

Dear Madam President,

Dr. Ursula von der Leyen
President of the European
Commission 200, Rue de la Loi
1049 Brussels – Belgium

Brussels, 19 January 2021

Re: COVID-19 – ESTA’s call for urgent protection of the Euro cash cycle

ESTA, the European Cash Management Companies’ Association, is writing to you in relation to the dire situation that cash is facing concerning the ongoing sanitary crisis. In this context, despite a significant increase in cash demand, cash usage has dropped very sharply, from 50% to 80% depending on countries and sectors, to a level where the cash cycle may become unsustainable, putting cash at risk. Whilst cash was on a slow and controlled decline, despite being households’ most preferred payment instrument according to various surveys from the ECB, the sanitary crisis has accelerated its decline significantly.

There are two main reasons for this: one is understandably the various confinement measures adopted by a number of countries in 2020. However, the most serious reason by far is the call by major card operators, namely VISA and MasterCard, to pay contactless, raising spurious fears among the European population of contamination by using cash. In a series of documents that were obtained by ESTA, it appears that unsubstantiated claims were made such as “*using cash is extremely risky*” (MasterCard’s position paper of 15 April 2020) or “*contactless limits virus spreading*” (in both VISA’s and MasterCard’s papers). Considering that contactless payment by no means implies contactless shopping, except for online shopping, the allegation is not only fallacious, but also misleading as it may lead consumers to believe that they are protected from contamination if they pay contactless, which is not the case. Whilst the world was fighting COVID-19, it seems that some organisations have shamelessly been keen to use it for promoting their business.

In addition, a number of Central Banks, including the Deutsche Bundesbank and the ECB, have come out with forceful statements that there is no additional risk of contamination from coins and cotton-based banknotes. The preliminary results from the ECB research on contamination further shows that the possible transfer of virus on a banknote is almost zero after 30 minutes (once the note is dry). This is substantially shorter than the potential transfer of viruses from plastic substances of which cards are made (such as the PVC of payment and loyalty scheme cards for example).

On 22 March 2020, ESTA alerted Executive Vice-President Dombrovskis about the significant impact of the allegations of risk of contamination. ESTA was calling for urgent measures, notably for EU monetary authorities (Commission and ECB) to issue strong rebuttals that cash might be a factor of contamination, worse than touching any shop door handle, holding bars in public transport or touching goods in a supermarket.



In this context, it was interesting to read, as a response to our letter, the tweet from Executive Vice President Dombrovskis, a few days later on 26 March 2020, “*Time to swap your coins for contactless - safer for containing #Coronavirus*”. The somewhat alarming allegations of additional risks of contamination by cash were therefore officially endorsed, and relayed to the world, with what may be perceived as a call from the European Commission for *not* using the Euro.

VISA’s position was further confirmed when, in response to a communication to the Commission, it received an answer on 4 May 2020 stating, “*I agree with you that paying contactless plays a fundamental role in containing the spreading of COVID19 contamination*”.¹In the light of the current pandemic situation together with the substantial increase in contactless payments, the “fundamental role” of contactless in containing the contamination is still to be seen.

Yet, the place of cash in society has reduced very sharply, for no other benefit than that of a few, all non-European, card and mobile payment companies. The call for *not* using cash was well received.

As is recalled by the Advocate General of the European Court in Luxembourg in his opinion on joint cases C-422/19 and C-423/19, cash is the only public (i.e. Central Bank) money available to the European citizens having legal tender. All other forms of money are private money. Therefore, any call to swap cash for contactless is nothing less than a call for further privatisation of money. We would suggest that the role of your Commission, whose ambition is to promote “*an economy that works for people*”, is not to contribute actively to the demise of cash – this would be particularly worrisome for the many unbanked – or *debanked* – the number of which is at severe risk of increasing with the consequences of the sanitary and related economic and social crisis that is now threatening with the restrictions imposed by many governments for controlling the pandemic.

ESTA calls for very urgent measures to protect the cash cycle and reassure people, particularly those with no other choice, that cash raises no further health concerns than the contact with any other everyday life product. The issue with contactless is not so much the increase of the maximum limit of payments to €50 (although, contactless also means “security less” payments as no security device is required for initiating payments), but the elimination of the minimum threshold for payments, where cash has its main purpose.

ESTA would be delighted to discuss concrete immediate measures to be initiated and supported by the Commission in the Eurozone, and possibly outside it, to protect the use of cash and in particular for the many million Europeans who rely heavily on it. This could take place within the newly released Commission Communication on a “Retail payment strategy for the EU” (COM(2020) 592 final of 24.09.2020) which explicitly calls for measures for “*maintaining the availability of Central Bank money*”. The measures should aim at ensuring mandatory acceptance of cash through a clarification of the meaning of legal tender, ensuring adequate distribution of cash to make it available to the population, and facilitating cash payments by ensuring a smooth cash cycle.

Yours sincerely,

(signed electronically)

Thierry Lebeaux

Secretary general

¹ Email from the Head of Cabinet of Executive VP Dombrovskis.

2





Visa Europe Limited

4. 05. 2020

Brussels,

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Dear Ms [REDACTED],

Thank you for your email of 20 March 2020. I welcome Visa's efforts and commitment to ensure the stability and continuity of card payments, in light of the challenges posed by COVID-19 to EU citizens' everyday lives. I also welcome Visa's support to the e-commerce industry, and its readiness to step in on issuers' behalf in case of need. This is particularly important in the current situation, as EU citizens are have been increasingly making their purchases online.

I agree with you that contactless payments play a fundamental role in containing the spreading of COVID19 contagion. We support the European Banking Authority statement of 25 March, and encourage all EU payment service providers to increase the transaction amount limit for contactless payments up to €50, in accordance with the limit set in EU law. According to my information, in most countries this is now the case.

As announced by Executive Vice-President Dombrovskis, the Commission will encourage the financial sector to develop best practices to support businesses and households. We intend to open a dialogue to bring the financial sector together with groups representing consumers and businesses. There should be concrete solutions to concrete problems that companies and households are experiencing.

Yours sincerely,



Contact:

