

The ECB has quietly adopted a "cash strategy" - my interpretation

[8 December 2020 |The European Central Bank \(ECB\) has quietly published a "cash strategy" of the Eurosystem that the Governing Council had adopted already in early September. The commitment to cash seems half-hearted at best and suggests an internal struggle.](#)

The "[cash strategy](#)" of the Eurosystem, published on 2 December consists of only of a few short texts on the website. The introduction sounds promising:

Euro banknotes and coins are the only legal tender in the euro area, and cash is the only form of public money that is directly accessible to all citizens, thereby ensuring autonomy, privacy and social inclusion. The ECB and the national central banks – also known as the Eurosystem – have a fundamental responsibility to ensure the smooth supply of cash and facilitate the use of cash in payments by citizens and businesses. We are safeguarding the future of cash in several ways.

The ECB stresses that „the Eurosystem ensures that euro banknotes and coins are available to the public at all times“ and adds that:

Even if a digital euro were to be issued in future, it would exist alongside cash.“

In my interpretation, this sentence is key to understanding the strange procedure. It seems that the cash-friendly members of the Governing Council of the ECB have insisted on such a commitment before they agreed to letting the ECB proceed on the road to a digital euro.

<https://norberthaering.de/en/money-finance/digital-euro-en/>

Under the headline „We support access to cash services for everyone“ they state:

Credit institutions therefore have a social responsibility to provide cash services to citizens and businesses, including cash withdrawals that are free or incur only a reasonable fee.

They even have a headline saying:

We make sure that cash is accepted everywhere

All this sounds quite good, except that the circumstances of the publication of this "strategy" and a look into the precise wording create the strong impression that the cash defenders within the ECB obtained only a rather lukewarm commitment to preserve the cash option.

Minimal publicity

If it was meant to be a serious and firm commitment, one would have expected the ECB to publicize it prominently. The opposite happened. It took three months for the ECB to quietly publish the cash strategy on a

subordinate page of their website, without a press statement. The decision of the Governing Council to adopt the cash strategy has [not been published, unlike other Council-decisions](#) of the same type around the same time.

The advantages of cash are recognized

On the positive side, the cash strategy recognizes already in the first sentences and more extensively on a [separate web page](#) all the main advantages of using cash, namely that "cash is the only form of public money that is directly accessible to all citizens, thereby ensuring autonomy, privacy and social inclusion" and that cash is a safe store of value, free of default risk, and that it allows easy control of expenses.

It is important that the ECB lists all these advantages, because the Attorney General of the EU, following the lead of the EU Commission hat restricted his own list of important roles of cash for citizens with regards to the execution of their rights to just one: social and economic inclusion of people without bank accounts.

<https://norberthaering.de/en/war-on-cash/esta-ecj-legal-tender/>

Noncommittal wording

The paragraph on making sure that cash is accepted everywhere just recites the relevant legal texts without mentioning anything the ECB is actually doing in this field or plans to be doing. Even worse, the last sentence seems to imply that the ECB is okay with governments restricting the use of cash by law:

Public service providers, traders and other businesses cannot refuse cash payments, unless explicitly required by law or where all parties have previously agreed on other means of payment.

Upon request, the ECB specified further, what they intend to do in this respect. Ton Roos, Director Banknotes, told me:

As part of our cash strategy we want to ensure that in 2030 paying with cash will still be a widely available option. We will cooperate with the European Commission in clarifying the legal tender status of euro banknotes, (and,) in cooperation with the European Commission we will investigate the possibility and need of binding rules of mandatory acceptance of cash in commerce.

The first goal does not seem overly ambitious. Even without much effort of the ECB, one would predict that the option of paying with cash in many places within the Eurozone would still exist in ten years. After all, the [prediction](#) of the head of Deutsche Bank, John Cryan, in early 2016 that cash would be gone in ten years, seems far off the mark after almost five years have passed. Cash may lose ground, but it is a very slow process.

The other two action items which Roos mentions do not inspire much confidence. During my European Court of Justice case regarding my demand to be allowed to pay my obligatory broadcasters fee in cash, I have learned a lot about the decidedly anti-cash stance of the EU-Commission.

<https://norberthaering.de/en/my-ecj-courtcase-on-cash/timeline/>

The Commission is of the opinion that almost any claim of public interest is good enough to give a national government or the commission the right to pass a law which restricts the obligation of public entities to accept the legal tender or which prohibits private entities from using or accepting the legal tender. In their opinion, only

Money and more

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people without a bank account have a right to have their cash accepted for payment.

That the EU Commission would accept a need to pass legislation that would require all businesses to accept cash seems highly unlikely. It would go against all they have done and how they have argued so far. I would be very happy to be proven wrong, off course.

Only words, no action

The Bundesbank is part of the Eurosystem and – via president Weidmann – was involved in the adoption of the cash strategy. However, the Bundesbank does not know about or care about credit institutions' "social responsibility to provide cash services to citizens and businesses". When I, very recently, [asked the Bundesbank](#) (in German) about their opinion on banks refusing to let their customers deposit coin-money with them, the answer was simply that this refusal was legally okay and that customers are free to chose a different bank.

In Italy, where the Bank of Italy, as part of the Eurosystem and an independent branch of government, would be in charge of making sure the "cash strategy" is heeded, the government is currently running a large scale money-back scheme for retail purchases which are paid in any way but with cash. The scheme is intended to be continued next year. I am not aware of any protests of the Bank of Italy or the ECB against this blatant anti-cash measure ([Link in German](#)).

In the context of a possible future e-Euro, the ECB is considering the option to provide a device that would allow the e-Euro to be used in analog face-to-face-situation, which is the most important remaining stronghold of cash usage. If one wanted to make sure that cash will continue to be used in the future, one would hardly consider introducing such a direct competitor to cash.

<https://norberthaering.de/en/war-on-cash/ecb-survey-digital-euro/>

Resume

The Eurosystem's cash strategy looks like a half-hearted concession to the cash-defenders within the institution and outside, which was made in order to be allowed to stand-by as cash acceptance withers away, and to help this process along with the promotion of digital payment technologies and possibly a digital euro.

[German version](#)

Note: *This is the English section of my weblog. You can get to the [German section](#) by clicking on the German flag. Only a fraction of the blogposts are available in English. Most are available in German only.*

More

[Brave New Money: PayPal, WeChat, Amazon Go – A Totalitarian World Currency in the Making](#)

[Dossier on the War on Cash](#)