

The CIT industry input to the Study on the cross-border cash-in-transit market

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The Commission DG ECFIN has commissioned a “study on the cross-border cash in transit market”, and the final report should be concluded by December 2025.¹ The study is intended to fuel the next (3rd) implementation report of the Regulation due in 2027, the last two reports having been published in 2017 and June 2022. These reports show the very limited number of cross-border licences applied for by the CIT industry of the eurozone (23 in 2024), and the absence of licences in specific areas highlighted in section 3.2.1.3 of the terms of reference. It should also be stressed that cross-border CIT licences have been applied for that have not been used for cross-border transport.

ESTA, the European cash management companies’ association (the only EU CIT association in Europe), was not consulted on the terms of reference of the study nor on any other aspect of it. We would therefore like to contribute to this study on CIT.

I. Objectives of the Study

The objectives are provided in the terms of reference (ToR):

“The study shall help the Commission to better understand the legal and economic situation of the cross-land-border CIT activity in the euro area. Supported by the study, the Commission would like to be in a position to take an informed decision on the review of the CIT-Regulation.”²

The objectives of the study are not to propose changes in the Regulation, but to assess what possible changes might impact the current level of cross-border CIT. Its objectives aim at fuelling a discussion on whether a revision of the CIT Regulation might increase cross-border CIT and if legislative improvements could generate more cross-border CIT activities, as can be seen from the ToR:

*“Both [implementation] reports came to the result that there is only little professional cross-border transportation of euro cash, **probably because the provisions of the CIT-Regulation are too restrictive.**”³*

¹ Specific contract under the Multiple Services Framework contract MOVE/ENER/SRD/2020/OP/0008

² ToR at section 3.2.1.3, “Tasks” page 9.

³ ToR at section 3.1 “Background and objectives”, page 8 (our emphasis).

Therefore, the contractor is expected to understand the reasons behind the low level of cross-border CIT transport and check if, as suggested in the ToR, amending definitions would lead to a change in the situation.

This is consistent with the substance of a discussion during a meeting between ESTA and ECFIN, where the Commission asked CIT operators, “*which efficiency gains could be achieved by making changes to the definitions*”.

The tasks assigned to the contractor are listed in section 3.2.1.3 of the ToR, page 9. The tasks require reviewing “*options to be assessed*” in the Regulation (majority of pick-ups in the host country, the limit of 20% non-euro cash transported, the language issue, etc.).

A possible revision would also concern the introduction of the principle of home country control for transport arrangements, whereby CIT operators could carry the entire cross-border journey with their EU licence under the specifications set by the home country regulatory authorities. The risk, as already mentioned, is that the level playing field might be affected, as national regulations differ on a number of important points, not least in the mandated number of crews. If some sort of cabotage (pick-ups and deliveries) is allowed in the host country with the principle of the country of origin, it would come into direct competition with national operations under their national licence.

The Regulation, if amended, would need to secure a level playing field in a very competition sensitive sector. It should absolutely avoid introducing new risks in CIT operations.

II. The Position of ESTA

ESTA, the association of CIT companies, does not believe that definitions are at stake in the low level of cross-border CIT. When asked what efficiency gains could be achieved through changes in the definition, the response was “*virtually none*”.⁴ The main reason why cross-border CIT is low is because there is no demand for it. Cross-border is a very marginal part of the CIT activity. ESTA has expressed this view consistently since the outset of the Regulation and its preparatory work in 2009/10, and in particular in relation to the 2009 Commission White Paper.⁵

The reasons are the following:

- The CIT Regulation explicitly excludes from its scope point-to-point transport of notes and coins between central banks and the production sites;
- The CIT Regulation is limited to road transport and excludes from its scope cash transported by other modes than road. The 2022 implementation report states that all stakeholders responded during the consultation that the scope of the CIT Regulation should not be broadened to other modes of transport;

⁴ Brussels, 4 February 2025 (see: <https://www.esta-cash.eu/publications/follow-up-letter-european-commission/>)

⁵ White Paper on professional cross-border transportation of euro cash by Road between Member States in the euro area, Com(2009) 214, 18 June 2009.

- More importantly, very few customers require cross-border CIT services, and the industry delivers cash where it is asked to deliver it, and this is, in the vast majority of cases, within the national boundaries;
- In a number of cases, it is preferable for cross-border transport to change crews and trucks at the border and conduct cross-border operations under national licences for both parts of the journey, a process which is not in breach of the CIT Regulation;
- In the vast majority of cases, cross-border transfers of funds, even between entities of the same group, are payments, which cannot be made in cash (AML regulation) above €10K maximum (and often much lower depending on Member States).

Therefore, ESTA does not expect that changes in the existing definitions will achieve any increase in cross-border CIT, as it will not increase customers' needs.

