

Practical aspects of the changeover: main lessons from the first-wave experience

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- **1. Careful and pro-active preparations pay off**
- 2. The introduction of euro notes and coins needs to be swift
- 3. The withdrawal of national currency needs to be carefully prepared
- 4. The impact on prices (or the perception thereof) needs to be closely monitored
- 5. The mental changeover takes considerably more time than the physical changeover
- 6. The cash changeover constitutes the tip of the iceberg

#### **1. Careful and pro-active preparations pay off**



First –wave countries which have invested in timely, comprehensive and thorough preparations were rewarded in many respects:

- Speed of the changeover
- Public acceptance of the new currency
- Smoothness of the transition

## 2. The Introduction of euro notes and coins needs to be swift (1)



All parties involved have a common interest in keeping the cash changeover as short as possible. In concrete terms, this requires:

- that major stakeholders need to be supplied with euro cash well before €-day:
  - frontloading of banks
  - sub-frontloading of retailers and other enterprises
  - sub-frontloading of citizens (notably coins)
- that euro cash becomes easily and widely available as from €-day:
  - ATMs are fully switched over to euro
  - banks extend their opening hours
  - retailers give change in euro only

### The Introduction of euro notes and coins needs to be swift – (2)

- that a maximum of national currency has been withdrawn before €-day:
  - 'piggy coin' campaigns (to collect hoarded coins)
  - major cash holdings which are not necessary for daily operations should be returned to banks in advance
- that national cash is being quickly withdrawn (and not recycled):
  - retailers give change in euro only
  - ATMs stop issuing national currency as from €-day
  - consumer spend residual (and small) amounts of legacy cash in shops (rather than bothering banks)

#### 3. The withdrawal of national currency needs to be carefully prepared



The main focus in the past was put on the introduction of the euro.

The massive backflow of national cash came as a surprise and caused considerable logistical and other problems:

- shortage of CIT transport capacity;
- delays in the counting, sorting and processing of coins;
- Iate crediting of accounts and financial difficulties for certain companies.

### 4. Any impact on prices (or the perception thereof) needs to be closely monitored



- Prior agreements with the retail sector need to be negotiated, widely publicised and also visualised (sticker, etc.).
- Public authorities should act, and should be seen to act.
- Consumer organisations need to be actively involved in the monitoring process and consumers need to be assertive.
- The quality of preparations (and therefore the easiness of the changeover) affects people's future perception of the euro.

## 5. The mental changeover takes considerable more time than the physical changeover



- Survey results show that many citizens in the euro area still think in national currency when doing day-to-day shopping.
- A majority still thinks in national currency for large-value purchases (house, car, etc.)
- Dual displays facilitate the mental changeover but become counterproductive at some stage.

6. The cash changeover constitutes the tip of the iceberg (1)



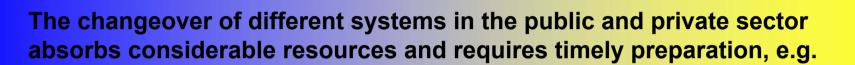
The cash changeover (rightly) receives considerable attention in national changeover plans:

it concerns all stakeholders (consumers, retailers, companies, public administrations, etc.)

it constitutes the most visible and "spectacular" part of the changeover

**However:** 

# The cash changeover constitutes the tip of the iceberg – (2)



- financial and administrative systems
- accounting systems
- invoicing and billing systems
- payment systems
- administrative systems in general
- cash registers, ticketing systems
- vending machines
- etc. etc.

The challenge will be even more important in countries adopting a "Big Bang" approach for joining the euro area.