

New European Commission Strategy: Cash is a public good and must be accepted by retailers

Press Release – 28 September 2020

In the European Commission's [Communication on a Retail Payments Strategy](#), the European Union's executive has underlined the importance of **cash as a public good** – stating that **“Cash is a means of payment that offers instant settlement in face-to-face transactions, without any technical infrastructure. It is still the only form of money individuals can hold directly. As such, it should remain widely accessible and accepted.”** The International Currency Association (ICA), which represents the global currency sector, welcomes this statement, which follows on from the ICA's submission to the EU's retail payments consultation in June 2020.

The Commission points to a 2010 Recommendation that “the acceptance of euro banknotes and coins as a means of payment in retail transactions should be the rule, and that refusals should be possible only on the basis of the “good faith principle” (e.g. if the retailer has no change available).” While the Commission concedes that cashless payments have grown considerably in the last 10 years, **“cash remains the dominant means of payment in the euro area, where it is still used for 78% of all transactions.”**

In the midst of the Covid-19 crisis, many retailers – and some consumers – have fallen victim to disinformation suggesting cash may be a vector of transmission (when all public health guidance shows it holds no greater risk than cashless payments). Yet while “In all EU countries, the Covid-19 pandemic has reduced the number of cash-based transactions during lockdown... precautionary holdings of cash have actually risen markedly in some economies,” the Commission points out – more proof of the intrinsic value of cash.

The Commission further underlines that tens of millions of Europeans lack access to a bank account and cashless payment systems – and the exclusion of these people from the retail transaction landscape would marginalize over 30 million people. That is why the European Commission recommends that **“as legal tender, euro banknotes and coins must be accepted by the creditor at full face value where a payment obligation exists and they have the power to discharge the payment obligation.”** The Commission further “[e]xpects Member States to ensure the acceptance and accessibility of cash as a public good,” suggesting that one way to help do this would be **“to provide for minimum coverage of automated teller machines (ATM), or equivalent means of access, on their territory.”**

The European Commission's Communication comes in the wake of the ICA's contribution to the retail payments consultation, where it stated that **“cash is the only truly inclusive and universal means of payment.** There are no technological, financial, network- or literacy-related barriers to access to cash – whereas mobile, contactless and card payments are often not available to all members of society. Cash is also the **most secure means of payment, with no risk of cybercrime and fraud.** Many European citizens link their **personal freedom** to the use of cash as cash protects the **privacy and anonymity** of its users. A **public good** as valuable as cash should be explicitly granted the highest level of protection offered by our legal systems.”

ICA Chairman Wolfram Seidemann stressed: “We are glad that the European Commission has highlighted the importance of protecting access to, and use of, cash as a public good for all Europeans. Cash is the one means of payment that belongs to us all, as a society – and we must ensure that anyone and everyone who wants to pay cash can do so. That is why the International Currency Association has supported pro-cash legislation and regulations around the world, and will continue to do so.”



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About the International Currency Association

The International Currency Association exists to create a coherent voice for the currency industry – covering design, production, manufacturing and distribution. We are the first industry body of its kind with a membership made up of businesses that span the sector.

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