MINT INDUSTRY RESEARCH: ACCESS TO CASH – NUANCES TO APPROACHES

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The IMIA is an advocate for mandatory acceptance of cash payments at the point-of-sale of both commercial and public sector services and goods providers. As such, the IMIA is concerned about the impact of access to cash policies and regulations (and the lack of them) on cash handling costs and access to adequate cash lodgement facilities. Particularly concerning is the availability of deposit facilities and change money for merchants, with implications on retailers' cash payments acceptance.

It is with this background that the IMIA is currently conducting a study into recent trends in access to cash legislation, regulation and non-binding public initiatives, both in force as well as proposed and under review. The IMIA is researching the institutions behind these initiatives and will assess access to cash policies and solutions in terms of their potential impact on the short-term to long-term level of cash services. The study will compare metrics to determine the access adequacy that citizens have to cash coverage and the role played by alternative cash access solutions, such as 'banking hubs', post offices and cash-in-shop schemes. It will assess their impact on convenience and cost of cash access to consumers and merchants in comparison to bank branches and free-to-use ATMs.

One of the crucial differences in access to cash policy initiatives lies in their future looking nature. Ranging from approaches aiming at proactively defining an adequate level of access to secure the role of cash as reliable payments option for citizens with a long-term perspective to those purely targeting the preservation of the, often already deteriorated, level of cash infrastructure status quo. The latter is often accompanied by commitment to ensure cash is provided 'as long as there is demand for it', not recognising access to and acceptance of cash levels and policies as endogenous factors to the current and future demand.

In that sense, the recent result of the Swedish parliament inquiry into payments suggesting mandating greater acceptance of cash, as well as allowing citizens to pay legal fees as well as taxes in cash, while concluding that there is not yet a strong case for retail CBDC in Sweden, represents a positive pro future cash resilience change and recognition of the state's responsibility in this respect.

In the Netherlands last year, the De Nederlandsche Bank (DNB) signed a 'Cash Covenant' together with major banks, the Dutch Payments Association,

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COIN AWARDS NOW OPEN FOR NOMINATIONS

Nominations are now open for the prestigious Coin Awards. Last held in 2018, the awards recognise industry achievements in the design, production and packaging of coins, as well as, for the first time, sustainability in minting.

The winners will be announced at the MDC Gala Dinner to be held at the Canadian Museum of History in Ottawa, Tuesday, October 17.

The five categories are:

1. Best Commemorative Gold Coin
2. Best Commemorative Silver Coin
3. Best Circulating Coin or Coin Series
4. Best Sustainability Initiative
5. Best Packaging (of a commemorative coin)

To be eligible for the MDC 2023 Coin Awards, projects must have been launched between May 2018 and May 2023. The deadline for nominations is July 31, 2023.

In a break from the past, all nominations can be submitted online via the Awardforce platform, where you can also find out about the qualifying criteria for each category. The highest quality nominations will include a brief, well-written descriptions of the project nominated, together with good quality photographs or other illustrations that support the reasons for the nomination.

A panel of five Mint Directors will draw up a shortlist of three finalists in each category, and they will be displayed to all delegates at the MDC. All Mint Directors will then vote for the winners, which will be announced and presented during the Gala Dinner.

To submit your nomination(s), visit https://mdc2023.awardsplatform.com/

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as well as representatives of consumers, retailers and providers of cash services aiming to safeguard the permanent availability and accessibility of cash. The signed agreement was reached only for the next five years, after which the parties will see "whether they wish to continue to participate in the Covenant". The covenant also, somewhat interestingly, calls for new electronic payments forms to be identified and developed as fallback options for debit card payments outages, other than cash. If these, undefined, alternatives are introduced gradually, the number of ATMs for withdrawing banknotes can be gradually reduced without jeopardising the five-kilometre accessibility standard set by the five-year agreement. However, DNB also crucially states in the document that the central bank together with the ministry of finance will commission an independent study on how the "public interest that cash represents" can best be safeguarded, exploring such options as the role of banks and/or other payment service providers, including subsidisation and setting up a so-called 'universal cash service provider'.[1]

The Reserve Bank of New Zealand (RBNZ) says it "remains committed to ensuring cash – as one form of central bank money – is available to New Zealanders for as long as people value and use it,". The RBNZ is actively publicly stating that "cash provides choice, autonomy, and agency" for all, and that the central bank is aware of the need to improve cash accessibility. As it seems given that New Zealand's banks do not see any necessity to improve cash withdrawal facilities, the central bank is looking into "further exploring the potential net benefits of policies that support merchants having an expanded role in cash distribution to augment the current and shrinking commercial bank-centric cash system."[2] The RBNZ is therefore exploring that retailers are sufficiently supported by making sure they would be adequately remunerated for cash out services, as well as providing them with frequent, affordable cash delivery and collection.

