

MINT EDITION

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EXECUTIVE DIRECTOR'S MESSAGE

THE MINT DIRECTORS CONFERENCE 2023 – MINTING FOR THE FUTURE

Given it is only a few weeks away before the Mint industry meets in person for the first time in over five years it is absolutely appropriate that the theme of the conference is Minting for the Future.

At my first MDC in 2010 there was a discussion about the future of cash and while it was much more speculative than real it was sufficiently plausible, particularly from the card company representative, that it did raise concerns. On each of the Conference occasions since then the conversation has become slightly more alarmist about the future of cash. But against that background and the doomsayer predictions, cash is still a significant part of the retail transacting process, particularly in developing countries.

While we have explored the reasons why and implored Central banks and policymakers to ensure cash remains part of the transaction system, consumers in many developed economies have taken matters into their own hands. Citizens are demanding cash be retained by contacting their local representatives, conducting campaigns on social media and by 'voting' with their actions, that is, continuing to use cash – more frequently than predicted and expected.

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MINT DIRECTORS CONFERENCE 2023 – TIME IS RUNNING OUT



NUMISMATIC CORNER – STORIES FROM AROUND THE WORLD

ROYAL AUSTRALIAN MINT: CORPORATE PROGRAMS TO CREATE NEW COLLECTORS/ NUMISMATISTS

Large-scale, mass-market coin programs delivered with reputable commercial partners, which the Royal Australian Mint terms corporate minting, has been a growth area for the Mint in recent years. Since 2016, the Mint has released twenty corporate minting coin programs, each of which has been fully embraced by the Australian public.

After a steep decline in circulating coin demand in 2012-13, the Mint embarked on a strategy of improving the profitability of the organisation to offset forecast declines in seigniorage

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LEGAL TENDER OF EURO CASH SHOULD NOT BE DISCRIMINATED BUT CONSISTENT WITH DIGITAL EURO – THE IMIA WARNS

*Martina Horakova, Managing Director,
International Mint Industry Association
(IMIA)*

At the end of June the European Commission introduced the long awaited legislative package with proposal on the legal tender status of both euro cash and the potential digital euro. The International Mint Industry Association (IMIA) welcomes the intention of the European Commission's legislative proposal on the legal tender of euro banknotes and coins to ensure

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LEGAL TENDER OF EURO CASH SHOULD NOT BE DISCRIMINATED BUT CONSISTENT WITH DIGITAL EURO – THE IMIA WARNS

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that “the physical form of central bank money, euro cash, remains present, available and accepted by all euro-area residents and enterprises.”

Euro cash is *not only the sole physical form of money, but also the only form of central bank money available to the public*. It is also the only form of money citizens can hold directly, without any third-party involvement. The IMIA argues that it is crucial that legal tender status of cash should not be discriminated but consistent to the legal tender status of central bank digital currency (CBDC) in terms of both access and acceptance rules.

The IMIA is therefore concerned that the proposed legislation will not have the intended effect and will not protect eurozone cash infrastructure. The treatment of euro cash is notably inconsistent with the proposed legal tender status implications for the digital euro. For the digital euro, apart for microenterprises and private citizens, unilateral exclusions of payments in the digital euro are outright prohibited across the eurozone, and non-acceptance can be supervised and crucially be penalised.

In contrast, the legislative proposal on the legal tender of euro cash does not per se prohibit cash acceptance. Member States should monitor annually and only intervene with measures when a level of non-acceptance of payments in cash undermines the principle of mandatory acceptance. Hence, ex ante unilateral exclusions of payments in cash are de facto not prohibited, as long as refusals of cash payments are not ‘widespread and structural’.

The annual monitoring and reporting processes suggested by the legislation for both acceptance and access to euro cash are rather ambiguous. It is unclear whether the yet to be defined ‘common indicators’ for monitoring and interventions are to be set as the minimum standard. And whether Member States would have the right based on national rules to both protect the existing level of cash acceptance and access and impose higher standards. Furthermore, the proposed annual frequency of monitoring and reporting is too slow to prevent the dismantling of cash infrastructure.

The IMIA is concerned that the only in principle mandatory acceptance by ‘enterprises’ does not include point-of-sale payment obligations/ use cases of retail payments such as person to government, person to local government or person to government-funded institution, or automated self-service check-outs. The definition of ‘enterprise’ should also include temporary point-of-sales such as music festivals, sports meetings, and other event-based activities. It has been noted that those events use more and more cashless systems on site, to access food, drinks or souvenirs.

Though the explanatory memorandum of the euro cash proposal rightly highlights the social inclusion aspect of access to cash, the IMIA points out that social inclusion is equally important in terms of cash acceptance. Those who choose to pay with euro cash should not be excluded for instance from participation and access to public transport, public parking spaces, public libraries, public sport facilities, museums, cinemas and public health facilities.

In comparison, the legislative proposal on the establishment of the digital euro, clearly states and seeks to firmly guarantee that the digital euro should support a variety of use cases of retail payments. Those use cases include person to person, person to business, person to government, business to person, business to business, business to government, government to person, government to business, and government to government payments.

It is indeed the case that for digital euro to be a successful central bank public money payment option in terms of wide adoption by, and attractiveness for, consumers that sufficient access and mandatory acceptance need to be guaranteed. That’s why without sufficient support for euro cash its infrastructure might effectively fall below a functional tipping point and the trust in central bank public money risks being significantly undermined. This would have knock-on effects for the potential introduction and potential, but not guaranteed, wide-ranging adoption of digital euro.

For the digital euro to be indeed a complementary and an additional form of public money, as intended, both types of central bank public money need to be treated consistently and provided with a level playing field in terms of regulatory measures, enforcements and institutional support. Otherwise, there is a risk of crowding out or replacement of physical public money – EU governmental bodies risk being seen as unequally pushing citizens to adopt digital euro, irrespective of preferences or need.

Read here the full [IMIA Position on the European Commission’s Draft Regulation on the Legal Tender of Euro Banknotes and Coins](#)

EXECUTIVE DIRECTOR’S MESSAGE

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But what of the future? This question will be considered and discussed at the Conference, and so I encourage those who may be considering attending to actually ‘vote’ with your feet and

register. If you are a Central banker or policymaker, we invite you to hear why cash must remain part of the transacting system, and if you are an industry member please come to see what the future holds and how demand for cash may impact the demand for

numismatic / commemorative coins. Join us at MDC 2023 to see how Mints around the world are transforming through innovation and creativity and to hear how the journey to sustainability can be achieved.