid by the merchant on the CB amount. A second step could be that merchants receive a reverse interchange fee (so that retailers receive the fees and card issuers pay them). This may require extensive and not easy discussions with the PSPs/card

⁶⁴ First National Bank Namibia, (2019), “FNB Cash at Till”, available at <https://www.youtube.com/watch?v=IZXpWr5XSBI> (accessed on 21 September 2021).

⁶⁵ ERPB, (2021), “Report from the ERPB working group on transparency for retail payment end-users”, available at https://www.ecb.europa.eu/paym/groups/erpb/shared/pdf/15th-ERPBM-meeting/Final_report_of_the_ERPB_working_group_on_transparency_for_retail_payments_end_users.pdf?e53826e577a16eced647ffe382578861 (accessed on 21 September 2021).

schemes and at the same time, may require changes in the national card framework to be successful. According to the card scheme questionnaire results, (reverse) interchange fees may be applied in a desired way (e.g., there is a reverse interchange fee in Austria already now). However, it would require a separation of cashback from the purchase amount. At the same time, some respondents to the questionnaire report it may be difficult to make a split between a 'normal' interchange fee in the country and a 'reverse' interchange fee in rural areas, as the latter may be difficult to define and regulate. On the other hand, fintech companies believe it could be conceivable with an appropriate scheme fee cost basis specifically for smaller merchants in rural areas while others argue that the reverse interchange model is not possible. Some NCBs consider that national (if not European) solutions would be preferred. Further work is needed to explore the feasibility and usefulness of introducing reverse interchange fees for CB.

5.4.5.8 *CIS is not attractive for all relevant stakeholders*

Banks believe that in cases where CIS offered by banks is open to clients of other banks, the fee from the issuer's bank paid to the acquirer (merchant) bank may be a solution to encourage merchants. The majority of banks' respondents consider a reverse interchange fee quite complicated to implement for it may require a legislative change in some countries. Additionally, if introduced it would apply to all merchants, as differentiation based on regions is technically not possible. The feasibility should also be assessed with card schemes.

Several issues may need to be further analysed – ranging from the pricing of the service to the accessibility by that part of the population that is not using cards or mobile phones – for a thorough assessment of the potential role of these services in the cash supply.

5.4.5.9 *The future of CB and CIS is unclear*

Due to the lack of reliable data on the number and value of cashback operations, it may not be possible to oversee the evolution of cashback services and steer them towards desired levels, i.e., higher than its marginal use now. The reporting of cashback should preferably be done by PSPs, although adaptation of software/POS terminals may be necessary and entail costs. Banks do not expect any major changes in the future, as cash usage keeps decreasing. Incentives, as well as further clarity in the legal framework, may be required to make CIS more successful. In the long run, also considering the project of issuing a digital euro, the reduced need for cash due to changes in payments habits may lead to a definitive decline of CB and CIS. To avoid this, at least in the short term, institution could raise awareness, revise the fiscal treatment, and allow private access points (CIS offered by banks).

6 Working Group Key Findings and Identified Gaps

During phase 3 (September – October), the working group considered the four workstream reports presented in the previous section and developed the following overall key findings and identified gaps where more work may be needed, as requested in the working group mandate.

The working group found that, despite the increase in the use of digital payment means, access to cash continues to be broadly ensured in the euro area mainly via traditional cash access points. These are ATM and branch networks of credit institutions. From the input received via questionnaires⁶⁶, it

⁶⁶ SMEs as the ERP/2021/015 members were invited to participate in the ERP/2021/015 WG and to fill in the related questionnaire. However, no input was received. The working group acknowledges that the missing input from SMEs (i.e., the views of small retailers and self-entrepreneurs) does not warrant the widest possible analysis and interpretation on some key issues of access and acceptance of cash, such as withdrawal and lodgement facilities for coins if not provided by CIT/CMC companies (which is usually the case for SMEs), acceptance of cash, and cashback deployment in small rural retail shops. Therefore, the outcome of the Working Group as far as cash, and in particular cash withdrawal and deposit facilities, is concerned must be treated with caution and this matter may deserve further input from small retailers.

appears that merchants in general accept cash, since it is legal tender and a reliable means of payment, provided that adequate cash infrastructure exists to ensure cash lodgement and withdrawal within reasonable distance, time, and costs. However, the outcome of the working group as far as cash withdrawal and deposit facilities, is concerned must be treated with caution and this matter would deserve further input from small retailers.

In cases where the traditional cash access network is shrinking, additional (alternative) cash access points provided mainly via Independent ATM Deployers, cashback, and cash-in-shop schemes are deployed or may be considered. This general finding notwithstanding, the working group identified certain issues related to both the access to and the acceptance of cash, that are further detailed in the below sections.

This report endeavours to formulate key findings for the euro area. However, there is a great variety among the euro area countries in terms of payment behaviour and the role of cash, as well as the structure of the banking and payments sector.

The key findings are split into four sub-sections: (i) key findings on access to cash; (ii) key findings on acceptance of cash; (iii) general key findings on the access to and acceptance of cash; and (iv) conclusions and proposed next steps.

6.1 Key findings on access to cash (withdrawal and lodgement facilities)

The working group considers it important that access to cash remains a sustainable and affordable option for all to ensure consumers have a real choice of means of payments they can and want to use across the euro area, including in cross border situations and as back-up in the event of digital disruptions.

6.1.1 Consumers report challenges to access cash in some regions

While studies by national central banks show that cash is generally accessible within a reasonable range in a number of countries, they also show that problems are reported by consumers in rural areas where bank branches are closed, ATMs are removed or not adequately serviced as well as in touristic areas affected by seasonality. These aspects would deserve to be studied in parallel with a statistic-based analysis on cash access points. In addition, some respondents state that the average age of the population living in areas with less ATMs would deserve to be studied in order to assess whether the needs of ageing citizens are met⁶⁷. Beyond the issue of a mere distance to an ATM, the service level of the ATM operation has not always been working well (e.g., regularly empty, or out-of-order ATMs in certain areas). Furthermore, the WG found in general a lack of clear/harmonised definition of rural areas. On this topic, there may be the need to connect the discussion on the methodology to monitor the geographical coverage and capacity criteria of ATM and bank branch networks with the new UN-EU joint methodology to define cities, towns, and rural areas for international comparison in policies⁶⁸ related to the Sustainable Development Goals (at EC's level).

Finally, credit institutions in the euro area are not required in all Member States to provide an analysis of the impact on access to cash before closing a bank branch or ATM. Looking at the UK FCA specific guidance, further work could be done to explore the feasibility of encouraging credit institutions to assess the impact on consumers of any envisaged closure of bank branch/ATM and to propose realistic

⁶⁷ BEUC and AGE answers to the WG questionnaire

⁶⁸ Eurostat, (2021), "Applying the Degree of Urbanisation. A methodological manual to define cities, towns and rural areas for international comparisons", available at <https://ec.europa.eu/eurostat/documents/3859598/12519999/KS-02-20-499-EN-N.pdf/0d412b58-046f-750b-0f48-7134f1a3a4c2?t=1615477801160> (accessed on 11 October 2021).

alternatives to avoid cash access deficits and reduce consumers' and also SME's options to withdraw or deposit banknotes and coins.

6.1.2 ATM networks need a sustainable cost-profit model (especially in the context of declining cash usage)

As a general principle, the provision of cash access points (referring to both cash lodgement and withdrawal) reflects customers' and businesses' demands and lies primarily within the responsibility of credit institutions. The setup and density of national ATM networks partially reflect the national banking system, the level of competition in cash services as well as mergers and acquisitions between banks.

A key element affecting the ATM network is the cost of providing access to cash. Most credit institutions tend to view ATMs as a cost-centre. Yet, in some countries, credit institutions also earn significant revenues through ATM fees and all IADs view ATMs as a profit-centre, basing their business case on profitability. In relation to a declining number of cash transactions at the POS, the cost of cash infrastructure increases and – for the future viability of ATM networks – it is important that each credit institution analyses the underlying business model also evaluating the possibility to manage and share the costs and profits of the cash infrastructure between the relevant stakeholders.

The working group found that ATMs operated by banks and IADs can coexist. As specialised service companies, IADs can contribute to ensuring continued cash access, provided the business case is sustainable in terms of legal framework and fees applied. In this respect, the example of more established IAD markets such as the USA and Australia could be analysed to understand its possible application in the euro area.

As stated in the Eurosystem cash strategy, the ECB and the NCBs expect that banks will keep providing adequate cash services, including cash withdrawals, that are free or are charged only a reasonable fee. Regulations capping or banning fees for withdrawals and deposits should however be carefully considered as they may impact on the sustainability of cash services.

In some countries, additional lodgement facilities, in addition to CRMs and bank counters or as an alternative to the closed counters, are offered by CIT companies, such as 'smart safes' and 'drop boxes' that can be installed at the premises of the merchant or the premises of the banks.

6.1.3 Regulatory fragmentation and unclear guidance on access and accessibility measures across EU countries

Around 80 million people in the EU are affected by a disability in some degree. Accessibility is a precondition to ensure their full and equal participation in society. Accessibility is considered as a wide concept that includes the prevention and elimination of obstacles that pose problems for persons with disabilities in using products, services, and infrastructures.⁶⁹

Different accessibility regulations across the euro area lead to incomprehension and discussions both with customers and suppliers and make it impossible to design common standards for people with disabilities. The European Accessibility Act (EAA) was adopted in 2019 and seeks to avoid market fragmentation of accessibility solutions. It applies to all financial services including cash, although its implementation has just begun. It would thus be helpful to have a common understanding of the EAA

⁶⁹ European Commission, (2015), "The European Accessibility Act", leaflet available at <https://ec.europa.eu/social/BlobServlet?docId=14869&langId=sv> (accessed on 19 October 2021)

requirements to facilitate access to cash in an inclusive and interoperable manner across the euro area, in line with the standardisation work recently launched by the European Commission.

At its November 2018 meeting⁷⁰, the ERPB agreed to revisit the topic of accessibility of retail payments after two years of experience with the implementation of the European Accessibility Act, as recommended by the ERPB informal working group on broader accessibility issues⁷¹ to avoid market fragmentation of accessibility solutions.

Another factor to keep in mind is that there is no guidance yet on how to interpret paragraph 77 of the recent ECJ judgement on the joined cases C-422/19 and C-423/19⁷². More in detail, it is not entirely clear whether it introduces an obligation in line with Principle 20 of the EU Pillar of Social Rights on Access to essential services, to accept cash when the other lawful means of payment are not accessible to the customer.

6.1.4 Cashback and Cash-in-shop as alternative ways of accessing cash are scaling up very slowly with limited data and a lack of incentives

The working group identified that various definitions of cashback (CB) and cash-in-shop (CIS) exist and, at the same time, the notion of ‘cashback’ is used for other initiatives, such as rewards for paying cashless, consumers’ attraction programmes, etc. Therefore, new fully-fledged and simplified definitions are proposed, and it may be investigated whether the definitions and requirements applicable to CB and CIS would need to be reviewed in the process of the PSD2 review. The working group further encourages their respective members to consider the use of different, more appropriate terms when referring to the financial incentives they offer to their customers/citizens (e.g., moneyback, rebate, money bonus, financial incentive).