Cash-in shops schemes are being explored in other countries, notably the cash without purchase scheme in the UK. However, questions remain whether British merchants are fairly supported to take on cash services for banks' clients, to make this alternative method sufficiently attractive and therefore sustainable. Retail associations voiced the need to be properly compensated for instance for higher risk and insurance premiums for more cash on site and compensation for the increasing cost of merchants' access to and deposit of cash, given free-to-use ATMs and bank branch closures.[3]

In Belgium, a new non-binding agreement was signed at the end of March between the government and the financial sector to guarantee satisfactory access to cash for all Belgians; the jury is currently out whether it will be sufficient to improve access to cash or whether hard law will be needed.

Memoranda of Understanding with credit institutions seem too often only possible to come into existence if banks are 'threatened' with hard law on cash access. This was the case in Lithuania, where the central bank of Lithuania was supported with an access to cash memorandum by the parliament. A parliament committee member proposed a new law to make all salaries paid into bank accounts, not by cash, which then sparked the opposition in the parliament to support the proposal only if new law and regulation was introduced to increase the access to cash provision by banks. It was this dynamic that made banks willing to start engaging and commit to a memorandum on access to cash.

The measurement of access to cash for consumers can vary within institutions from the same jurisdiction, while the German Bundesbank found that "in the December 2022 issue of the Monthly Report, the Bundesbank's experts demonstrated that the overwhelming majority of citizens consider the effort involved in getting to an ATM or bank counter to be low or very low."[4] The Federation of German Consumer

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IMD TECHNICAL COMMITTEE MEETING MAY 2023

The 37th IMD-TC will take place on 23-25 May 2023 in Philadelphia with more than 50 expected participants.

The focus will be on the new topics generated at the Singapore meeting and on preparation for MDC 2023 as well as the usual working group meetings and presentations. And of course, it will be fun to meet in person again and to enjoy the warm friendship of our community.

This meeting's location provides an exclusive and rare opportunity to take a direct look into the most historic mint of the United States, founded in 1792. It is one of the largest mints on the planet with a capacity of 1 million coins in 30 minutes.

To find out more about MDC-TC, please contact the committee chair at manfred.matzinger-leopold@muenzeoesterreich.at.

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Organisations (Verbraucherzentrale Bundesverband – vzbv) advised that an increasing number of its survey respondents reported "having had problems getting cash (24 per cent [2019], 29 per cent [2021]). The most common difficulties with cash withdrawals in 2021 were: the lack of an ATM nearby (32 per cent of those who had frequent or occasional difficulties), technical problems (25 per cent), and no banks or savings banks nearby (16 per cent)."[5]

These diverse experiences with access to cash policies underline the need for a stocktake. IMIA's study will fill this gap and shed light on these critical but poorly understood areas of cash policy.

[1] DNB (April 2022): 'Cash Convenant' https://www.dnb.nl/media/ai5mkh5w/cash-convenant.pdf

[2] Karen Silk, Assistant Governor, RBNZ (9 November 2022): 'New Zealand's changing payments landscape and potential responses to it – a regulator's view' https://www.bis.org/review/r221109c.pdf

[3] BBC News (1 December 2021): 'Shops step in to supply cash as ATMs close' (https://www.bbc.com/news/business-59475365

[4] Bundesbank (January 2023): 'Access to cash in Germany: analyses of the spatial availability of cash withdrawal facilities' https://www.bundesbank.de/resource/blob/830308/4d5679957cb8d585ca94d1caa76b7411/mL/2023-01-zugang-bargeld-data.pdf

[5] VZBV (December 2021): 'Verbraucherbefragung zu Bargeld | Umfrage im Auftrag des vzbv | Dezember 2019 und Oktober 2021 [Cash Consumer Survey | Survey commissioned by vzbv | December 2019 and October 2021]' https://www.vzbv.de/sites/default/files/2021-12/2021-12-03_Chartbericht%20Bargeld_3.0.pdf

EXECUTIVE DIRECTOR'S MESSAGE

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or $500 – will increase the cost of the purchased item, potentially not just by one or even two per cent.

The security cost associated with a digital transaction of $5 is potentially no less than the cost of securing the data of a $500 transaction. While the one per cent fee currently imposed on a $5 or $10 transaction goes some small way to meeting the cost, it might not be that long before retailers are charged a lot more for the security of the online banking services provided, to the extent that a $4.50 coffee might even have an additional minimum value surcharge.

While this is speculative in nature and not intended to be alarmist, it is postulated and presented to remind policy makers of three things:

1. The use of cash is free with no fees applied, and at a time of high inflation, for many, every cent, penny, euro or equivalent counts.
2. To remain vigilant to the possibility that as the cost of security rises, at a time when financial institutions struggle to maintain margins, they will look to pass on these costs, resulting in consumers ultimately carrying that increasing cost.
3. Those who may pay a minimum value security surcharge are often those who can least afford it.