

Clash between banks and cash industry casts dark shadow on ECB's "cash strategy"

03. 05. 2021 | [As part of its rather secretly "announced" cash strategy, the European Central Bank \(ECB\) has commissioned a working group of interested organizations to catalogue problems of the cash cycle. A clash between banks and the cash industry association is casting doubt on the sincerity of the endeavour.](#)

The Governing Council of the ECB adopted a [cash strategy](#) in September 2020. Remarkably, it was "published" in the depths of the ECB's website only in December and without any announcement. I have called it a "Pontius Pilate strategy" that will serve to allow the pro-cash faction at the ECB and the ECB as a whole to wash its hands of the slow death of cash.

<https://norberthaering.de/en/war-on-cash/ecb-cash-strategy/>

As a non-public part of the cash strategy, the ECB has [tasked a working group](#) of the European Retail Payment Board (ERPB) with producing a report on securing access to and acceptance of cash. The European Retail Payment Board is an ECB-led standing advisory group. [Members](#) are representatives of banks and other associations involved in payment transactions, as providers, merchants or consumers.

The „e“ in the abbreviation might just as well stand for "electronic," because the [ERPB's mandate](#) only states the optimization of electronic payments as an objective. Neither the words "cash" nor "banknote" appear in the text. Cash is treated in the ERPB's mandate as if it were not part of the payment system. This is likely due to the ERPB being a group under the aegis of the Directorate General Market Infrastructure & Payments of the ECB, while there is a separate Directorate Banknotes.

Entrusting a group with the task of helping to preserve cash, which has hitherto seen its task as making cash superfluous, has quickly proved to be problematic. In mid-April, ESTA, the association of the European cash industry, withdrew from the working group in protest and announced that it would publish a competing report on the subject. ESTA is not an ordinary member of the ERPB because ESTA only deals with cash, and thus not with payment transactions in the ERPB's definition. However, the association was invited to participate in the working group as an external member, together with other associations interested in cash.

The clash occurred in a sub-group that was supposed to catalogue the obstacles to the acceptance of cash and was moderated by a representative of ESTA. According to sources, ESTA, together with the ATMI Association of ATM Operators and the EVA Association of Vending Machine Operators, had added some items to the list of obstacles that the bank representatives in the working group were not willing to talk about. These reportedly included the campaign by major banks during the Corona pandemic to portray cash as dirty and dangerous. Restrictions on cash supply and cash services by banks were also mentioned in this context because they make it more cumbersome and expensive for merchants to deal with cash and were considered a hindrance to acceptance.

The ESTA representative who moderated the sub-group was reportedly not allowed to present the full list of barriers to acceptance at a March 30 meeting of the full ERPB working group. After fruitless protests against this, the ESTA board decided to withdraw from the working group.

For ESTA, Secretary General Thierry Lebeaux confirmed upon request that ESTA has left the working group. He would not comment on the reasons. A senior ECB manager, when asked whether the ERPB was maybe the wrong body to have been entrusted with the task of looking after cash, replied that this specific ERPB working

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group was headed by the Directorate Banknotes, which was strongly committed to cash. He described the standoff as "not entirely understandable and rather unnecessary."

Jean Allix, who is participating in the working group on behalf of the European consumer umbrella organization BEUC, agreed with ESTA and the two other cash associations on the issue, but also said that the scandal could have been avoided with more willingness to compromise. He said that, strictly speaking, a different sub-group would have been responsible for the points raised. Asked to comment on this, Lebeaux replied, "I admit that I was not willing to compromise, because that would have required accepting that the points we wanted to raise would never be discussed. I admit that I was persistent in relentlessly fostering a debate that others have as relentlessly, however more successfully, opposed."

If my presumption is correct that the ECB's goal was to show with this working group that it was serious about preserving cash, the withdrawal of ESTA under protest would be quite a setback. If the organization representing the cash industry does not participate and instead publishes a competing report critical of the banks, this would cast doubt on the sincerity of the endeavour.

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