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From: Mr Maarten VERWEY, Director-General for Economic and Financial Affairs, European Commission

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To: Ms Irene TINGALI, Chair, Committee on Economic and Monetary Affairs, European Parliament
His Excellency Ambassador Marcos ALONSO ALONSO, Permanent Representation of Spain to the EU

Subject: Legal tender of euro banknotes and coins: summary of the feedback received on the Commission's proposal

Delegations will find attached the document mentioned above.



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
ECONOMIC AND FINANCIAL AFFAIRS
The Director-General

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Ms Irene Tinagli
Chair
Committee on Economic and Monetary Affairs
European Parliament

His Excellency Ambassador Marcos Alonso Alonso
Permanent Representation of Spain to the European Union
Secretaria.Emb@reper.maec.es
Bd du Régent 52
1000 Brussels

Subject: Legal tender of euro banknotes and coins: summary of the feedback received on the Commission's proposal

Dear Honourable Member, Dear Ambassador,

On 28 June, the European Commission adopted the *Proposal for a Regulation of the European Parliament and of the Council on the legal tender of euro banknotes and coins*, along with the accompanying impact assessment.

In line with Better Regulation principles, legislative proposals adopted by the European Commission and their accompanying impact assessments are open to public feedback at the same time as being put forward to the European Parliament and Council. In this context, the Commission published the proposal on its *Have Your Say* webpage¹, where the public and all other stakeholders could provide their feedback on the adopted text.

The consultation started on 30 June 2023 and it was initially planned to last until 8 September 2023. Because of technical issues with access to the webpage during the initial consultation period, the Commission decided to prolong this deadline until 3 October 2023. Contributors had the possibility to upload their feedback in all EU languages.

This letter summarises the feedback received, and the views presented below are not the views of the European Commission but of the stakeholders that participated in this consultation. It should be noted that the results of this survey are not representative for either the EU or the Member States: participation was voluntary, not based on sampling, the number of respondents was very low and most respondents came from only a few Member States.

¹ https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13429-Clarifying-the-legal-tender-status-of-euro-banknotes-and-coins_en

1. General overview of respondents

The European Commission received 56 contributions during the consultation period, of which 54 were provided through the ‘Have your say’ platform, and 2 were received by email. The table below shows the categories of stakeholders that contributed to the consultation.

Table 1: Overview of respondents by category

Stakeholder category	Number of contributors
EU citizens	50
Professional respondents	6
of which:	
- Business associations ²	4
- NGOs ³	1
- Other ⁴	1
Total	56

2. Findings of the report

2.1 Citizens

In terms of the country of origin of the responding citizens, 9 Member States are represented, with most contributions coming from Slovakia and Germany:

Table 2: Overview of responding citizens by country of origin

Country of origin	Number of contributing citizens
Slovakia	18
Germany	15
Austria	6
Italy	3
Netherlands	3
Belgium	2
Czechia	1
Finland	1
Spain	1

² European Cash management companies association (ESTA); International Mint Industry Association (IMIA); Associazione Bancaria Italiana (ABI); Spanish Banking Association (AEB)

³ Plataforma Denaria

⁴ Monero Policy Working Group

Among the 50 responses received by citizens, the sentiment regarding the legal tender of euro cash proposal was overwhelmingly positive. Specifically, there was only one respondent questioning the need for a regulation on the legal tender of cash.

Many citizens signalled their support for the legal tender of euro legislative proposal and said that access to cash and acceptance of cash must be ensured. They emphasised the critical role of cash in various situations, and referred to it as a reliable and tangible form of money, especially during crises. Contributors considered that cash is important because it can be used by people without a bank account, without access to the internet and by disabled or non-legally competent persons. One respondent also emphasised the role of cash in the financial education of younger generations. Citizens associated cash payments with privacy and freedom, and some advocated for the removal of payment limits. Citizens also considered that there were lower costs associated with cash transactions compared to digital payments. One citizen welcomed the proposal because cash is more often refused in shops.

A few citizens called for the legal tender of cash to be recognised in the constitutions of all Member states, while others expressed their concern about potential abuse of exceptions to the principle of mandatory acceptance of cash and called for a tougher line on cash non-acceptance. One suggestion was that indirect cash payment possibilities (for example via a branch of the seller or a partner) should also be promoted by law and, at least, be mandatory for public bodies.

Several citizens who gave their feedback were supportive of the legal tender of euro cash proposal also because they were in opposition to the introduction of a digital euro, which many feared that it would replace cash.

