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WORKING DOCUMENT

From:	Presidency
To:	Working Party on Financial Services and the Banking Union (Digital Euro Package) Financial Services Attachés
Subject:	Legal Tender of Cash Regulation: WP meeting on 11 June - Presidency discussion note on resilience

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Legal Tender of Cash Regulation

Brussels, 11 June 2025

Presidency discussion note on the resilience

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Background

The Presidency took note of the remarks made by some of the Member States during the last Working Party in regards to the issue of resilience also in the framework of the cash proposal. The resilience aspect was first discussed in the framework of Working Party meetings on the digital euro using as a basis the non-paper submitted by Estonian, Finnish, Latvian and Lithuanian delegations on strengthening resilience and preparedness of European retail payment landscape. According to the recent Commission communication on the European Preparedness Union Strategy[1] it is a matter of urgency for the EU and its Member States to strengthen preparedness and crisis response. Ensuring proper availability of cash can contribute to strengthening the overall resilience of the EU, therefore in this discussion note the Presidency aims to present targeted drafting suggestions in order to introduce safeguards for situations where Member States are faced with systemic and serious risks affecting payment services, digital euro operations or access to cash. Events such as the recently experienced power shortages in Spain and Portugal clearly showcase that there is a need for this type of regulation.

It should be noted that some Member States are already working on national provisions meant to address this issue, however due to the nature of the issue, a uniform EU-wide approach might be desirable. The proposed recital and a new Article 8a would introduce an obligation for Member States to prepare a cash resilience plan outlining relevant measures and necessary steps to ensure the availability of cash and the functioning of the cash infrastructure in the event of a national emergency. ECB shall be informed on the content of the plans and kept up-to-date on any changes.

Article 8a (new) – Resilience of cash

1. In order to ensure access to cash in situations where there is systemic and serious risk or disruption for the continuity of payments or digital euro operations, or an incident that significantly affects access to cash, affecting, in whole or in part, a Member State or the euro area, Member States shall take the necessary measures in accordance with this article.
2. For the purpose of paragraph 1, Member States shall establish a cash resilience plan. This shall include different scenarios of situations which would seriously affect access to and distribution of euro banknotes and coins, or significantly disrupt the continuity of payments or digital euro operations, specifically addressing the risks of each scenario. It

[1] JOIN(2025) 130 final.

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shall also include specific measures to be taken over the cash-related market activities of the cash industry in order to ensure access to cash and the continuity of payments in such situations.

3. In such situations Member States shall ensure that they implement in a timely manner the measures set out in their cash resilience plan, taking into account the different risks posed by these circumstances.

4. Member States shall consult the national central bank on any measures requiring the involvement of the national central bank, prior to their inclusion in the cash resilience plan.

5. Member States shall inform the European Central Bank of their cash resilience plans and of any updates, and of any measures that they adopt pursuant to this article.

New recital (Article 8a – resilience of cash)

Cash is a particularly resilient and effective means of payment in contingency situations, as it can be used to pay when there is no electricity or internet. It also requires no third party or technology to settle an in-person payment and it is instant. In this respect, it is essential to ensure that Member States are prepared appropriately to respond in different exceptional circumstances where the demand for cash could rapidly increase or cashless payments are significantly disrupted. This could be due to different exceptional situations that may affect both citizens and businesses. These could include military conflicts, geopolitical tensions, natural, environmental or technological disasters, hybrid or cyber-attacks, power outages or several such reasons at the same time. To achieve overall EU resilience in terms of stable circulation and money flow, it is important to ensure that all Member States prepare for such scenarios by adopting a cash resilience plan in a timely manner and that competent authorities have the powers and pre-planned measures in place to respond in exceptional circumstances. The cash resilience plan should be tested and reviewed regularly and should include specific measures to address situations where payment services and money circulation are disrupted. These measures could include for example providing for an offline ATM withdrawal function, adjusting ATM withdrawal limits, cash withdrawals in all banknote denominations at ATMs or premises of credit institutions, or the direct supply of cash to the credit institutions by national central banks. When these measures require the involvement of the national central bank, they should be included in the cash resilience plan in consultation with the national central bank.

<u>Question to Member States:</u>

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1. Do you agree with the text of new article 8a and recital 8a?