ESTA recalls its statement in response to the second implementation report in 2022:

“As a consequence, ESTA reiterates that the lack of cross-border CIT has little to do with technical questions such as the definition of cross-border CIT, the nature of the cargo in the vans, the transport arrangements or the prominence of stops in the host country. [...] Any changes in these elements would only have a marginal impact. ESTA therefore considers that the “full potential” of the CIT Regulation is not very far from what is currently experienced.”⁶

III. Market Analysis and Impact Assessment

The tasks required by the contractor do not include an analysis of the CIT-market and its cross-border element. Since the study concerns the “*cross-border CIT market*”, ESTA submits that the contractor should also assess the level of and determining factors for the demand for cross-border CIT. When looking at possible regulatory changes, it seems reasonable to understand the market and how it may be affected by the changes envisaged, through an impact assessment. This should also involve an analysis of customers' requests to CIT operators, particularly in relation to their cross-border needs to assess the effective level of demand: cross-border CIT is requested by customers and takes place at their request, exclusively on the basis of where they want/need their cash. The justification of regulatory change with the objective of increasing cross-border CIT should therefore be evidence based and backed by customers' declarations.

In order to review the evolution of the demand side of the CIT market, the contractor should also assess the impact of severely declining cash volumes on demand for CIT activities, including through a prospective analysis of its expected trend in the future.

For the various changes in definitions or provisions of the Regulation envisaged, an impact assessment should be conducted by the contractor to quantify their potential impact on transported cash volumes cross-border, as is the purpose of the study.

⁶ ESTA's response to the second Implementation report, 27 October 2022.

ESTA anticipates that the decision to amend the Regulation that might follow the study will depend on the magnitude of changes in cross-border CIT identified by the contractor.

ESTA also suggests that the contractor broadens the assessment of cross-border CIT provision and looks at impeding factors which are completely outside the control of the CIT operator. A typical issue is the difficulty in depositing funds abroad. For example, if a French retailer were to hire the service of a Spanish CIT, it would be forced to open an account in Spain as a non-resident in a bank that offers cash services, which is not an easy process due to AML procedures and the stringent due diligence required. In such cases, dealing with cash is often a circumstance that makes these processes even more cumbersome.

In other words, the CIT regulation and its definitions should not be looked at in isolation. The impact of other pieces of EU legislation with a direct impact on cash processing should also be considered, in order to understand possible cross-border impediments to CIT.

IV. No “Single CIT-Market”

ESTA is not aware that any stakeholder, including our industry, our customers, commercial banks, or Central Banks, has asked for a change in the Regulation. Any increase in cross-border CIT would only result from needs from businesses dealing with cash. The 2022 implementation report indeed states that:

“The very principle of the single currency implies the freedom to move cash between participating countries.”

This motive is reflected in the ToR when it states:

“It cannot be excluded that the national provisions and habits undermine the idea of a single CIT-market in the euro area.”

Arguably, “*the freedom to move cash*” is not at stake for the few customers that need it as the Regulation caters for it. The notion of a “*single CIT-Market*” implies that CIT services can be provided throughout the EU regardless of its specificities. This is, however, not the case for the following reasons:

- As the ToR acknowledges, the industry is regulated by Member States’ authorities. Only its cross-border element comes under EU legislation;
- The Service directive 2006/123/EC explicitly excludes professional cash transport from its scope. It provided in its article 38(b) that “*the Commission shall assess by 28.12.2010 the possibility of presenting proposals for harmonisation instruments on private security service and transport of cash*”, but it never did and there is arguably no such intention;
- The EU has considered in its 2009 White Paper on CIT mentioned above that “*the CIT-sector is at the same time exposed to serious security threats and the nature and level of the risks may be very different between Member States. It is therefore of paramount*

importance that cross-border cash transports take place under conditions that ensure a high level of protection for the CIT-staff and for the general public” (our emphasis);

- The 2022 implementation report further states: “*as the results of the consultation for this report show, domestic regulations reflect risk patterns within each country which could be difficult to harmonise*”.⁷

Things have not changed since then, except that cash volumes today are a fraction of what they were at the time. Even if the CIT industry has managed over the years to reduce substantially the number of attacks it suffers, the threat remains.

V. Conclusions

ESTA considers that the expected impact of the envisaged regulatory changes will at best be marginal. The study should provide the opportunity to have a thorough look at the Regulation and identify what unused potential of cross-border CIT remains to be exploited. ESTA hopes that once the study is completed, it will be consulted by the Commission if it decides to amend the Regulation, as article 24 of the Regulation provides, with a view to ensuring safe cross-border CIT operations, and a level playing field between home and host operators.

ESTA recalls that the last implementation report of the CIT Regulation stated explicitly that no points specifically stipulated under article 26 of the CIT Regulation needed to be changed.⁸

In the light of the conclusions of the 2022 report, in continuation of the 2017 report, and in view of the points made in this paper, ESTA does not believe that demand for cross-border CIT services will be increased by a change of definitions in the Regulation. The contractor should therefore be asked to assess the nature of the cross-border CIT-market and how possible regulatory changes might affect its demand. It should also assess how the general and continuous diminution of cash volumes used for payments⁹ has impacted the CIT market, and in particular its cross-border dimension, in recent years and will in the future based on trends.

The only legislative change that may have some (indirect) influence would be the swift adoption of the proposal for a Regulation on the legal tender for euro cash, in securing acceptance of cash in the eurozone and assisting in ensuring an appropriate level of access to cash.

⁷ In relation to its suggestion for home country control applying to transport arrangements.

⁸ Com(2022) 295 Final, section 4.1, page 9.

⁹ The ECB stated in the EP Economic and Monetary Affairs Committee on 14.02.2024 that euro cash in circulation had decreased in 2023 for the first time since its introduction.