Commission recommendation on means to assist economic actors in switching to the euro

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With the deadline for the introduction of the Euro fast approaching the European Commission has released a report assessing the level of awareness and preparation for the change over to Euro notes and coins. In combination with this assessment the report aims to identify good practices facilitating the introduction of the Euro. Under scrutiny are European consumers, businesses, SMEs, public sector institutions, banks and financial organisations. Specifically, the objectives of the report are: - to take detailed stock of the state of preparations a few months before the changeover to the Euro; - to provide the Eurogroup with a comprehensive document containing a synopsis of the state of progress of work; - to identify and disseminate good practices that would make a particularly useful contribution to the success of the changeover of notes and coins. The study begins by assessing the level of awareness amongst European businesses. The findings of the report indicate that awareness of and preparation for the introduction of the Euro vary depending on the size of the business. Thus, for example, larger firms have invested considerable time and money in preparing for the changeover. The fact that large firms put preparations for the changeover ahead of electronic commerce suggests that many take the introduction of Euro notes and coins seriously. As regards SMEs, the findings of the report vary. Although awareness levels amongst SMEs are beginning to increase, many remain ignorant of key factors affecting the transition period. Micro-businesses in particular appear to be ill prepared for the enormity of the task ahead. According to a flash survey conducted by Eurobarometer at the beginning of 2001, only 19% of micro-businesses have a detailed action plan. Concerning consumers, surveys indicate that individuals' attitudes to the Euro remains confused. There is, for example, little familiarisation with the new scale of values (most customers pay little attention to dual pricing and 80% of them have not memorised any prices in Euro). Other findings show that almost one person in four thinks that Euro notes and coins issued in their country will be legal tender only there. Whilst accepting that confusion is likely to level out in the later half of 2001, the report notes that consumer targeted information campaigns need to be stepped up. In terms of preparation levels amongst public institutions, the report finds most ready and well prepared. Lastly, the report examines the level of preparation in banks and financial organisations. With the later at the forefront of any changes, their level of preparation is key. By and large, banks and financial institutions have strived hard and successfully to prepare their customers for the changeover. Within two weeks of the introduction to the single currency all ATMs should be issuing bank notes in Euros. One source of continuing tension remains the high cost of non-cash cross-border transfers. The report highlights that consumers will find this practice incompatible with the logic of the single currency and as such the Commission will continue to exert pressure on banks to lower non-cash cross-border costs.