COMMUNICATION FROM THE COMMISSION
TO THE COUNCIL, THE EUROPEAN PARLIAMENT,
THE ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE
REGIONS AND THE EUROPEAN CENTRAL BANK

Report on the preparations for the introduction of euro notes and coins
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Report on the preparations for the introduction of euro notes and coins

The Report on the preparations for the introduction of euro notes and coins has a threefold objective:

- to take detailed stock of the state of preparations a few months before the changeover to the euro. The length of the document is due to the complex nature of the operation and to the magnitude of its repercussions, which directly affect all consumers, public administrations and economic actors in the European Union;

- to provide the Eurogroup with a comprehensive document containing a synopsis of the state of progress of work;

- to pursue the initiative launched by the Commission, by identifying and disseminating good practices that would make a particularly useful contribution to the success of the changeover of notes and coins.

This report aims at providing in the most objective manner possible a snapshot of the state of preparations. The national officials responsible for coordinating the changeover to the euro were consulted when it was being drawn up.

1.1. What is the situation?

Businesses

Overall, preparations by large businesses are making satisfactory progress. However, SMEs, and in particular micro-businesses, are tending to underestimate the scale of the work that needs to be done and the risks associated with any delay in preparations. According to the most recent Eurobarometer Flash survey (January 2001), only 26% of SMEs say they are already prepared for the euro. Just under half of businesses still do not have an action plan for the changeover to the euro. The survey shows, however, that the degree of preparedness tends to increase with the size of the business. For example, the situation has improved in recent months for medium-sized businesses. Almost one business in three has not yet realised that 1 January 2002 is the final date for operating entirely in euros.

The provision of information needs to be improved, particularly for SMEs

Consumers

The Eurobarometer survey carried out in January 2001 into individuals' attitudes to the euro shows that they sometimes have a rather confused picture of the new currency. This applies not only to familiarisation with the new scale of values (most customers pay little attention to dual pricing and 80% of them have not memorised any prices in euros) but also to the actual concept of the single currency (one third of individuals believe that the euro's conversion rate against the national currencies has not been definitively fixed). Almost one person in four thinks that euro notes and coins issued in their country will be legal tender only there and
have not, therefore, understood the very significance of the single currency. Similarly, one person in five does not know that the introduction of the euro will be accompanied by the withdrawal of the old national currency units. Significant progress has though been made in raising awareness of the timetable: 60% of individuals know the exact date on which euro notes and coins will be introduced (compared with 40% last December), even if they have still not properly taken on board the details (e.g. the duration of the period of dual circulation is, on average, thought to be six months).

The numerous information campaigns have so far had limited impact. It is still difficult to persuade the consumer to take an interest in the euro. The situation will doubtless evolve at the beginning of the second half of the year, with the early changeover of bills issued by the main utilities, of bank accounts and of non-cash (book-money) means of payment, all of which will help to immerse individuals gradually in a euro environment. However, the consumer needs to be provided with practical information and training.

**Public administrations**

All the participating Member States have published a euro changeover plan for public administrations and a plan detailing the scenario for the exchange of notes and coins. Most of them authorised optional use of the euro as of January 1999 (January 2001 in the case of Greece) for virtually all financial flows and for presenting financial information to the authorities. A majority of countries have also opted to switch their accounts into euros only after the end of the transitional period. The authorities need to take a large number of decisions concerning, among other things, the adaptation of the means used by the general public in their day-to-day contacts with the administration and the adjustment of converted amounts, which are generally rounded in the national monetary unit. In most cases, these decisions necessitate additional rules and regulations that are in the process of being adopted. Public administrations in Member States are beginning to make greater use of the euro for their own activities and in their relations with businesses and the public.

National administrations are generally ready and provide businesses and the general public with quite a broad range of euro options. Few of them have adopted a pro-active\(^1\) approach aimed at imparting a knock-on effect to the economy as a whole.