While agreeing that CB and CIS should only play a complementary role to efficient, affordable, and inclusive ATM/branches networks, the working group would find it useful to explore a possibility for scaling up these alternative ways, inter alia by reviewing the rules applicable to CIS and CB, while ensuring that cashback remains excluded from the scope of future regulation (Article 3(e) PSD2) and retailers are not requested to have a PSP licence. However, it should be kept in mind that an exclusion of CIS from the PSD must be carefully investigated as it could undermine the level playing field in cash services between banks’ own services and outsourced cash services. Furthermore, there seems to be a potential to provide the general public with more information about cashback and cash-in-shop services, in particular those who could benefit most from alternative ways to access cash.

⁷⁰ ERPB, (2018), “Statement following the tenth meeting of the Euro Retail Payments Board held on 28 November 2018”, available at <https://www.ecb.europa.eu/paym/groups/erpb/shared/pdf/10th-ERPMeeting/Statement.pdf?32cf8f15483d29182fc1d72f40bbf7b4> (accessed on 11 October 2021).

⁷¹ ERPB, (2018), “Final report. ERPB informal working group on Accessibility”, available at https://www.ecb.europa.eu/paym/groups/erpb/shared/pdf/10th-ERPMeeting/Final_report_of_the_informal_group_on_broader_accessibility.pdf?2305a8a870431a0b3be513cadbd262c5 (accessed 27 September).

⁷² “It is nevertheless for the referring court to ascertain whether such a limitation is proportionate to that objective, in particular in the light of the fact that the lawful alternative means of payment of the radio and television licence fee may not be readily accessible to everyone liable to pay it, which would entail providing for those without access to such means of payment to be able to pay in cash”. Judgement of 26 January 2021, in Joined Cases C-422/19 and C-423/19, EU:C:2021:63, paragraph 77, available at <https://curia.europa.eu/juris/document/document.jsf?docid=236962&text=&dir=&doclang=EN&part=1&occ=first&mode=lst&pageIndex=0&cid=4351101> (accessed on 22 September 2021).

Currently, cashback and cash-in-shop schemes represent – according to the limited information provided by some Member States - only a fraction of total payments at POS terminals and an even lower amount of cash withdrawals at ATMs. Due to the lack of reliable data on the number and value of cashback operations, it may not be possible to oversee the evolution of cashback services and steer them towards desired levels, i.e., higher than its marginal use now. The reporting of cashback should preferably be done by PSPs, although adaptation of software/POS terminals may be necessary and entail costs. To gather more data on cashback transactions, the technical feasibility of distinguishing the cashback part from the purchase part could be investigated. For the time being, the split of information is not possible for most payment schemes. This suggestion would build on the work already done by the ERPB WG on transparency for retail payments end-users⁷³ and would require that the information sent to the acquiring PSP includes also the amounts related to the two parts of the transaction (purchase and cash withdrawal at the till).

As far as the future use and proliferation of CB and CIS is concerned, banks do not expect any major changes in the future, as cash usage keeps decreasing. Incentives, as well as further clarity in the legal framework, may be required to make CIS more successful. However, if in an extreme case cashback and cash-in-shop volumes increase significantly in the future, all retailers could run into distress as this could entail the need to order and plan extra cash and to train all their staff. The working group feels that - especially if payments in cash continue to decrease - more work is needed to develop new ideas on how to manage cash availability in stores, in particular in rural areas where small shop owners usually have quite a limited amount of cash in their till.

Retailers are not directly compensated for offering cashback to consumers. The fact that the retailer often has to pay fees on the whole amount (purchase and CB part) of the transaction actually disincentivises such an offer. If CB is to be promoted and scaled up, the working group would like to suggest examining the feasibility to make CB financially incentivised towards retailers. One aspect to be explored is whether it could be possible to charge no fee to the merchant on the CB amount to get rid of the financial disincentive for retailers as it already exists for some schemes. As a next step in order to create a positive business case for retailers, the feasibility of offering a reverse interchange fee to retailers could be explored, although banks' analysis finds the implementation to be costly. It is noted that reverse interchange fees are already applied in some countries of the euro area (e.g., in Austria) and this may serve as a basis for retailers' future incentivisation. However, the majority of banks' respondents consider a reverse interchange fee complicated to implement as it may require a legislative change in some countries.

6.1.5 Only limited other alternative ways to prevent cash supply deficits

Post offices may play an important role in access to cash given their balanced geographical presence in most of the euro area countries. Depending on national situations, they may or may not need to be incentivised to offer these services (e.g., by receiving interchange fees for cash withdrawal). It is worth noting that in several cases, agreements with post offices (in France, Spain, or Italy) enable to support a minimum access to cash points. It should also be highlighted that offering cash services in less populated and rural areas could represent a loss-making activity for post offices. Hence, if post offices serve as the cash lodgement and withdrawal facility of the last resort, certain measures would have to be agreed to compensate the costs of these services.

⁷³ ERPB, (2021), "Report from the ERPB working group on transparency for retail payment end-users", available at https://www.ecb.europa.eu/paym/groups/erpb/shared/pdf/15th-ERPBM-meeting/Final_report_of_the_ERPB_working_group_on_transparency_for_retail_payments_end_users.pdf?e53826e577a16eced647ffe382578861 (accessed on 21 September 2021).

Additional initiatives – such as bank hubs (i.e., a shared branch which is used by different CIs at defined days), mobile ATMs, bus banks branch, and cash delivery – have been reported by some Member States; these may be further explored and, if proven to be successful, promoted by the relevant (local) authorities. The working group suggests exploring measures needed to increase the overall number of cash access points.

6.2 Key findings on acceptance of cash

In principle, respondents report no major obstacle *per se* to the acceptance of cash by retailers and other businesses which would force them to apply ‘card only’ policy. However, this presupposes a certain ‘minimum level’ of cash infrastructure and cash services is maintained by commercial banks and other actors in the cash industry. This ‘minimum level’ is essential to support the acceptance of cash by merchants, as various activities and processes are needed to keep cash at hand and convert the physical money received into bank deposits. This may be seen as a competitive disadvantage, or inconvenience, of cash compared to electronic means of payments. Additionally, most of the cash-handling activities are outsourced by bigger retailer chains and are deemed costly. This issue may intensify in parallel to the possible small annual decline in the use of cash, as the cost of cash collection by CIT companies will not change immediately since many of these processes are fixed or semi-fixed by nature.

Based on the results of the WG questionnaire, there are several factors that may influence retailers’ business decisions whether to accept cash. In particular consumers’ preference, security and safety, as well as the high costs connected with the handling of cash were mentioned.

From an acceptance of cash perspective, it is also relevant to consider the lack of clarity about the implication of the status of legal tender when paying in cash. There is no clear guidance yet on how to interpret the recent ECJ judgement on the joined cases C-422/19 and C-423/19. The debate is about mandatory acceptance (obligation to accept cash) versus freedom of contract (the retailer displays that it does not accept cash). For the future, it remains to be seen to which extent the argument of unreasonable cost for a public administration (for collection of a high amount of payments) or even for a retailer could be a derogation to any kind of mandatory acceptance.

Concerning the acceptance of cash by merchants, while some countries relied upon legislative measures, others preferred non-legislative initiatives (e.g., retailer associations pledge to continue to accept cash payments) resulting in a quite heterogeneous situation throughout the euro area. The lack of clarity on the legal tender may also contribute to an unlevel playing field in the euro area and, therefore, action should be preferably sought at the level of the euro area rather than at the national level.

Finally, there is no clear view on how the cost of cash compares to other payment methods. The working group has been unable to conclude on this point due to the lack of recent euro area-wide studies on this topic. Retailers seem to be willing to accept cash as long as customers continue to pay with cash and cash acceptance and handling can be provided in an economically viable manner.

6.3 General key findings on access to and acceptance of cash

6.3.1 There is a diverse set of initiatives being taken across countries and regions

Different patterns can be observed across the euro area, ranging from Member States where cash is still widely used for retail payments to countries where cash payments have dropped significantly over the recent years. Various initiatives have been or are being taken at national, regional, and local levels to ensure an adequate access and acceptance of cash and cash lodgement and withdrawal facilities.

These initiatives differ, depending on their nature, involved stakeholders, local needs, et cetera. Some initiatives are regulatory-driven while others are private or public-private partnerships. Irrespective of the approach chosen, the participation of the NCBs is a central element in providing the overall frame for cash supply and the availability of banknotes and coins.

Nevertheless, the ongoing national initiatives relating to the pooling of ATMs, geographical coverage of ATMs, bank hubs and retailers' pledge to accept cash next to cashless means of payments have provided useful insights but their effectiveness has to be further assessed against the pursued objectives. However, to preserve access to cash services, all stakeholders in the cash cycle need to play their role and cooperate closely.

6.3.2 Creating national discussion forums may help finding balanced strategies for access and acceptance of cash

In some countries, relevant stakeholders involved in the cash cycle (banks, CIT companies, consumer and merchant organisations, national/regional/local authorities, national central banks, etc.) have set up various fora (national payment councils, often chaired by an NCB) to exchange views and discuss possible strategies related to access to and acceptance of cash. However, such discussion forums have no formal competences and can only function well if the stakeholders involved have similar objectives. If not, other legal measures, e.g., requiring a provision of (minimum) number of cash access points may be needed.

These discussions at national payment forums could lead to an even more fragmented situation as far as access to and acceptance of cash is concerned (e.g., by defining different criteria for the distance to the nearest cash access point), although a one-size-fits-all approach may not be beneficial for all countries. Hence, it might be complemented by a platform allowing further convergence at euro area level. These could be the task of the ERPB or for example in consultation with the European Forum for Innovation in Payments (EFIP) or the Euro Cash Advisory Group (ECAG).

6.3.3 Other generic findings

The responses received via the questionnaire show that 1 and 2 cents are mostly not considered necessary components of the euro coin denomination split anymore. However, it should be noted that to reach this conclusion only selected stakeholders were surveyed (e.g., SMEs and governmental market actors were not consulted on the topic). The Commission is currently analysing the way forward with 1 and 2 cent coins, leading to either keeping the status quo, proposing a rounding to the nearest five cent coin or to abolish 1 and 2 cents in the future. If rounding rules for cash were considered, an EU harmonised approach could be explored.

6.4 Working group conclusions

The working group sees a merit in revisiting the evolution of cash access and acceptance in the future so to ensure that cash will remain an inclusive, efficient, and sustainable means of payment for consumers in the future alongside digital retail payments means. In doing so, attention could be paid to other ways to provide access to cash in the market beyond the alternative cash access point (IADs, cashback, and cash-in-shop) and what role they could best play in the future.

Overall, the working group found that there are significant differences in the demand for cash and in customer behaviour between Member States. Not surprisingly, there is also a great variety of approaches when it comes to specific initiatives to ensure access to and acceptance of cash. Although the use of cash differs between Member States, there seems to be an overall declining trend in the use of cash. Therefore, local actions may be needed at different points in time before critically low

levels are reached. In this respect, the question as to whether a harmonised approach may be useful in some specific domains, and if so, what this should entail, remains open for discussion.

