Professional cross-border transportation of euro cash by road between euro-area Member States

2010/0204(COD) - 14/07/2010 - Legislative proposal

PURPOSE: to allow professional cross-border transportation of euro cash by road between participating Member States under conditions that guarantee the security of the transaction, the safety of the staff involved and of the public and the free movement of currency.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

BACKGROUND: the introduction of the euro has considerably increased the need for cross-border transportation of cash by road. However, due to incompatibilities between national legislations it is in most cases very difficult for professional cash transporters to move euro cash between euro-area Member States and very little cross-border land transportation therefore takes place. Regulatory differences concern a wide range of issues such as the possession and carrying of firearms by the cash-in-transit (CIT) staff, authorised transport modalities, armouring and equipment of the CIT-vehicles, number of staff in the vehicles etc. The current regulatory obstacles moreover imply a fragmentation of the single market in this sector.

The European Central Bank, the banking sector and the large retail sector have repeatedly called for the launch of an initiative aimed at lifting the obstacles to the professional cross border transportation by road of euro cash in Europe.

On this basis, the Commission adopted a White Paper on professional cross-border transportation of euro cash by road between Member States in the euro area in May 2009.

IMPACT ASSESSMENT: five broad options were considered:

- ***Option 1***: a baseline no-change scenario;
- ***Option 2***: bilateral/multilateral agreements between those Member States potentially most concerned by cross-border transports;
- ***Option 3***: a set of common rules for cross-border transports only;
- ***Option 4***: full mutual recognition; and
- ***Option 5***: full harmonisation of the regulation of all CIT-transport.

The detailed analysis of impacts concerns **option 3**: a set of common rules for cross-border transport. This option would meet the objective of facilitating the free circulation of euro cash. Since it is limited to cross-border transports it would furthermore not go beyond what is necessary to achieve the objectives.

Three sub-options are moreover considered: (i) extending the scope of the rules to EU Member States outside the current euro area; (ii) extending the scope to other cash and valuables; and (iii) restricting the scope to point-to-point transports only.

As regards the sub-options, it is concluded that the common rules should apply also to the territory of EU Member States that are about to introduce the euro as from the date of the decision of the Council to abrogate their derogation from participating in the euro.

LEGAL BASIS: **Article 133** of the Treaty on the Functioning of the European Union (TFEU). Action at EU level brings important economies of scale as compared to bilateral or multilateral action.

CONTENT: the proposed Regulation lays down a **set of common rules** for the professional cross-border transport of euro cash within the euro area. It is based on the principle of a **specific cross-border CIT-licence** which would be granted by the Member State of origin to CIT-companies whishing to transport euro cash across borders. Seven different authorised transport types are foreseen – five for the transport of banknotes and two for the transport of coins – with possibilities for Member Sates to opt out from specific options for their territory.

In terms of scope, the following elements are noteworthy:

- the proposed Regulation would apply to the professional transport of euro cash by road between euro-area Member States. It is also foreseen that the territory of Member States which have not yet introduced the euro are covered by the Regulation as from the date of the Council decision to abrogate their derogation from participating in the euro. The extension of the scope of the Regulation is the subject of a separate proposed Regulation;
- the proposed Regulation would apply both to so-called point-to-point transports (i.e. transports from one secure location to another secure location with no intermediate stops) and so-called retail transports of cash (multi-stops transports servicing final customers);
- for retail transports, the majority of the stops must take place in the host Member State(s), whereas there is no limit to the number of stops that can be made in either the Member State of origin or the host Member State;
- the transports must as a rule be carried out during daytime, with exceptions foreseen for point-to point transports;
- the CIT-vehicle must return to its Member State of origin within the same day.

The CIT cross-border licence: CIT-companies whishing to undertake cross-border transport of cash under the terms of the Regulation must apply for a specific licence from the granting authority of their Member State of origin. To obtain the licence, the company, its management and its staff will have to meet a certain number of conditions laid down in the Regulation. In case of infringement of the rules, the sanctioning power belongs to the authority that granted the licence, i.e. the authority of the Member State of origin. However, safeguarding powers are granted to the Member State crossed or the host Member State in case of emergency or manifest breaches of the rules (e.g. minimum number of staff not respected, infringement of the rules on the carrying of weapons etc). Member States furthermore have a duty of mutual information on all these aspects.

Authorised transport types

For banknotes, the following five transport types would be authorised for the cross-border transport of cash:

- transportation of banknotes in an unarmoured vehicle of ordinary appearance equipped with a system of neutralisation of banknotes (IBNS);
- transportation of banknotes in an unarmoured vehicle with a clear marking indicating that it is equipped with IBNS;
- transportation of banknotes in a cabin-armoured vehicle equipped with IBNS;
- transportation of banknotes in a fully-armoured vehicle not equipped with IBNS;
- transportation of banknotes in a fully-armoured vehicle equipped with IBNS.

For coins, the following two transport types are foreseen:

- transportation of coins in an unarmoured vehicle;
- transportation of coins in a cabin-armoured vehicle.

In all cases, there must be at least two security staff in the vehicle, except for transport in a fully-armoured vehicle without IBNS where three security staff are required. Member States may choose to close down the use of certain options for their territory as long as they accept at least one of the above-listed options for banknotes and one of the above-listed options for coins and as long as they do not allow comparable transport modalities for domestic CIT-transports.

Application of national rules: in particularly sensitive areas from the point of view of security, national rules would continue to apply. These areas concern the carrying and use of weapons, the relationship with the police forces and the rules governing the behaviour of the CIT security staff outside the CIT-vehicle as well as the security of the locations where the cash is delivered or picked up.

BUDGETARY IMPLICATION: the proposal has no negative impact on the EU budget.