**Banks and financial institutions**

The banking community is pursuing a very active policy of preparing for the euro that generally includes an early switchover to it in relations with their customers. The adaptation of ATMs in 2002 should be very rapid, if not immediate, in most participating Member States and, as a rule, the ATMs will dispense small-denomination notes, thereby helping to reduce the problems that traders encounter in giving change. The exchange of national notes for euro notes will be free of charge and unlimited in most participating countries during the period of dual circulation. The physical introduction of the euro naturally calls for the establishment of a European payments area. The work under way is progressing too slowly and may not be completed by next January. Non-cash cross-border payments would, therefore, still be much more expensive than domestic payments, and individuals would not understand this. The Commission notes that such a situation would run counter to the objective of ensuring that consumers and operators enjoy all the potential benefits of economic and monetary union.

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\(^1\) For example, by switching to the euro this year public contracts and civil servants' salaries.
The Commission, in close cooperation with the ECB, is very strongly calling on operators to introduce the necessary instruments.

> Virtually all national banking systems have decided to play a leading role in the transition to the euro by taking the initiative of switching non-cash transactions over to the new currency at the beginning of the second half of the year, thereby helping significantly to enhancing the "euro awareness" of economic actors. An urgent effort is though needed to bring about the establishment of a euro payments area. The Commission will consider using all the instruments at its disposal and will take all the steps necessary to ensure that the costs of cross-border transactions are brought more closely into line with the costs of domestic transactions on 1 January 2002.

### 1.2. What progress has been made in applying the Commission Recommendation of 11 October 2000?

The Commission called, among other things, for:

- the changeover in the third quarter of 2001 (unless the customer expressly requests otherwise) of bank accounts and book-money means of payment. At the time, such a measure was envisaged only by banks in Belgium and France. It is now planned in virtually all the participating Member States: there will be an early changeover for all or some banks as of July 2001 in Germany, France, Austria, Italy, Portugal, Luxembourg and Belgium, as of September in Spain, as of October in Finland and as of December in Greece. Such a measure is also planned by a number of banks in the Netherlands. Only Ireland is not expected to carry out the changeover ahead of time;

- the setting of prices in euros with equivalence in national currency units in the case of distance selling and at sales outlets where book-money payments predominate. The joint statement by representatives of consumers and representatives of traders and SMEs adopted on 2 April 2001 in Brussels provides for the euro price gradually to be displayed more prominently than the price in the national currency unit and for the fixing of psychological euro prices between September and the beginning of December 2001. this European agreement should now be put into effect at national level.

- the exchange free of charge of national notes and coins for bank customers, subject merely to a period of notice for large amounts during the period of dual circulation. This will be the case in all Member States, with the exception of Austria (which does though have a high ceiling: ATS 50 000, or €3 633.64) and Ireland;

- the exchange free of charge of notes and coins for non-customers during the period of dual circulation, subject to a ceiling to be set by each bank. This should be the case in all participating Member States, with the exception of Germany, where most banks do not wish to exchange notes and coins free of charge for non-customers, and the Netherlands and Austria, where a charge will generally be made for exchanges;

- the adoption of arrangements to ensure that national notes and coins can be exchanged at commercial banks for some time after the end of the period of dual circulation. All the Member States have adopted such arrangements, with the result that notes and coins can be exchanged for the most part until the end of June or the end of December (in some cases a charge is made);

- the introduction of arrangements permitting the exchange of coins at official institutions after they cease to be legal tender for long enough to allow holders of coins living abroad
to return them. With the exception of Portugal, where the period is still somewhat short (end of December 2002), all the participating Member States have decided to introduce such arrangements. Exchanges will be possible at the central bank for two years in Greece, until the end of 2004 in Belgium and Luxembourg, for three years in France, for ten years in Italy and Finland, for thirty years in the Netherlands and for an unlimited period elsewhere:

- the availability of sufficient quantities of small notes in cash dispensers or through any other suitable means from the early days of 2002. Small-denomination notes (€5 or €10) will be available in all or some of the cash dispensers in all participating Member States with the exception of Finland. The agreement concluded on 19 February 2001 between the Commission and the three European banking associations also provides for the availability of small-denomination notes for withdrawals at cash dispensers of normal amounts during the first few weeks of 2002;

- encouragement for traders to give change exclusively in euros in 2002. Appropriate recommendations have been issued to traders by public administrations and/or trade associations in all participating Member States.