The working group would like to suggest enabling the work initiated within this mandate to be pursued with the relevant stakeholders, to explore whether some coordinated action is needed at EU and/or national level to address the gaps identified above and ensure that cash will remain an inclusive, efficient, and sustainable means of payment for consumers in the future alongside digital retail payments means. In this regard, studies on payment behaviour and consumer attitudes towards payments will be needed to assess the post-pandemic use of cash as well as the possible impacts of a digital euro.

Based on the above, the working group sees a merit in revisiting the evolution of cash access and acceptance in the future to ensure that, in line with the Eurosystem Cash Strategy, cash will remain an inclusive, efficient, and sustainable means of payment for consumers alongside digital retail payments means.

This evolution of access to and acceptance of cash could be monitored by the ERPB or via a dedicated body (e.g., EFIP and/or ECAG) in consultation with industry stakeholders, especially given the rapid evolution of digitalisation and payment habits. If such evolution justifies so, the set-up of a new ERPB working group specifying a need to monitor the evolution of access to and acceptance of cash can be considered.

If and when continuing the work, it would be ideal to collect input from the SME communities (e.g., SME United, local associations of e.g., doctors, sole traders, etc) on the drivers for and obstacles to access and acceptance of cash. The working group acknowledges a study on post-pandemic consumer attitudes towards payments in the euro area is already in the workplan of the ECB. The working group would find it useful if an additional study on the societal costs and benefits of different payment instruments in the euro area would be conducted. Said study could support future work and policy discussions in this area.

7 Glossary

Term	Alternative Terms	Definition	Remarks, Source, Edits
Anti-Money Laundering (AML)		Anti-Money Laundering	
Application Programming Interfaces (API)		Application Programming Interfaces	
Automated teller machine (ATM)	Cash dispenser	Self-service machine which, through the use of a bank card or other means, dispenses euro banknotes to the public, debiting a bank account, such as an automated teller machine (ATM) dispensing cash. Self-checkout terminals (SCoTs) with which the public can pay for goods or services either by bank card, cash, or other payment instruments, having a cash-withdrawal function, are also considered cash dispensers.	
Back-up function	Fallback function	The ability to have a physical form of money on hand in case of failure of the electronic system or problems with the PIN traffic	
Business-to-Business (B2B)		Business-to-Business	
Cash handlers	Professional cash handlers	The institutions and economic agents referred to in Article 6(1) of Regulation (EC) No 1338/2001.	Decision ECB/2010/14
Cash-in-Shop (CIS)	Virtual ATM, cash withdrawal at shop	The service offered by a merchant, on behalf of payment service provider(s), to withdraw or deposit cash, which is not linked to a purchase of goods or services and which is considered a payment service in the context of PSD2.	Internal draft definition
Cash-in-Transit company (CIT)	Cash Management Company (CMC)	Logistic company that transfers banknotes, coins, and other items of value from one location to another. The locations include NCBs' premises, cash centres, ATMs retailers etc. Some of these companies also offer cash handling activities as part of their services.	

Term	Alternative Terms	Definition	Remarks, Source, Edits
Cash Management Company (CMC)	Cash-in-Transit company (CIT)	Logistic company that transfers banknotes, coins, and other items of value from one location to another. The locations include NCBs' premises, cash centres, ATMs retailers etc. Some of these companies also offer cash handling activities as part of their services.	
Cash Recycling Machine (CRM)	Cash recycler, recycling ATM, ATM with banknote depositing function	CRMs allow customers, by using a bank card or other means, to deposit euro banknotes in their bank accounts and to withdraw euro banknotes from their bank accounts. CRMs check euro banknotes for authenticity and fitness and allow for traceability of the account holder. For withdrawals, CRMs may use genuine fit euro banknotes that have been deposited by other customers in previous transactions	Decision ECB/2010/14
Cashback (CB)	Cash advance at POS	The provisioning of cash offered by a merchant, which is only available in conjunction with a purchase of goods or services and only offered upon explicit request of the customer, and which is settled as part of a payment transaction.	Internal draft definition
Combating of Financing of Terrorism (CFT)		Combating of Financing of Terrorism	Fight against the financing of terrorism (europa.eu)
Credit institutions (CIs)		Any institution that is either (i) an undertaking whose business is to receive deposits or other repayable funds from the public and to grant credit for its own account, or (ii) an undertaking or any other legal person, other than those under (i), which issues means of payment in the form of electronic money.	ECB Glossary ⁷⁴
Euro banknote recirculation	Secondary banknote issuance, banknote recycling	The action, by cash handlers, of putting back into circulation, directly or indirectly, euro banknotes that they have received, either from the public as payment or as a deposit in a bank account, or from another cash handler.	Decision ECB/2010/14

⁷⁴ See <https://www.ecb.europa.eu/services/glossary/html/glossp.en.html> (accessed on 20 October 2021).

Term	Alternative Terms	Definition	Remarks, Source, Edits
Euro Cash Advisory Group (ECAG)		An Expert Group set up by the European Commission that shall support the Commission' role in the euro cash policy to guide informed discussion and develop policy options on all euro cash-related matters of its competence. Given its expertise, the group shall (1) analyse the state of play of euro cash as a safe and trusted means of debt settlement, (2) explore the evolution of cash needs and habits in the payment market, (3) suggest on how to improve the euro cash cycle further (circulation, transportation, sorting, fitness checks, overall costs), (4) report on trends and developments in cash production technology, (5) explore and analyse the scope and effects of euro cash as legal tender against today's business needs and an evolved payment environment, and (6) provide analysis on trends in other payments habits and technology and their impact on the use and future evolution of euro cash, and make suggestions thereto when requested.	Register of Commission expert groups and other similar entities (europa.eu)
European Commission (EC)		European Commission	
European Central Bank (ECB)		European Central Bank	

Term	Alternative Terms	Definition	Remarks, Source, Edits
Euro Legal Tender Expert Group (ELTEG)		An Expert Group set up by the European Commission, which tasks are to: (a) establish a forum for discussion between the Commission, the ECB and the Member States on questions relating to the acceptance and availability issues of euro cash; (b) provide the Commission with factual analysis and legal expertise on the acceptance of euro cash as payment means and the availability of euro cash in the euro area Member States; (c) assist the Commission with the assessment of a possible EU legislative or policy initiative on the legal tender of euro banknotes and coins. Delivery of the above tasks should take the form of a report of the group to the Commission.	Register of Commission expert groups and other similar entities (europa.eu)
European Accessibility Act (EEA)		Directive (EU) 2019/882 of the European Parliament and of the Council of 17 April 2019 on the accessibility requirements for products and services. The European accessibility act is a directive that aims to improve the functioning of the internal market for accessible products and services, by removing barriers created by divergent rules in Member States.	Directive (EU) 2019/882
European Court of Justice (ECJ)		European Court of Justice	
Financial Conduct Authority (FCA)		Financial Conduct Authority	
Interchange fee (IF)		A transaction fee payable between the payment service providers involved in a transaction.	ECB Glossary

Term	Alternative Terms	Definition	Remarks, Source, Edits
Intelligent Banknote Neutralisation Systems (IBNS)		Intelligent banknote neutralisation systems (IBNS) are cash protection systems to secure banknotes against unauthorised access, for example, in ATMs (cash dispenser), during transportation or in cash vaults. The idea of an IBNS is to remove the anticipated reward of the crime and make the stolen banknotes worthless, but also to increase the risk for the criminals of being caught. IBNS are a form of crime prevention measure. In case an attack on an IBNS-protected cash container is detected, the banknotes are heavily stained by a permanent ink. Such marked money is highly conspicuous and cannot be readily used. Glue is an alternative means for neutralisation. Glue fuses all banknotes inside an ATM cassette together into a solid brick. If one tries to peel off single banknotes, they will tear into pieces.	
Independent ATM		ATMs operated by non-financial institutions usually placed in retail premises, airports, etc.	
Independent ATM Deployer (IAD)		Non-financial institution that operates independent ATMs.	
Merchant Service Charge (MSC)	Discount rate	A fee paid by the acceptor/merchant to the acquirer.	ECB Glossary
National Central Bank (NCB)		A central bank of an EU Member State.	ECB Glossary
Person-to-Business (P2B)		Person-to-Business	
Payment Service Provider (PSP)		Entity that provides payment services as listed in Annex I of the PSD2.	Article 4(11) PSD2
Point-Of-Sale (POS)		A device allowing the use of payment cards at a physical (not virtual) point of sale. The payment information is captured either manually on paper vouchers or by electronic means.	ECB Glossary

Term	Alternative Terms	Definition	Remarks, Source, Edits
PSD2	Revised Payment Services Directive	Directive 2015/2366/EU of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC. The payment services directive established the same set of rules on payments across the whole European Economic Area, covering all types of electronic and non-cash payments.	Directive (EU) 2015/2366
Rural areas	Remote areas, suburban areas	Because of national differences in the characteristics that distinguish urban from rural areas, the distinction between the urban and the rural population is not yet amenable to a single definition that would be applicable to all countries or, for the most part, even to the countries within a region. The traditional distinction between urban and rural areas within a country has been based on the assumption that urban areas, no matter how they are defined, provide a different way of life and usually a higher standard of living than are found in rural areas.	United Nations Statistics Division - Demographic and Social Statistics
Service Level Agreements (SLAs)		Service Levels Agreements	
Self-Checkout Terminal (SCoT)		Terminal that allows customers to checkout and pay for products without staff assistance	
Smart safe	Drop box	A safe way to make the cash management of a retailer more efficient. Banknotes and/or coins deposited into the device are counted and provisionally credited to the account holder. The retailer does not have access to the contents of the safe, which is usually serviced by a cash management company.	Cash-Glossary-V1.1-1.pdf (cashessentials.org)

Term	Alternative Terms	Definition	Remarks, Source, Edits
Sustainable Development Goals (SDGs)	The UN 2030 Agenda for sustainable development	The United Nations 2030 Agenda includes 17 Sustainable Development Goals (SDGs) intended to apply universally to all countries. It is a commitment to eradicate poverty and achieve a sustainable world by 2030 and beyond, with human well-being and a healthy planet at its core.	Sustainable Development Goals European Commission (europa.eu)
Small and Medium-sized Enterprises (SMEs)		At EU level, Small and Medium-sized Enterprises are companies whose staff headcount ranges between 1 and 249 employees.	Commission Recommendation 2003/361 of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises
Trained staff members		Employees of cash handlers who have: (a) knowledge of the different public security features of euro banknotes, as specified and published by the Eurosystem, and the ability to check them; and (b) knowledge of the sorting criteria listed in Annex IIIb and the ability to check euro banknotes in accordance with them.	Decision ECB/2010/14
Treaty of the Functioning of the European Union (TFEU)	Treaty of Lisbon	Treaty of the Functioning of the European Union	