2.2 Professional stakeholders

In general, professional stakeholders welcomed the proposal on the legal tender of cash, with one of the contributors asking for a strong protection of cash against competition from commercial electronic money providers⁵. One respondent said that the right of acceptance of payments in cash should be ensured without detriment to other legal requirements that might limit that right (i.e., anti-money laundering, anti-tax fraud) already in place in different Member States⁶.

Some of the professional stakeholders provided comments on provisions relating to definitions, access to cash, acceptance of cash and remedial measures. On the proposed definitions one contributor⁷ would like to see clarifications on what “cash service providers”, “enterprise” and “cash access points” concretely mean, arguing that the different providers of Automated Teller Machines (ATMs) such as banks, post offices and independent ATM deployers shall be taken into account and that “enterprise” should cover all public services and temporary point-of-sales such as music festivals, sports meetings, and other event-based activities noting that those events use more and more cashless systems on site, to access food, drinks or souvenirs. Clarifications were sought also on the

⁵ ESTA

⁶ AEB

⁷ ABI

scope of the proposal, namely regarding the possibility to pay in cash for good purchased online on physical delivery.

With regard to the access to and acceptance of cash indicators, several contributors suggested that the common indicators should consider national specificities and should account for the population density and specific characteristics of the different areas, digital connectivity, and transport infrastructures.

Respondents considered that good access to cash is important for consumers and citizens because otherwise they will have no possibility to pay in cash: without adequate supply, demand is tilted towards digital⁸. One organisation⁹ advocated for the introduction of a direct consumer feedback system on cash payment issues through a dedicated website or email, arguing that such a system should enable real-time reporting, without having to wait for periodic Member State reporting, which it found too slow. A faster, more proactive monitoring is considered needed by another respondent¹⁰ to ensure cash acceptance and access.

An issue that was raised by 5¹¹ out of the 6 professional stakeholders was that the protection of mandatory cash acceptance is in their view weaker than for the digital euro as ex-ante exclusions of the digital euro are explicitly prohibited in the digital euro proposal, whereas in the cash proposal Member States must monitor the prevalence of such exclusions of cash and act if they undermine the mandatory acceptance of cash. Professional stakeholders found this difference in approach to be unjustified, inconsistent and discriminatory against cash, and these respondents considered that the approaches for cash and digital euro should be fully consistent. One respondent considered that because of different cash cultures among Member States, the monitoring clause could lead to different levels of tolerance for ex-ante exclusions, which could undermine the legal tender status of cash¹². The possible remedial measures should be coherent for the EU and therefore established by the European institutions also in view of the evolution in the internal market, in order to avoid arbitrary situations that might ultimately affect the level playing field amongst European Payment Service Providers (PSPs) depending on the Member State in which they operate¹³.

Acceptance of cash was considered important for social inclusion purposes as well, and a suggestion was that Member States should adopt effective and deterrent sanctions for anyone refusing cash without good reasons.

One organisation¹⁴ placed particular attention on ex ante exclusions of cash acceptance by airlines on aeroplanes, and also mentioned that a key omission in the definition of legal tender is the provision of change money. ATMs do not deliver coins, but change is essential to the smooth operation of cash. Another important topic for merchants is the access to and

⁸ Plataforma Denaria

⁹ ESTA

¹⁰ IMIA

¹¹ IMIA, ABI, ESTA, Moncro, Plataforma Denaria

¹² ESTA

¹³ AEB

¹⁴ ESTA

deposit of cash, as many merchants are facing adverse and deteriorating conditions to keep being able to accept cash payments¹⁵.

Several questions were raised as to which remedial measures could be taken in case of insufficient cash access or acceptance. In general, common EU wide guidance was perceived as appropriate and welcome.

We hope this summary of the feedback received by the Commission on the legal tender of euro banknotes and coins proposal will prove useful for the important work that you are undertaking. The Commission services remain available to provide any additional information you may need.

Yours faithfully,

Electronically signed

Maarten VERWEY

c.c.: Mr Pedro Guerrero Meseguer, Chair of the Council Working Party on Financial Services and the Banking Union in charge of the file; Mr Jean-Luc Filippini, General Secretariat of the Council of the European Union; Erik Burckhardt (CAB Gentiloni); Karola Maxianova (SG); Marcel Haag, Eric Ducoulombier, Nuno Epifanio (FISMA); Bogdan Bogdanov, Marie-Luise Schmitz, Massimo Suardi, Philip Tod, Luca Pierini, Stavroula Christodoulaki, Daniel Boreel, Enache Enache, Kalojan Hoffmeister (ECFIN)

¹⁵ IMIA