1.3. Which good practices are identified in the Communication?

The exercise is different from that pursued by the Recommendation: the purpose is not to map out general policy guidelines but to identify specific tangible ideas that have been put into practice in a particular participating Member State and could be usefully copied elsewhere. The Communication can contribute to this. Some measures could be taken before 1 January 2002, and other during the period of dual circulation.

1.3.1. Ten examples of useful measures that can be taken before 1 January 2002

Distributing widely among small traders tools for calculating change

Large retailers are equipped with tills that can calculate the amount of change to be given, including for payments involving both euros and national currency. This will seldom be the case with small traders, for whom the lack of special equipment could seriously complicate the management of checkouts. Inexpensive calculator-type devices exist on the market, but few orders for them have so far been forthcoming. Tools of this nature are, however, essential in order to avoid queues building up in small shops and to minimise the risk of errors in giving change. There are many channels through which they could be distributed: chambers of commerce, banks, associations of retailers, public administration, etc.

Devising and distributing simple tools for estimating cash requirements

It is not easy for traders to estimate their frontloading and cash-flow requirements for early 2002. They must do so, however, since they will have to order the necessary notes and coins in advance. Austria, Ireland and the Netherlands are the only countries so far to have devised and distributed among traders small software packages for calculating their frontloading and cash-flow requirements.

With the customer’s agreement, handing out kits of euro coins along with change during the last few days in December

This idea, which is being considered in particular by Dutch traders, is relatively easy to put into effect as the value of the kits will always be equivalent to a round figure in national currency (FRF 100, BEF 500, etc.). It could help to diversify the usual distribution channels
and increase the amount frontloaded to consumers, thereby reducing the problems of tendering exact money and giving change in euros in the early days of 2002.

- **Allowing employers to distribute kits of euro coins as a free gift to their staff**

  The Belgian authorities are, for example, allowing employers to give each member of their staff a kit of euro coins (deductible by the company as a business expense). This measure is also likely to increase the volume of euro coins frontloaded to consumers.

- **Loading cash dispensers with smaller denominations of national banknotes during the final days of December**

  This measure is planned in Germany and the Netherlands in particular. It would make it possible to lower the value of denominations tendered in payments during the first few days of January 2002, thereby reducing the amount of change to be given in euros and alleviating the logistical constraints on traders.

- **Loading cash dispensers in advance with euro notes**

  Several large banks are planning to do this, in particular in Belgium and other countries where cash dispensers have four cassettes. The euro cassette would normally be activated electronically on 1 January at 00.00, thereby enabling the supply of euro notes to members of the public to begin immediately.

- **Sending specialists to explain on the spot to traders the arrangements for the changeover to the euro**

  This step has been taken by the Lille chamber of commerce, for example, which has appointed experts to call on all traders in turn at off-peak times to explain how the changeover will take place. Initiatives of this kind could usefully be taken throughout the euro area by chambers of commerce, chambers of trade or local authorities.

- **Writing to all businesses to remind them of their obligations**

  Some countries including France, Belgium and Luxembourg have written to all VAT-registered businesses to remind them of the different deadlines approaching and of the accounting and tax obligations they must meet in 2002 at the time of the changeover to the euro. This should improve the information made available to businesses, and in particular the smallest ones, and should limit any confusion.

- **Organising operations to simulate euro payments**

  There has been a proliferation - often on the initiative of local authorities - of such simulations, involving the issue for a very limited period of tokens or dummy notes with a "value" equivalent to the euro. These operations allow individuals to familiarise themselves with euro payments in a consumer-friendly manner.

- **Involving all local actors in euro information campaigns**

  Take, for example, the region of Barcelona, where the authorities in each village have called on all local economic actors to set up local groups to monitor the changeover to the euro and to coordinate information campaigns aimed at the general public and SMEs.
1.3.2. Ten examples of useful measures that can be taken after 1 January 2002

- **Postponing the starting date of the winter sales if these normally take place during the first week in January**

  This measure is planned in Belgium, for example, where the starting date of the sales will be postponed for two or three weeks after 3 January. It would be desirable for sales to begin either in late December or after the end of the second week in January. Traditionally, the first three days of the sales are the busiest. Dissociating the two events would avoid the disadvantage of a peak in business activity coinciding with the most difficult period for cash management.