8 Annex 1: List of ERP Working Group Participants

Category	Stakeholder organisation	Representative
Co-chairs	AGE	Anne-Sophie Parent
	ESBG	Diederik Bruggink
ERP Stakeholders	BEUC	Jean Allix
		Alternate: Deborah Faure (until October 2021)
	EACB	Marion Delpuech (Credit Agricole)
		Alternate: Agnieszka Janczuk (until 30 June 2021)
	EBF	Barbara Pelliccione (Italian Banking Association (ABI))
		Alternate: Anni Mykkänen
	EPC	Raf Rollier (Febelfin)
		Alternate: René Smits (ING)
	EPIF	Loreta Liutkutė Habchi (Western Union)
		Paloma Garcia
	ESBG	Raül López Mayoral (CaixaBank) (Until 13 September)
		Alternate: Malin Oderud (Swedbank)
		Alternate: Peter Seitz (Erste Bank)
	EuroCommerce	Claudia Duckstein (Schwarz Group)
Alternate: Norina Plank (Schwarz Group)		
Central Banks	IT	Gianmatteo Piazza (Banca d'Italia)
	NL	Jakob Rotte (De Nederlandsche Bank)
	LU	Peter Deutschen (Banque Centrale du Luxembourg)
	DE	Dagmar Boy (Deutsche Bundesbank)
	LT	Edita Lisinskaitė (Lietuvos Bankas)
	FR	Raymond De Pastor (Banque de France)
	AT	Mara Vyborny (Oesterreichische Nationalbank)
	EU	Patricia Roa Tejero (European Central Bank)
Alternate: Jozef Vrana (European Central Bank)		
Relevant Third Parties	ATMIA	Michael Lee
	EVA	Erwin Wetzel
		Alternate: David Irvine
PostEurop	Ágnes Mandelik (starting from 1 June 2021)	

ERPB Guests	EDPIA	Josip Tolić (Starting from 29 September)
Observers	EU	Céu Pereira (European Commission, DG FISMA)
		Rüdiger Voss (European Commission, DG ECFIN)
		Daniel Boreel (European Commission, DG ECFIN)
Secretariat	ESBG	Alessia Benevelli
		Julie Destuyver (till August 2021)
		Janine Barten (from September 2021)

9 Annex 2: Mandate of the ERPB Working Group on Access and Acceptance of Cash



ERPB Secretariat

4 February 2021
FINAL

MANDATE OF THE ERPB WORKING GROUP ON ACCESS AND ACCEPTANCE OF CASH

As concluded at the ERPB meeting on 26 November 2020 and in line with Article 8 of the mandate of the Euro Retail Payments Board (ERPB), a working group on analysing access to and acceptance of cash in the euro area is set up. It will conduct a stock taking exercise of various ongoing initiatives by relevant stakeholders and identify gaps not yet addressed and deserving further investigations. On this basis, the ERPB would consider possible next steps.

1. Scope

The ERPB expressed the view that access to and acceptance of cash is a relevant concern and may become a crucial issue in the light of developments driven by the coronavirus (COVID-19) pandemic.

In the course of the structural changes in retail banking, credit institutions continue to adjust their branch networks and strive for optimising operational costs, implying the risk that cash services would become difficult to access in some areas. Whilst consumers and companies seem to still have, by and large, adequate access to cash services of credit institutions, there is evidence that the range of cash services offered is diminishing, at least in certain areas in the euro area. At the same time, the costs associated with acquiring and depositing cash by businesses and the general public seem to be rising.

There are growing concerns about a diminishing network of cash access points (withdrawals and lodgements of cash) - especially for coins – and the related service conditions. In order to safeguard (legal tender) cash as widely accepted and available means of payment and to promote a cooperative approach to improve the cash cycle, the working group will analyse the current cash service levels for consumers and businesses in the euro area and whether they meet customer needs. In case loopholes are identified, the working group may elaborate on them.

2. Deliverables

The working group is invited to prepare a report summarising the stock take, their analyses and key findings regarding access to and acceptance of cash and the respective conditions thereof, including the following:

- a. Overview of the factors influencing the bank branch and ATM networks (credit institutions and, where applicable, IADs) and description of possible future initiatives how to avoid cash supply deficits, for example in rural areas;
- b. Overview of various initiatives aiming at ensuring adequate cash withdrawal and lodgement facilities, especially for smaller and medium sized enterprises (which usually do not contract CITs to take care of cash lodgements/withdrawals and need to rely on "local" cash services);
- c. Overview of obstacles regarding the acceptance of cash and initiatives aiming to ensure acceptance of cash also in the future; and
- d. Overview and evaluation of alternative ways where other actors (e.g. retailers, post offices) could offer services to provide access to cash (i.e. cashback, cash-in-shop etc.), including possible obstacles hindering such cash services.

Based on their initial findings of the stock-take exercise, the working group may consider providing additional key elements that may be needed to enhance the analysis.

3. Time horizon

The working group will be established in February 2021 and shall deliver its report by November 2021.

4. Participants and chairmanship

The working group shall include relevant stakeholders, including representatives of ERPB members. Other relevant stakeholders may also be invited to join as relevant third parties¹. One representative of the ECB and a limited number of representatives of euro area NCBs will be invited to join the working group as active participants. A representative of the EU Commission will be invited as observer. The working group will be co-chaired by the AGE Platform Europe (demand side) and the European Savings & Retail Banking Group (supply side). The Secretariat will be provided by the European Savings & Retail Banking Group.

Members representing their associations and the co-chairs will be appointed by the ERPB Chair based on suggestions from their respective associations. Other participants – after expressing interest to the ERPB

¹ It is suggested to invite the European Security Transport Association (ESTA), ATM Industry Association (ATMIA) and European Vending and Ticketing Association (EVA) as relevant third party.

secretariat – may be invited by the ERPB Chair to join the group based on consultation with the members of the ERPB.

5. Rules of procedure

The mandate of the ERPB defines a broad set of rules for the procedures of its working groups: the working group takes positions on a ¾ majority basis; dissenting opinions are mentioned in any relevant documents prepared by the working group. The members of the group decide on how to organise secretarial support, timing and rules of meetings and communication via written procedure, as well as on the need and format of any interim working documentation produced. Costs related to the operation, meetings, chairmanship and secretariat are carried by the members of the group themselves.

10 Annex 3: Workstream Participants

Workstream 1: Overview of the factors influencing the bank branch and ATM networks (credit institutions and, where applicable, IADs) and description of possible future initiatives how to avoid cash supply deficits, for example in rural areas.		
Category	Stakeholder organisation	Representative
Subgroup facilitator	AGE	Anne-Sophie Parent
Subgroup participants	BdI	Gianmatteo Piazza
	ESBG	Peter Seitz
	BEUC	Deborah Faure (till October 2021)
	EBF	Barbara Pelliccione
	EACB	Marion Delpuech
	EBF	Anna Garifalli
	EACB	Thomas Chuda
	ECB	Cécile Becuwe
	OeNB	Mara Vyborny
	DBB	Dagmar Boy
	ATMIA	Michael Lee
EPC	Fabio Feliziani	
Secretariat	ESBG	Alessia Benevelli

Workstream 2: Overview of various initiatives aiming at ensuring adequate cash withdrawal and lodgement facilities, especially for smaller and medium sized enterprises (which usually do not contract CITs to take care of cash lodgements/withdrawals and need to rely on 'local' cash services).

Category	Stakeholder organisation	Representative
Subgroup facilitator	EPC	Raf Rollier
Subgroup participants	DNB	Jakob Rotte
	ESBG	Diederik Bruggink
	ECB	Alejandro Zamora Perez
	EPIF	Loreta Liutkutė / Paloma García
Secretariat	EBF	Anni Mykkänen

Workstream 3: Overview of obstacles regarding the acceptance of cash and initiatives aiming to ensure acceptance of cash also in the future.		
Category	Stakeholder organisation	Representative
Subgroup facilitator	BEUC	Jean Allix
Subgroup participants	ESBG	Malin Oderud
	ESBG	Raül López Mayoral
	EPC	René Smits
	BCL	Peter Deutschen
	ESBG	Diederik Bruggink
	EBF	Anni Mykkänen
	ECB	Niels Riedel
	EVA	Erwin Wetzel
	EuroCommerce	Norina Plank/Claudia Duckstein
	ATMIA	Michael Lee
Secretariat	EACB	Agnieszka Janczuk (till July 2021)
	EBF	Anni Mykkänen (from August 2021)

Workstream 4: Overview and evaluation of alternative ways where other actors (e.g. retailers, post offices) could offer services to provide access to cash (i.e. cashback, cash-in-shop etc.), including possible obstacles hindering such cash services.		
Category	Stakeholder organisation	Representative
Subgroup facilitator	AGE	Anne-Sophie Parent
Subgroup participants	BdF	Raymond De Pastor
	BdI	Gianmatteo Piazza
	EACB	Marion Delpuech
	LB	Edita Lisinskaite
	ECB	Jozef Vrana
	EuroCommerce	Norina Plank/Claudia Duckstein
	BEUC	Jean Allix
	EPC	Jörg Schmiese
	EPIF	Loreta Liutkutė / Paloma García
	PostEurop	Ágnes Mandelik (starting from 1 June 2021)
Secretariat	ESBG	Alessia Benevelli

11 Annex 4: Questionnaire

This Annex contains an overview of the questions that have been sent to the various stakeholders.

Legend:

WS = Relates to the Workstream that raised the question

Target = relevant target audience for the question (sometimes the questions are addressed to the respective associations):

- NCB = National Central Bank.
- Bank = Commercial Bank.
- Retail = Retailers / Merchants.
- Cons = Consumers.
- Other:
 - All = relevant to all.
 - ATMIA / IADs = ATM Industry Association / Independent ATM Deployers.
 - Payees = smaller cash acceptors such as restaurants, self-employed health care professionals, public services.
 - Card Schemes.
 - CITs = Cash in Transit companies.
 - PSPs = Payment Service Providers.
 - Fintech companies
 - Post Offices

Please note that the questionnaire is based on the definitions below:

- Cashback: The provisioning of cash offered by a merchant, which is only available in conjunction with a purchase of goods or services and only offered upon explicit request of the customer, and which is settled as part of a payment transaction.
- Cash-in-Shop: The service offered by a merchant, on behalf of payment service provider(s), to withdraw or deposit cash, which is not linked to a purchase of goods or services and which is considered a payment service in the context of PSD2.
- Payment Service Providers (PSPs): any entity, including banks, that provides payment services as defined in Annex I of PSD2.

Please note that some questions have been removed before sending out, hence some open rows.

