

Banking Automation **BULLETIN**



Cash still the predominant payment method in Europe

German CIT firms may profit from PSD implementation

Cross-border CIT regulation: a point of contention

UK CIT attacks remain problematic despite cooperative efforts

Interchange fees: the Commission tightens screws

Country profile: Belgium



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Politics, commercial interests and cross-border CIT regulation

Should a cash-in-transit (CIT) provider from one EU country be allowed to operate freely in other EU countries? This seemingly innocuous question is more complex than it first appears. The European Commission is desperate to facilitate such a move, in which it is supported by both banks and retailers. The CIT industry and national authorities are against such plans, however. The difference in views is partly political and partly commercial.

The European Commission has two principles behind its push for a regulation allowing cross-border provision of cash transportation. The first is free movement of goods across EU borders – this must be set against the irony that despite the progress made on this front in other areas, vehicles filled with euros are mostly restricted. The second is that businesses from one EU country should be free to operate in others. Banks and large retailers support such a regulation for commercial reasons – they believe that in border areas, operating costs can be reduced.

So far, so good, so what is the problem?

Unfortunately, regulation of CIT providers at a national level differs widely from country to country, and national security issues usually fall outside of the European Commission's remit. Rules at a national level do not just relate to CIT provision, but are intertwined with national policies on issues such as policing and sentencing, among others.

Concern that regulation on cross-border CIT will indirectly have an impact on national security issues means that many, if not most, EU countries have serious concerns about the proposed regulation.

CIT providers are worried, partly about the safety of their staff, but also about the threat of cross-border CIT providers undercutting their national operations because they are operating under a less stringent regime.

There is no simple answer to this conundrum, so any solution is going to need significant compromise. The Commission appears determined to introduce a regulation, and can probably persuade member states to come on board. The CIT industry therefore needs to ensure it does not appear too preoccupied with limiting competition, and continue to focus on influencing the regulation to maximise safety of staff and a level playing field for incumbents and new entrants.

Dominic Hirsch, Editor

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