- **Allowing national banknotes to be invalidated**

  Belgium has decided that bank branches will invalidate national banknotes in 2002 by perforating them, and France is studying the matter. Although this measure raises certain technical difficulties (for example, care must be taken to ensure that perforated notes are not rejected by counting machines), it should significantly reduce security and insurance problems, especially if it is accompanied by rules whereby only banks are allowed to exchange national notes at the central bank. It should probably also be backed up by an effort to inform other countries.

- **Providing standard packages for returning national coins**

  This will be the case for example in France. Two different options are available depending on the way bank branches operate. If they periodically accept traders' cash receipts by crediting their accounts and in return issue them each morning with a standard float in euros, it would be useful to provide traders with standard packages for returning national coins that make up a round figure in national currency. If traders receive a float in euros equivalent to the amount of national currency they deposited the previous evening, it would be useful to provide them with standard packages for returning national coins corresponding to a round figure in euros. Measures of this nature will help to ensure that coins are returned quickly.

- **Keeping in a separate place national notes and coins received at checkouts**

  Most large retailers plan to keep incoming cash in national currency in a separate box under the till. If the checkout assistant has national currency easily accessible and visible to customers, some customers paying in national currency might ask for their change in national currency, which would be highly counterproductive overall. It is in everyone's interest to keep dual circulation to the minimum.

- **Appointing one or more members of staff in large supermarkets and department stores specifically to answer customers' questions about the euro**

  All the simulations carried out demonstrate that dual circulation will result in a significant increase in the time spent in making payments at checkouts, and this could have a negative impact on turnover. To minimise queue management problems, it is necessary at the very least to ensure – as several large retailers intend to do – that all customers' questions about the euro are dealt with away from the checkouts. Combining at the same checkout the complex tasks of giving change in euros and answering questions from ill-informed customers would be asking for trouble and could result in even longer queues.

- **Placing converters at the disposal of customers**
The period of dual circulation will be tricky for traders, and errors are liable to creep in. To deal swiftly with any complaints by customers, it is desirable to provide converters for their use at checkouts. European representatives of the retail trades undertook to do this in the joint statement of 2 April 2001.2

➡️ Opening some or all bank counters on 1 January 2002

Dutch banks and German savings banks and people's banks in particular plan to do this. Such a measure would facilitate the early stages of the changeover process by enabling the replacement of notes and coins to begin on day one. It would also provide reassurance to members of the public and businesses. If not enough staff were available, access to bank branches could, where necessary, be limited to traders.3

➡️ Adapting cash dispensers to euros as early as possible

In all the participating countries cash dispensers are the main source of banknotes for customers. In five countries (Belgium, Germany, Luxembourg, the Netherlands and Austria) all ATMs will distribute euros from day one, thereby creating the conditions for swift introduction of the new currency. Adapting cash dispensers quickly is an essential condition for the success of the changeover operations.

➡️ Extending bank opening hours

Already planned by many banks, longer opening hours during the first two weeks of January 2002 should facilitate the smooth replacement of notes and coins and limit the volume of national currency tendered in payment for purchases in shops (and so make the task of giving change less complicated).

➡️ Ensuring that customers withdrawing household amounts of cash at bank counters receive small-denomination notes

Planned in Belgium, Spain and Germany in particular, this measure is also part of the agreement reached on 19 February 2001 between the Commission and the three European banking associations4. It will be a useful accompaniment to the loading of cash dispensers with small denominations and will thus help reduce the problems of giving change in euros.

Lastly, information needs to be provided wherever possible on a one-to-one basis to individuals cut off from normal information flows. "Honest brokers" can help by raising awareness of the euro among the people with whom they come into contact; social workers, family doctors, individuals running retirement homes, etc. can have an important role to play in this respect. None of these specific ideas is revolutionary. However, their cumulative effect should help to "oil" the heavy and complex machinery for carrying out the currency changeover.