#	WS	Question	Target				
			NCB	Bank	Retail	Cons	Other
1	1	<p>Do you collect data/have you conducted any studies and/or consumer surveys on:</p> <ul style="list-style-type: none"> • Factors influencing bank branches and/or ATM coverage (e.g. ATMs fees and/or financing)? • Specific factors affecting access to cash in rural/remote/touristic areas affected by seasonality your country? • Existing and/or possible future initiatives to avoid cash supply deficits? <p>If so, please provide a copy of such studies and a short summary of the main factors identified and possible future initiatives to avoid cash supply deficit.</p>	X	X	X	X	All
2	1	What is the average annual cost of maintaining and operating ATMs? Please explain what types of costs are involved, distinguishing between urban, rural/remote sites when relevant, and specific seasonality factors if applicable.		X			ATMIA/ IADs
3	1	What are the main cost drivers for an ATM? Please explain the impact of each cost category (% of incidence on total costs).		X			ATMIA/ IADs
4	1	What kind of fees do you earn from ATMs? Are the ATM fees capped by a) legal regulations or b) contractual limits, for example card schemes?					ATMIA/ IADs
5	1	Which other factors influence your business decision to install an ATM including in rural/remote/touristic area affected by seasonality?					ATMIA/ IADs
6	1	When banks outsource ATM estates to IADs, where do IADs see a business case in this outsource model?					ATMIA/ IADs
7	1	Is there a value-added for IADs ATMs compared to banks ATMs (for ex. that they may offer additional services/be located in areas which banks are no longer offering/covering)?					ATMIA/ IADs
8	1	Is there a growing business case for IADs in the ATM industry and what do you anticipate will be the future scenario for outsourced ATMs?					ATMIA/ IADs

#	WS	Question	Target				
			NCB	Bank	Retail	Cons	Other
9	1	What is the business case for retailers to host an ATM in their own premises or shopping malls? Please specify differences between urban/rural areas if relevant.			X		Payees
10	1	Which factors influence retailers' decision to choose for a bank or an IAD ATM? Are there any differences between urban and rural/remote/touristic areas?			X		
11							
12	1	Are there any laws/regulations in your country imposing a minimum coverage and geographic repartition of branches and/or ATMs?	X				
13	1	Are there any laws/regulations in your country regarding ATMs coverage, functioning and availability of cash?	X				
14							
15	1	Do you encourage industry initiatives in your country to ensure a minimum coverage and geographic repartition of ATMs (e.g. joint ventures)?	X				
16	1	Are there any public financing initiatives (e.g. via subsidies, or tax-breaks) in your country for the maintenance of a minimum coverage and geographic repartition of branches and/or ATMs?	X				
17	1	Have you formulated any recommendations regarding the geographic repartition of ATMs and/or financing solutions and/or fees which can be charged to consumers using ATMs?	X				
18	1	Are there any regulatory constraints concerning a maximum authorized recycling rate of banknotes (for ATMs, for bank branches or for cash transportation companies)? if so, please communicate this maximum authorized rate.	X				
19	1	Have you formulated any recommendations regarding possible future initiatives to avoid cash supply deficit in urban and rural areas, e.g. on geographical repartition distribution of branches, ATMs and/or financing solutions and/or fees which can be charged to consumers using ATMs?				X	

#	WS	Question	Target				
			NCB	Bank	Retail	Cons	Other
20							
21							
22	1	What is the cost recovery model of bank-owned ATM (customer fees, disloyalty fees, etc.) Are these fees regulated/capped?		X			
23	1	What are the main cost drivers for bank branches offering cash services?		X			
24	1	What is the cost recovery model for cash services offered in bank branches (customer fees, other?)		X			
25	1	Are there any specific taxes (e.g. regional, local) which apply when providing ATMs in your country?		X			ATMIA
26	1	What are the key factors underlying banks' choice for the location of their ATM network/bank branches?		X			
27	1	What are the main obstacles faced by banks related to the maintenance and operation of an ATM/a bank branch?		X			
28	1	Could 'mobile branches' be a solution in regions where it is not possible to maintain a permanent branch/ATM?		X			
29	1	Are there benefits for banks that IADs take over the ATM network and if so which?		X			
30	1	Are banks willing to outsource (as partner) their ATM network to IADs, for ex. in rural areas?		X			
31	1	Have banks closed branches and/or ATMs in the last two years? If yes, what has influenced their decision (declining transactions/rising costs/other)? What was the impact on cash supply in the affected area? Are you aware of alternative solutions implemented by banks to avoid cash supply deficit?		X			

#	WS	Question	Target				
			NCB	Bank	Retail	Cons	Other
32	1	What trends do you expect with respect to bank branches offering cash services and/or bank-owned ATMs in the next two years?		X			
33	1	Are you aware of any industry initiative to ensure a minimum coverage and geographic repartition of ATM and/or to optimise the costs of providing ATM (e.g. joint ventures such as BATOPIN in BE and Geldmaat in the NL)? If so, please describe such initiatives and, to the extent possible, the legal and cost structures of such joint ventures.		X			
34	1	Do issuing banks usually charge their own customers for the use of other banks' ATMs (disloyalty fee)? Are these fees regulated/capped?		X			
35	1	Do you have examples of business models for ATM networks where customers of different banks are offered mutual free or preferential access to their ATM?		X			
36							
37	1	Are you aware of any public financing scheme (e.g. via subsidies, or tax-breaks) to ensure a minimum coverage and geographic repartition of ATM? If so, could you describe the functioning of such scheme or indicate where such information can be found?		X			
38	1	Are you aware of any bank initiatives to offer information about ATM coverage, functioning and availability of cash to their customers? Are there any initiative of this kind in your country?		X			
39	1	Would you have any suggestion on how the deployment of ATMs could be facilitated to avoid cash supply deficit? What would you consider best practice?		X			
40	1	Is there a best practice approach for shared infrastructure approach?		X			

#	WS	Question	Target																				
			NCB	Bank	Retail	Cons	Other																
41	2	<p>Cash withdrawal and/or cash lodgement facilities: Please provide information on any initiative in your country seeking to ensure adequate facilities for either cash withdrawal and/or cash lodgement, especially for – but not necessarily limited to -smaller and medium sized enterprises (for example: legislation mandating ATM presence; ATM pooling put in place by the industry; initiatives limiting ATM fees; smart safes; etc.). Please include a description of these initiatives and their intended objectives.</p> <table border="1"> <thead> <tr> <th>Initiative name</th> <th>Country</th> <th>Withdrawal/ Lodgement/ Both</th> <th>National / Regional / Local</th> <th>Regulatory/ Non-regulatory/ 'soft law'</th> <th>Initiative description</th> <th>Initiative objectives</th> <th>Party Responsible / leading the initiative</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Initiative name	Country	Withdrawal/ Lodgement/ Both	National / Regional / Local	Regulatory/ Non-regulatory/ 'soft law'	Initiative description	Initiative objectives	Party Responsible / leading the initiative									X	X	X	X	All but Card Schemes
Initiative name	Country	Withdrawal/ Lodgement/ Both	National / Regional / Local	Regulatory/ Non-regulatory/ 'soft law'	Initiative description	Initiative objectives	Party Responsible / leading the initiative																

#	WS	Question	Target																				
			NCB	Bank	Retail	Cons	Other																
42	2	<p>Initiatives on acceptance of cash:</p> <p>Please provide information on any initiative that you are aware of in your country seeking to ensure the continued acceptance of cash (for example legislation ensuring cash acceptance by payees, etc.). Please include a description of this initiative and its intended objectives.</p> <table border="1"> <thead> <tr> <th>Initiative name</th> <th>Country</th> <th>Withdrawal/ Lodgement/ Both</th> <th>National / Regional / Local</th> <th>Regulatory/ Non-regulatory/ 'soft law'</th> <th>Initiative description</th> <th>Initiative objectives</th> <th>Party Responsible / leading the initiative</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Initiative name	Country	Withdrawal/ Lodgement/ Both	National / Regional / Local	Regulatory/ Non-regulatory/ 'soft law'	Initiative description	Initiative objectives	Party Responsible / leading the initiative									X	X	X	X	
Initiative name	Country	Withdrawal/ Lodgement/ Both	National / Regional / Local	Regulatory/ Non-regulatory/ 'soft law'	Initiative description	Initiative objectives	Party Responsible / leading the initiative																

#	WS	Question	Target																				
			NCB	Bank	Retail	Cons	Other																
43	2	<p>Transport and processing of cash:</p> <p>Please provide information on any initiative that you are aware of in your country seeking to ensure adequate cash management facilities for enterprises.</p> <p>a. lodgement facilities offered by CIT companies:</p> <p>b. ATMs deployed by CIT companies (deployed on the own account of CIT companies / others).</p> <p>c. strategic continuity (ensuring continued presence of CIT services).</p> <p>Please include a description of this initiative and its intended objectives.</p> <table border="1" data-bbox="353 708 1464 1043"> <thead> <tr> <th>Initiative name</th> <th>Country</th> <th>Withdrawal/ Lodgement/ Both</th> <th>National / Regional / Local</th> <th>Regulatory/ Non-regulatory/ 'soft law'</th> <th>Initiative description</th> <th>Initiative objectives</th> <th>Party Responsible / leading the initiative</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Initiative name	Country	Withdrawal/ Lodgement/ Both	National / Regional / Local	Regulatory/ Non-regulatory/ 'soft law'	Initiative description	Initiative objectives	Party Responsible / leading the initiative									X	X	X	X	CITs
Initiative name	Country	Withdrawal/ Lodgement/ Both	National / Regional / Local	Regulatory/ Non-regulatory/ 'soft law'	Initiative description	Initiative objectives	Party Responsible / leading the initiative																

#	WS	Question	Target																				
			NCB	Bank	Retail	Cons	Other																
44	2	Please provide information on <u>any initiative that you are aware of in your country</u> seeking to further enhance the functioning of the cash cycle which cannot be classified in the above categories. Please include a description of this initiative and its intended objectives. <table border="1" data-bbox="353 486 1473 821"> <thead> <tr> <th>Initiative name</th> <th>Country</th> <th>Withdrawal/ Lodgement/ Both</th> <th>National / Regional / Local</th> <th>Regulatory/ Non-regulatory/ 'soft law'</th> <th>Initiative description</th> <th>Initiative objectives</th> <th>Party Responsible / leading the initiative</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Initiative name	Country	Withdrawal/ Lodgement/ Both	National / Regional / Local	Regulatory/ Non-regulatory/ 'soft law'	Initiative description	Initiative objectives	Party Responsible / leading the initiative									X	X	X	X	CITs
			Initiative name	Country	Withdrawal/ Lodgement/ Both	National / Regional / Local	Regulatory/ Non-regulatory/ 'soft law'	Initiative description	Initiative objectives	Party Responsible / leading the initiative													
45																							