2 Through chemist's shops, Belgium has distributed converters to widows and widowers, the disabled, pensioners and orphans over 66.
3 As in the case of the Netherlands, where only traders can withdraw the notes ordered.
4 The European Banking Federation, the European Association of Cooperative Banks and the European Savings Banks Group.
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1. **INTRODUCTION**

In exactly 272 days Europe will face the greatest currency transformation in its history: some fifteen billion euro banknotes and fifty billion euro coins will, in the space of a few weeks, replace a broadly equivalent quantity of national notes and coins in twelve countries with a combined population of some three hundred million. Not only is the physical introduction of the euro a historic event, it also represents an unprecedented strategic, logistical and practical challenge. Businesses will have to adapt their equipment, prepare to use a new currency and make the most of the increased competition within the single market that will result from greater price transparency. Consumers will have to familiarise themselves with the euro and make the necessary effort to construct for themselves a new scale of values. Several million coin-operated machines and several hundred thousand automatic cash dispensers (ATMs) will have to be recalibrated. Thousands of lorries will have to criss-cross the euro area in order to supply the new notes and coins and collect the old ones.

The scale of this operation is spectacular: the weight of euro coins alone will be more than 239 000 tonnes, the equivalent of twenty-four Eiffel Towers. Piled one on top of the other, they would reach a height of 78 870 km, or 1.4 million times the height of the Leaning Tower of Pisa. Some 478 000 lorries would be needed to transport them all at once. Placed end to end, the banknotes would cover a distance of 1.9 million km, or five times the distance between the Earth and the Moon. And these figures need to be doubled if the withdrawal of the existing national notes and coins is included.

The logistical phase will begin in most participating countries in five months' time, with the launch of frontloading, the aim of which is to facilitate the changeover by distributing the largest possible quantity of notes and coins in advance so that payments in euros can begin smartly on 1 January 2002. In most participating countries banks will receive advance supplies of coins and/or banknotes from September. Frontloading of businesses will take place between September and December, depending on the country. Individuals will have the opportunity to buy kits containing coins in mid-December in all the participating Member States, except Greece.

At 00.00 on 1 January 2002, the national currencies will cease to exist, including as a subdivision of the euro. National notes and coins will continue to be used in most countries for a further eight weeks at the most\(^5\), but it will no longer be possible to make payments in the old national currency units by card, cheque or transfer. Businesses will have to operate entirely in euros. ATMs will supply euros, and traders will endeavour to give change in euros, even if payment is made in the old national currency unit.\(^6\) From the end of the first week of January, most cash transactions will normally be in euros. At the end of the second week, the process of introducing the euro will have been largely completed. During the period of dual circulation, consumers will be able to spend in shops the national notes and coins still in their possession. If they wish, they will also be able to change them for euro notes and coins free of charge at their bank, although they will generally have to give notice if they want to exchange large amounts. At the end of this period, it will still be possible in most cases to exchange

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\(^5\) Up to 28 January in the Netherlands, 9 February in Ireland, 17 February in France, and 28 February everywhere else except Germany, where the mark will cease to be legal tender on 1 January 2002 (but traders have agreed to accept it until 28 February). Some banks will impose exchange charges after the period of dual circulation.

\(^6\) Since euro notes and coins will be legal tender, consumers will be unable to demand that traders give change in the old national currency units.
banknotes at high-street banks (for a few months)\(^7\) and then, for at least ten years\(^8\), only at their country's central bank.

This report on preparations for the introduction of euro notes and coins sets out to review preparations by the various players in the economy, to take stock of progress on a number of major projects and to identify examples of good practice with a view to facilitating a harmonious transition to the new currency.

2. **STATE OF PROGRESS WITH PREPARATIONS**

Preparations among businesses, financial institutions, administrations and the public will be examined below. Particular attention will also be paid to information campaigns.

2.1. **Preparations by businesses**

Progress in preparations by businesses and in the use of the euro is still slow.

2.1.1. **Current progress**

Overall, large businesses have made much greater headway than SMEs in preparing for the euro.

2.1.1.1. Large businesses

Most large businesses assigned staff to the task of preparing for the euro as early as 1996 or 1997. The final transition to the euro will be the culmination of years of intensive preparation and efforts involving, in some cases, large numbers of people. A survey conducted in December 2000 on behalf of the Association for the Monetary Union of Europe and Cap Gemini Ernst & Young gives an idea of how prepared they are\(^9\).