#	WS	Question	Target																						
			NCB	Bank	Retail	Cons	Other																		
46	3	<p>How important are the following criteria for payees when choosing to accept a means of payments? If there are other criteria which are important for them and which are missing, please add them to the table.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 50%;"> Importance 1. Not important; 2. Somewhat important; 3. Important; 4: Very important </td> </tr> <tr> <td>Overall costs for the payee</td> <td></td> </tr> <tr> <td>Transaction speed</td> <td></td> </tr> <tr> <td>Most reliable/least sensitive to malfunctioning</td> <td></td> </tr> <tr> <td>Least risky in terms of fraud/shrinkage caused by own staff</td> <td></td> </tr> <tr> <td>Least risky in terms of theft/robberies by externals</td> <td></td> </tr> <tr> <td>Customer preference</td> <td></td> </tr> <tr> <td>Quick access to funds / liquidity for further use in your supply chain</td> <td></td> </tr> <tr> <td style="text-align: center;">(other)</td> <td></td> </tr> </table>		Importance 1. Not important; 2. Somewhat important; 3. Important; 4: Very important	Overall costs for the payee		Transaction speed		Most reliable/least sensitive to malfunctioning		Least risky in terms of fraud/shrinkage caused by own staff		Least risky in terms of theft/robberies by externals		Customer preference		Quick access to funds / liquidity for further use in your supply chain		(other)				X		Payees
				Importance 1. Not important; 2. Somewhat important; 3. Important; 4: Very important																					
			Overall costs for the payee																						
			Transaction speed																						
			Most reliable/least sensitive to malfunctioning																						
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			Least risky in terms of theft/robberies by externals																						
			Customer preference																						
			Quick access to funds / liquidity for further use in your supply chain																						
(other)																									
47	3	Please explain further the main reasons of the above ranking, especially for those criteria which are most and least relevant for payees.			X		Payees																		

#	WS	Question	Target							
			NCB	Bank	Retail	Cons	Other			
48	3	How do you assess cash payments, if you apply the above criteria, including possible additional own criteria? Please give points from 1 to 5					X		Payees	
			Cash	Debit	Credit	Cheque	Mobile	others		
		Overall cost for payee (1: most expensive, 5: least expensive)								
		Transaction speed (1: slowest, 5: quickest)								
		Most reliable/least sensitive to malfunctioning (1: least reliable, 5: most reliable)								
		Least risky in terms of fraud /shrinkage caused by own staff (1: most risky, 5: least risky)								
		Least risky in terms of theft/robberies by externals (1: most risky, 5: least risky)								
		Customer preference (1: most inconvenient, 5: most convenient)								
		Quick access to funds / liquidity for further use in your supply chain (1: slowest, 5: quickest)								
(other) (1: most inconvenient, 5: most convenient)										
49	3	If you do not accept cash in your business or parts of your business, what are the main reasons for this? Please describe in detail.				X		Payees		

#	WS	Question	Target										
			NCB	Bank	Retail	Cons	Other						
50													
51	3	How do existing regulations affect the means of payment you accept?			X		Payees						
52	3	What are your main concerns in terms of security, fraud, or fraud by staff when accepting and handling cash?			X		Payees						
53	3	What obstacles do you see now and in the future for accepting cash in your trade? Please take into account the whole process associated with the acceptance of cash (e.g., from point of sale to handling and deposit).			X		Payees						
54	3	Have you noticed any changes in how your customers prefer to pay during the COVID-19 pandemic?			X		Payees						
55	3	Have you taken measures to ask your customers to pay contactless? If yes, why?			X		Payees						
56	3	<p>If you think about the different activities associated with the overall cash handling, which are the main activities/processes/fees causing costs/efforts for you? Please rank these costs according to their share from highest share (1) to lowest share (10).</p> <table border="1" data-bbox="353 949 1473 1069"> <thead> <tr> <th>Type of cost</th> <th>Rank (1: highest share, 10: lowest share)</th> <th>Main driver(s) for these costs</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Type of cost	Rank (1: highest share, 10: lowest share)	Main driver(s) for these costs						X		Payees
Type of cost	Rank (1: highest share, 10: lowest share)	Main driver(s) for these costs											
57	3	How do you assess the current fees charged for depositing and withdrawals / change money? Please elaborate in detail.			X		Payees						
58	3	If you think about an average transaction, are the overall costs for accepting cash lower, equivalent or higher than for accepting other means of payments?			X		Payees						

#	WS	Question	Target				
			NCB	Bank	Retail	Cons	Other
59	3	How do you assess the overhead costs for accepting cash compared to other means of payment?			X		Payees
60	3	Have the overall costs of cash for your company increased or decreased in the recent past (3 years ago)? In which areas were the most significant changes and what were the drivers?			X		Payees
61	3	In which areas do you expect major changes to your costs associated with cash in the next 3 to 5 years?			X		Payees
62	3	What is your view on the use of 1 and 2 euro cent coins?			X		Payees
63	3	What factors do you have to consider in the back-office when accepting cash?			X		Payees
64	3	How do you deal with the cash received in payments in your trade (multiple answer possible)? <ul style="list-style-type: none"> • Deposit the cash in a bank branch over the counter • Deposit through a CRM (cash recycling machine) or CDM (cash deposit machine) • Use a smart safe/box /vault • Agreement with a CIT company for regular cash pick-up • Night vault / seal bag / etc. (physical drop off) • Other, please specify 			X		Payees
65	3	How do you plan and order your change money for the coming day(s)?			X		Payees

#	WS	Question	Target																				
			NCB	Bank	Retail	Cons	Other																
66	3	<p>Please rate the following drivers for how you deposit cash from 1: not important to 4 very important:</p> <table border="1"> <tr> <td>Driver</td> <td> Importance 1: Not important 2. Somewhat important 3. Important 4: Very important </td> </tr> <tr> <td>Price/costs</td> <td></td> </tr> <tr> <td>Availability (of deposit facilities/service provider)</td> <td></td> </tr> <tr> <td>Distance</td> <td></td> </tr> <tr> <td>Opening Hours</td> <td></td> </tr> <tr> <td>Security of my staff</td> <td></td> </tr> <tr> <td>Security of the deposit facilities</td> <td></td> </tr> <tr> <td>Other, please specify</td> <td></td> </tr> </table>	Driver	Importance 1: Not important 2. Somewhat important 3. Important 4: Very important	Price/costs		Availability (of deposit facilities/service provider)		Distance		Opening Hours		Security of my staff		Security of the deposit facilities		Other, please specify				X		Payees
Driver	Importance 1: Not important 2. Somewhat important 3. Important 4: Very important																						
Price/costs																							
Availability (of deposit facilities/service provider)																							
Distance																							
Opening Hours																							
Security of my staff																							
Security of the deposit facilities																							
Other, please specify																							
67	4	The definitions of cashback and cash-in-shop mentioned at the beginning of the questionnaire have been developed by the Eurosystem. Do you think new definitions are required in order to better reflect these services? If yes, please provide your suggestions.	X	X	X	X																	
68	4	<p>What are the main reasons for customers asking for cash:</p> <p>a. via cashback?</p> <p>b. via cash-in-shop?</p> <p>Should these services be promoted more? Please specify.</p>				X																	

#	WS	Question	Target				
			NCB	Bank	Retail	Cons	Other
69	4	What are the main reasons for merchants and PSPs to offer cashback and/or cash-in-shop (e.g. less till to handle at the end of the day, attracting (new) customers, competition on the market for the services offered, etc.)? Please specify.		X	X		PSPs, Fintech companies
70	4	Is it possible for retailers POS system/Software to automatically distinguish between a purchase and cashback amounts at the till? In particular: a. When the amounts are transmitted to the PSP/acquiring bank for clearing, is there a distinction made between cashback amount and purchase amount or is only the lump sum transmitted? b. In cases where only the lump sum is submitted, would it be technically feasible to also transmit the separate amounts or are there reasons against that? (e.g., too much effort/costs to adapt the IT, scheme regulations, etc).		X	X		PSPs, Fintech companies, Card Schemes
71	4	Are customers informed that cashback/cash-in-shop is offered by a merchant? If yes, how are customers usually informed? (locally at the shop/ internet/ etc?) If they are not informed, why?		X	X		PSPs, Fintech companies, Card Schemes
72	4	With respect to the obligations set out in the European legal framework (Regulation EC No. 1338/2001, Decision ECB 2010/14) concerning the euro banknotes recirculated in the cash-in-shop scheme, could you please provide an overview of the different measures you may have adopted to comply with the referred applicable laws (e.g. trained staff member who manually carry out the banknotes' authenticity and fitness checking/use of a type of banknote handling machine successfully tested by a National Central Bank) as well as the main challenges identified?		X	X		PSPs, Fintech companies, Card Schemes

#	WS	Question	Target				
			NCB	Bank	Retail	Cons	Other
73	4	Could you quantify the number and value of cashback/cash-in-shop transactions in absolute terms?		X	X		PSPs, Fintech companies, Card Schemes
74	4	Could you quantify the number/value of cashback transactions either as: a. A percentage of total POS transactions made in cash, and b. Total cash distributed via cashback as a percentage of the total cash received as payments at POS. c. Are there significant differences between urban, rural and touristic areas affected by seasonality?			X		Card Schemes
75	4	Could you quantify the number/value of cash-in-shop transactions as a % of ATM withdrawals? Are there significant differences between urban, rural and touristic areas affected by seasonality?		X			PSPs, Fintech companies, Card Schemes

#	WS	Question	Target																																					
			NCB	Bank	Retail	Cons	Other																																	
76	4	<p>a. Are all the fees listed below applied for cashback schemes and who receives them?</p> <table border="1"> <thead> <tr> <th>Type of fee</th> <th>Payer of the fee</th> <th>Recipient of the fee</th> </tr> </thead> <tbody> <tr> <td>merchant service charge</td> <td></td> <td></td> </tr> <tr> <td>interchange fee</td> <td></td> <td></td> </tr> <tr> <td>scheme fee</td> <td></td> <td></td> </tr> <tr> <td>other, please specify</td> <td></td> <td></td> </tr> </tbody> </table> <p>b. For direct cash-in-shop without banks (open to all holders): who pays the fees and who receives them?</p> <table border="1"> <thead> <tr> <th>Type of fee</th> <th>Payer of the fee</th> <th>Recipient of the fee</th> </tr> </thead> <tbody> <tr> <td>please specify</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>c. For cash-in-shop offered by banks (open only to cardholders of the banks): who pays the fees and who receives them?</p> <table border="1"> <thead> <tr> <th>Type of a fee</th> <th>Payer of the fee</th> <th>Recipient of the fee</th> </tr> </thead> <tbody> <tr> <td>please specify</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Type of fee	Payer of the fee	Recipient of the fee	merchant service charge			interchange fee			scheme fee			other, please specify			Type of fee	Payer of the fee	Recipient of the fee	please specify						Type of a fee	Payer of the fee	Recipient of the fee	please specify							X	X		PSPs, Card Schemes, Fintech companies
Type of fee	Payer of the fee	Recipient of the fee																																						
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please specify																																								

#	WS	Question	Target				
			NCB	Bank	Retail	Cons	Other
77	4	Do the above fees always apply in the same way irrespective of the country or are they country-specific? a. For cashback b. For cash-in-shop		X	X		PSPs, Card Schemes, Fintech companies
78	4	Could you quantify the fees applied to cashback/cash-in-shop indirectly by comparing it to the fees applicable to the POS payment or ATM withdrawal?		X	X		PSPs, Fintech companies and Card Schemes
79	4	In cases where merchants need to pay merchant service charge, would it be feasible, in order to promote cashback services (in rural areas) that the fee structure changes like for ATMs so that a fee from issuer's bank is paid to the acquirer (merchant) bank; as a minimum in places where cashback/cash-in-shop fills in the gap of missing cash infrastructure?		X			PSPs, Fintech companies, Card Schemes
80	4	What are the main reasons for not offering cashback/cash-in-shop (e.g. security concerns, longer waiting times at a till, not enough cash if cashback/cash-in-shop gets too popular, etc.)? Please specify.			X		
81	4	What are the main reasons for not offering cash-in-shop (bank's strategy, no retailer's network in rural areas, no desire to depend on a provider, etc.)? Please specify.		X			
82	4	If offered by a merchant, is cashback/cash-in-shop offered automatically in all its branches? If not, what are the reasons for it?			X		

#	WS	Question	Target				
			NCB	Bank	Retail	Cons	Other
83	4	What in your view will be the evolution of cashback/cash-in-shop in the near future and what will affect its presence on the market?		X	X	X	PSPs, Fintech companies, Card Schemes
84	4	What should the relevant institutions do to make a. cashback b. cash-in-shop attractive alternative way(s) of accessing cash (especially in rural and touristic areas and touristic areas affected by seasonality)?		X	X	X	PSPs, Fintech companies
85	4	Are you aware of any existing initiative or plan to pursue an initiative that may act as an alternative cash access/supply point in the future (other than a bank branch, cash dispenser, cashback and cash-in-shop)? If yes, please specify and share the project scope.		X	X	X	PSPs, Fintech companies, Card Schemes
86	4	Are there any fees for consumers associated with: <ul style="list-style-type: none">• Cashback?• Cash-in-shop?			X	X	
87	4	Have you conducted any studies/formulated any recommendations on possible alternative cash access points in your country (e.g. cashback, cash-in-shops, other)? If so, please provide a copy of such studies/recommendations.	X	X	X	X	All

#	WS	Question	Target				
			NCB	Bank	Retail	Cons	Other
88	4	Do post offices in your country offer ways to access cash, both in urban and rural/remote areas alternative to ATMs? If yes, please provide details.					Post Offices
89	4	What kind of costs such services imply for post offices?					Post Offices
90	4	Do you consider the cost model (fees) sustainable for post offices?					Post Offices
91	4	Should these services be promoted, and if yes, how?					Post Offices
92	4	Have post offices launched any initiatives, possibly with other stakeholders, how to maintain/increase cash access and deposit points (in general or in rural areas)					Post Offices
93	3	What are the main developments in the CIT market in your view?					CITs
94	3	How has CITs profitability been affected by these developments?					CITs
95	3	What obstacles do you see in CITs general operations?					CITs
96	3	What are the main cost drivers for CITs business?					CITs
97	3	What factors influence the costs for the provision and collection of cash? How do they differ for coins and banknotes?					CITs
98	3	What are CITs main security concerns?					CITs

12 Annex 5: Origination of Questionnaire Responses

The questions developed by the workstreams and approved by the working group were divided into nine stakeholder-specific questionnaires, addressed to the Eurosystem national central banks, commercial banks, retailers, payees, PSPs and fintech companies, consumers, independent ATMs developers, Cash-in-Transit companies and national postal services. The table with all questions, including an indication of which workstream raised the question and to what stakeholders the question is targeted at, can be found in Annex 4.

In terms of process, the working group envisioned a two-stage approach for phase 1 (data collection). First, the nine stakeholder-specific questionnaires were sent to some 20 identified Level 1 Stakeholders (European networks involved in the WG, a few additional ERPB members which are not in the working group and a few relevant third parties). Level 1 stakeholders were encouraged to consult their members and relevant external entities/experts, identified as Level 2 Stakeholders. The Level 1 Stakeholders were asked to consolidate the feedback received from their Level 2 Stakeholders before returning their consolidated response to the working group secretariat by 31 May 2021. The ERPB Secretariat kindly assisted in the send-out of the relevant questionnaires to some ERPB members which are not involved in the WG and the national payment committees.

Responses have been received from or via the following stakeholders: AGE, ATMIA, BEUC, EACB, EBF, ECPA, ECSG (Cards Sector and Processing Sector), EDPIA, EPC, EPIF, ESBG, ETPPA, EuroCommerce, EVA, National Payment Committees, NCBs, PostEurop and Western Union (reaching out to their agent network). Some Level 1 stakeholders compiled the answers from their Level 2 stakeholders. Together, all answers cover 23 countries (Austria, Belgium, Croatia, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom) – it should be noted that this list includes even some non-EU countries.

Given the voluntary basis of this exercise the working group managed to reach a broad variety of stakeholders, both in terms of their nature as well as in terms of their geographical spread. Regrettably, no feedback was received from smaller retailers, corporate treasurers and national public administrations (in their capacity as users of payment services).

13 Annex 6: Summaries of External Presentations

Occasionally, (external) presenters were invited to intervene during working group meetings to present on a topic of relevance to the members. For these meetings, workstream participants were invited as well. An overview of these interventions is presented in the table below.

Date	Organisation	Presenter	Topic
16-02-2021	ECB	Patricia Roa Tejero	ECB update: Cash trends and ongoing work on access to cash
11-05-2021	Mastercard	Benjamin Didszuweit	Cash and access to Cash – The Mastercard perspective Why cash and access to cash are important in a digital world and what Mastercard is doing about it
25-05-2021	Batopin	Kris De Ryck	Batopin – Smarter access to cash
08-06-2021	Sonect	Sandipan Chakraborty	Virtual ATM (Cash in Shop) - Sharing economy in Cash Logistics
22-06-2021	ECB	Alejandro Zamora-Pérez	The paradox of banknotes - ECB Economic Bulletin Article
06-07-2021	Deutsche Bundesbank	Fabio Knümann	The Costs of Cash Payments - A study to determine and evaluate the costs arising from cash payments in the retail trade sector
20-07-2021	European Commission – DG FISMA	Céu Pereira	Cash in EU retail payments legislation
20-07-2021	De Nederlandsche Bank	Roel van Anholt	McKinsey Report: Future of the Cash Infrastructure in the Netherlands
31-08-2021	Lietuvos Bankas	Edita Lisinskaitė	Memorandum of Understanding for Ensuring Access to Cash in Lithuania
14-09-2021	European Commission – DG EMPL	Inmaculada Placencia Porrero	The European Accessibility Act - Directive 2019/882

Brief summaries of the presentations that were given can be found in the remainder of this Annex 6.

16-02-2021 - ECB: Cash trends and ongoing work on access to cash

Patricia Roa Tejero (ECB) provided an update on cash trends and ongoing work on access to cash. Inter alia, she presented the SPACE study, cash trends and the Eurosystem's Cash 2030 strategy and its 5 strategic objectives. Ms Roa Tejero acknowledged that decreasing figures notwithstanding, cash is still most widely used, and things will not change in the short term. She also said that working on acceptance and access to cash is a team effort and that the ECB warmly welcomes the start of the WG on access and acceptance of cash.

11-05-2021 - Mastercard: Cash and access to Cash – The Mastercard perspective - Why cash and access to cash are important in a digital world and what Mastercard is doing about it

The presentation addressed why cash and access to cash are important for a card scheme in an accelerating digital world and what Mastercard is doing about it. Mr Didszuweit and Mr Martin briefly introduced themselves and thanked the WG for the invitation. The presentation touched upon the following topics:

- Mastercard's strategy, from 'war on cash' to 'world beyond cash': despite electronic payments huge growth, cash has not been declining that much and will not disappear anytime soon.
- Focus on reducing the costs that come with access to cash – this also depends on the market.
- Card-less ATMs are currently being tested in the Netherlands.
- Cashback and cash-in-shop are being encouraged, but are not considered a feasible solution for smaller towns with local stores.
- Merchants should not be paid by the issuer, as services like cash-in-shop bring more customers to the store.

25-05-2021 - Batopin: Smarter access to cash

The presentation explained what Batopin (Belgian ATM Optimization Initiative) is and what their goals are. Mr De Ryck briefly introduced himself and thanked the WG for the invitation. The presentation touched upon the following topics:

- Cash use showed a declining trend already and Covid-19, as well as the rising amount of contactless payments (+33% since last year) drove that further.
- There are places in Belgium where there is an oversaturation of ATMs, whilst in other places there is a lack of them.
- The Dutch company Geldmaat is in close contact with Batopin since, whilst they have a somewhat different purpose, they have years more experience in this area.
- Batopin is an initiative from the four major Belgian banks: Belfius, BNP Paribas-Fortis, ING and KBC.
- They will make sure that the ATMs are accessible to everyone, including disabled and older people, and Batopin will not directly charge consumers withdrawal fees—issuing banks are free to set their own policies.
- They plan to have the entire ATM network (2000 ATMs at 700 locations) plus the infrastructure, deployed by 2024.
- 2/3 of the locations will also allow for cash deposits, as most machines they will deploy are cash recycling machines.
- Their progress can be followed on www.batopin.be.
- A new brand name will be announced when the network will be introduced. From a consumer perspective, if their issuing bank is part of that network, any ATM of the network can be used as if it was an ATM of its own bank.
- Upon a question from the audience, Batopin answered that they will not charge customers directly, however, they don't have control over charges issuing banks have in place.

08-06-2021 - Sonect: Virtual ATM (Cash in Shop) - Sharing economy in Cash Logistics

The presentation explained what Sonect is and what its goals are. Mr Chakraborty briefly introduced himself and thanked the WG for the invitation. The presentation touched upon the following topics:

- The number of bank branches has dropped and there are not many ATMs that are recycling ATMs. This has had impact on both access to and acceptance of cash, as for instance retailers start accepting only cards if they cannot deposit cash.

- Improve access to cash by ensuring recirculation. This is done by using a location-based connecting platform: matchmaking happens in real time depending on cash liquidity, with no need for a physical infrastructure.
- Visa and Mastercard are also investing in cashback, but some stores tend to run low on cash.
- A good solution for all of this is in the mobile banking app (independent from card schemes and fully PSD2 compliant); the app is also fully integrated with POS.
- Acceptance of cash: Cash hub (launching soon) will allow small retailers to deposit cash in safe points.
- Best is to not reduce ATMs but to make cash sustainable in the future.

22-06-2021 – ECB: The paradox of banknotes - ECB Economic Bulletin Article

The presentation gave an overview of the knowledge of banknotes. The presentation touched on the following topics:

- The paradox is that cash transactions decrease but the total cash demand increases.
- Banknote circulation has seasonality (especially the Christmas period). If you filter out those transactions from the series, you can find the real data. Both methods lead to the same conclusion though.
- The saturation rate helps find what is lost, stored or outside the EU.
- The SPACE Survey is a direct approach.
- There is an occasional paper on the foreign demand for euro banknotes (between 30 and 50 percent).
- The estimation per adult of cash as a store of value is residual. A small part is observable (holding of banks in their vaults, but only 7%). The deposit facility rate turned negative in 2014 and is still negative.
- In 2020 the paradox has intensified. Circulation has risen a lot but way fewer transactions.

06-07-2021 - Deutsche Bundesbank: The Costs of Cash Payments - A study to determine and evaluate the costs arising from cash payments in the retail trade sector

The presentation gave an overview of the overall costs of the different means of payment in Germany. The presentation touched on the following topics:

- The 2019 study was based on data collected in 2017 and aimed at answering the following questions: how much do cash payments cost? Are they more expensive than cashless payments? how long does it take to perform cash payments, compared to cashless transactions?
- Although it is difficult to collect the data, the study shows that a high share of costs accounts for the retail sector.
- In Germany, the cash turnover is higher than the cashless one, with three out of four purchases being carried out in cash. After the pandemic, the DB estimates that cash payments have seen a decrease of 10%.
- The study found that cash is the faster means of payment at the POS. Time also depends on the amount, with cash showing the bigger fluctuation.
- In terms of costs, cash is the cheaper (0.24 euro cent per transaction). Costs include cashier time, POS back end, supply and removal/transaction costs and terminals.
- The study concludes that cash is still popular and is also the cheapest means of payments. Another study will be conducted in 2023, based on 2022 data, to see how the pandemic impacted on the use and costs of cash.

20-07-2021 – DG FISMA: Cash in EU retail payments legislation

The presentation gave an overview of the Commission's vision as push forward in the Retail Payments Strategy and of the treatment of cash in the EU retail payments legislation. The presentation touched on the following topics:

- Cash is the only form of money which individuals can hold directly (meaning, without intermediaries) and is also widely accessible and accepted.
- On this matter, the key legislative act is the PSD2: cash withdrawal is a PSD2 service, hence a PSP licence is required. While cash-back services (i.e., linked to a purchase of goods/services) are exempted from the scope of PSD2, cash-in-shop is subject to PSD2; this means a PSP license is required.
- There is a diversity of business models in the market: in some cases merchants act as agents (e.g. to offer cash-in-shop), while in other cases merchants are not directly involved, e.g., there is an ATM in their premises but it is operated by a bank or IAD; some merchant's check-out points include cash systems directly operated by a PSP).
- Other pieces of legislation relevant for cash: Cross-Border Payments Regulation that lays down rules on fees for cash withdrawal services by, inter alia, preventing double charging and setting the principle of no discrimination for cross-border and domestic withdrawals.

20-07-2021 – De Nederlandsche Bank: McKinsey Report: Future of the Cash Infrastructure in the Netherlands

The presentation gave an overview of the McKinsey report commissioned by De Nederlandsche Bank and that was sent to the Dutch Parliament. The presentation touched on the following topics:

- Voluntary agreements and consolidation have led to a highly efficient payments system in the Netherlands. In 2005, 80% of payments at the POS were performed in cash, while in 2020 the share fell to only 20%. Acceptance rates of cash are still reasonable, although payments in cash are more expensive compared to card payments. Despite the strong decrease, almost everyone still has access to an ATM within 5km reach in the Netherlands.
- The National Forum on Payment Systems concluded in 2020 that cash still needs to function properly for the coming years (meaning sufficient cash acceptance and accessibility).
- Yet banks, retailers and consumers agreed to extend the current agreements only temporarily until an independent study on the cash infrastructure for the coming 10 years would be commissioned by the DNB and would also take into account the change in cash demand.
- Recent developments show a fragile situation: deposit prices increase (10-15% per annum); introduction on withdrawal fees; acceptance of cash decreased in shops; fewer ATMs; discontinuing clearing-bank services; reduced accessibility of coin terminals.
- For the future, the cash infrastructure needs to remain secure, accessible, available, efficient, robust, and fostering acceptance.
- As long as cash is expected to fulfil a back-up function, the ATM network must not be scaled down. This may imply new measures to ensure a minimum number of terminals are available for the population and to ensure acceptance of cash.
- DNB would like to focus on digital back-up alternatives that are widely available and accessible to vulnerable groups and recommends that the costs of cash should be shared among all customers and not only cash users. The Minister of Finance will work on a new 'covenant on cash', and negotiations with stakeholders will start in late August/beginning of September 2021. If no new agreement can be found, the Minister may consider imposing legislation.

31-08-2021 – Lietuvos Bankas: Memorandum of Understanding for Ensuring Access to Cash in Lithuania

The presentation gave an overview of the Memorandum of Understanding (MoU) recently signed by the Lietuvos Bankas and the Lithuanian industry aimed at ensuring access to cash in the Country. The presentation touched on the following topics:

- The demand for cash is still high, although in 2020 it decreased by 10% due to the Covid-19 pandemic. In 2019, 68% of retail payment transactions were made in cash (in 2016, the share of cash payments was 75%).
- With the increase of digitalisation, banks are closing branches and the number of ATMs is declining. The number of bank branches providing cash services decreased threefold between 2015 and 2020; in the same period, the number of ATMs diminished from 1216 to 1046.
- Map of access to cash: there are currently more than 1000 ATMs in 91 localities. 82% of the population can access an ATM within 10km distance, while 95% of the population can access an ATM within 20km distance. In addition, there are currently almost 4000 alternative access points (mostly located outside of the big cities) but often there is not enough cash in the tills to provide citizens with cash services.
- In 2021, the Lietuvos Bankas signed a MoU with market participants who committed to double the locations for ATMs (with at least 100 additional locations reached by ATMs within one year). The MoU will ensure 99% population will have an ATM within 20km (90% will have one within 10km).
- Follow up: map of ATMs and cash access points will be published on the website, and it will be updated regularly; monitoring of the implementation of the MoU; annual consultation with market participants; annual review on access to cash situation.

14-09-2021 - DG EMPL: The European Accessibility Act - Directive 2019/882

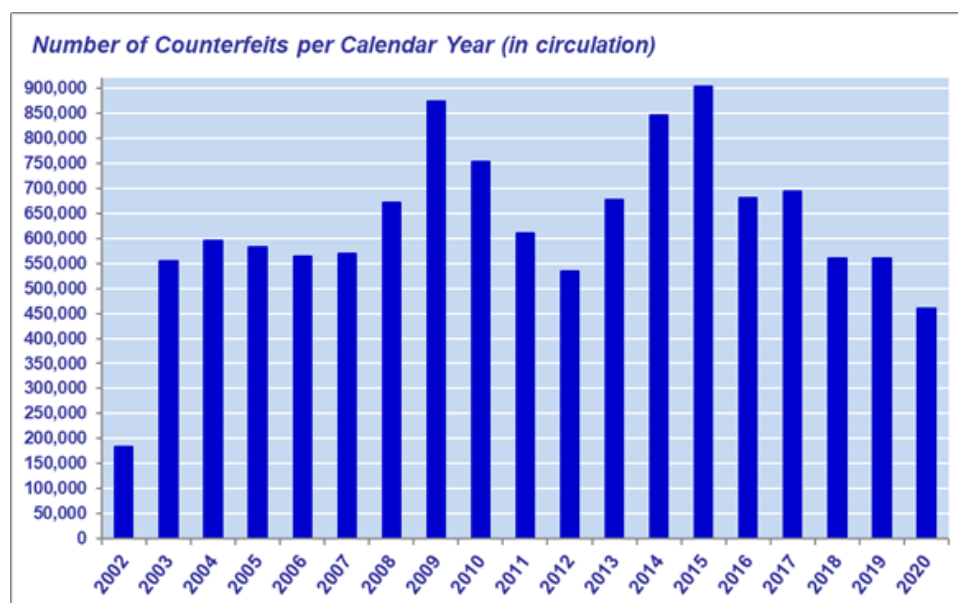
The presentation gave an overview of the European Accessibility Act (EAA). The presentation touched on the following topics:

- Diverging national approaches to the accessibility legislation led to the EEA. The EEA basically covers two main legs: on the one hand, the directive imposes certain accessibility requirements for selected products and services; on the other hand, it provides for accessibility requirements to be used in other EU legislation that contain an obligation and/or a reference to accessibility, without further detailing the provisions (e.g., for public procurements).
- Self-service payments terminals, including ATMs, ticketing machines, check-in machines, and interactive self-service terminals providing information, are among the products in the scope of the EEA. Similarly, consumer banking services are among the services in the scope of the EEA.
- Standards only provide a presumption of conformity. Technical specifications laid down via delegated act could be mandatory.
- The EC is working with WG, and will work with market surveillance authorities, authorities responsible for compliance of services, relevant stakeholders, and organisations of people with disabilities to: (i) exchange information and best practices; (ii) cooperate on implementation to improve coherence and monitor safeguards; (iii) advise the EC. By the end of the year, a revised document should be ready for adoption.

- Enforcement and penalties: during the first phase, market players will be required to provide self-assessments and self-declarations. In a second phase, relevant authorities will check compliance and in case of breach, consumers will be able to take action before courts. The end goal is to ensure compliance, therefore the EAA focuses on remedial actions, rather than on penalties (which shall be effective, proportionate, and dissuasive nevertheless).
- Six annexes complement the EAA. Member States are given 3 years after the entry into force for transposition. The EAA will enter into application years after its entry into force. A transitional period is also envisaged: 5 extra years for providing services with products in use; maximum 20 years after use (end of economic life) for self-service terminals; maximum 5 years for ongoing contract services.

14 Annex 7: Counterfeit euro Banknotes

During 2020, 459,229 **counterfeit euro banknotes**, with a face value of EUR 21.4 million, were removed from circulation. This equates to an average number of counterfeits of 38,269 per month. For the first time since 2003 the average has fallen below 40,000 pieces per month. The €20 denomination has taken the lead followed by the €50. Jointly the two middle denominations represented 67% of the total. The proportion of the €10 is on a historic high, which is a consequence of the ongoing distribution of illicit reproductions of the ‘Movie Money’ and ‘Prop Copy’ types⁷⁵. Those counterfeits had a market share of 28% during 2020 and they are predominantly affecting lower denominations, especially the €10.



⁷⁵ Colour reproductions of euro banknotes in the original size which are traded over the internet. The notes feature small overprints saying that they are *only meant as props for movies*, but they are frequently abused for fraudulent purposes.

15 Annex 8: Cash Handling Tasks for a Large Retailer

Table: Cash handling tasks for a large retailer

Task	Place	Frequency
Filling the till with change money	Backoffice (BO)	Daily
Accepting cash	POS	Constantly
Checking for counterfeit banknotes	POS	Constantly
Refilling of change money	POS / BO	Several times a day if needed
Cash drawer: counting of local currency	BO	Daily
Cash drawer: counting of foreign currencies	BO	Daily
Putting change money into Self-Checkout tills	POS	Daily
Self-Checkout: Assisting customers if necessary	POS	Daily
Self-Checkout emptying and counting	POS /BO	Daily
Safe: counting (local currency and foreign currencies)	BO	Daily
Ordering change money	BO	Weekly
Packing safeback (local currency and foreign currencies)	BO	Weekly
CIT: Handing over safebacks	BO	Weekly
CIT: Receiving change money	BO	Weekly
Checking received change money, placement / registration in safe	BO	Weekly
Booking of cash disposal and received change money	BO	Weekly
Processing counterfeit notes	BO	Weekly
Clarification of differences (till, safe, safebag, change money, currency differences)	BO	Weekly