On average, almost a quarter of large businesses already use the euro for their operations and internal accounts. Almost half intend to switch over this year, while only a quarter are waiting until 1 January 2002 or beyond. The survey's findings vary considerably according to country and sector. While more than a third of large businesses in Austria (45%), Luxembourg (36%) and Finland already keep their internal accounts euros, this is still seldom encountered among firms in Ireland (16%), Italy (15%) and, above all, Portugal (9%). By sector, it is manufacturing (31%), banking (30%) and telecommunications (23%) where use of the euro for internal accounting is most marked. The motor vehicle industry is particularly well placed, European manufacturers having adopted in 1998 a joint charter on the changeover to the euro and decided in favour of a rapid transition together with incentives and back-up measures for their suppliers to switch over to the euro. These efforts have borne fruit: in addition to the manufacturers themselves, some 80% of their suppliers have changed over to the European currency.

Preparations for the final transition to the euro are generally at the top of a firm's agenda (43%), way ahead of electronic commerce. In most cases (81%), they involve adapting all IT

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\(^7\) Up to 30 June 2002 in France, Spain, Luxembourg and Portugal and up to 31 December in the Netherlands and Belgium; in the other countries, the banks are free to determine the deadline. Ireland has not yet taken a decision.

\(^8\) For ten years in Finland, Italy, France and Greece, twenty years in Portugal, thirty years in the Netherlands and for an unlimited period elsewhere.

\(^9\) Available at [www.amue.org](http://www.amue.org).
systems, particularly in countries in which subdivisions of the national currency are not often used (e.g. Italy and Spain).

Large businesses seldom pay salaries in euros (22%), although the situation does vary considerably from one country to another: while fewer than one in ten employees are paid in euros in Italy, Greece, Finland, Ireland or Spain, the corresponding figure is one in four in Luxembourg and Portugal and as high as one in two in Belgium and the Netherlands.

Alongside their own preparations, almost one in three (29%) large businesses have provided suppliers with assistance in changing over to the euro, and one in five intend to do so this year.

Lastly, large businesses generally consider themselves to be relatively well informed of the practicalities of switching to the euro and of its consequences for tax and accounting (73%).

2.1.1.2. Small and medium-sized businesses

The degree of readiness for the euro on the part of SMEs is clearly much lower than that of large businesses. Most intend to switch their operations to the euro at the last minute and generally tend to underestimate the scale of the effort that will be necessary and the risks associated with late preparation. Their small staff often means that managers must become involved themselves, even though they have other duties linked to the day-to-day running of the business.

The smaller the business, the less prepared it is likely to be for the changeover. Micro-businesses, small traders and small craft businesses are generally ill prepared. According to the Flash Eurobarometer survey conducted in January 2001, only 19% of micro-businesses have a detailed action plan and there are systematically fewer of them than other categories that have taken practical steps for the changeover. Conversely, medium-sized businesses have made appreciable progress in their preparations, with 86% of them now having planned what action to take, compared with 69% last May, and 51% having drawn up a detailed plan. Overall, only 26% of SMEs claim to be ready for the euro (against 17% in September), although 23% of them still consider that it is not yet time to make preparations (against 32% in September). Many micro-businesses (fewer than ten employees) and service firms think that they can put off making preparations, while medium-sized businesses are more aware of what needs to be done. There is very little difference between the various countries, with the exception of Germany, where SMEs seem to be much less convinced of the need to make preparations (33% of them feel they can wait). These figures reflect a worrying "wait-and-see" attitude, considering how close the various deadlines now are.

According to the same Flash Eurobarometer survey, only 11% of SMEs claim to be able to carry out all of their transactions in euros. The proportion is higher in Finland, Belgium, the Netherlands, Germany, Austria and Luxembourg (where it is as high as 30%) and lower in Italy, Portugal and France. Few SMEs are actually using the euro for their commercial transactions: on average, 12% of those questioned said that they systematically invoice in euros. The proportion is around 5-6% in Portugal and France, and around 19-20% in Austria, Greece and Belgium.

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The proportion of SMEs claiming to be ready for the euro is much higher than that of those which are actually using it. There are several possible reasons for this gap: some businesses overestimate their degree of readiness, while others have the internal capacity to operate in euros but still do not do so with their partners (reluctance on the part of customers, suppliers, etc.). Almost half of SMEs have still not drawn up a changeover plan. This is even the case for most SMEs in Finland, Germany, France, Portugal and Greece.

Very few SMEs are actually planning how to deal with the changeover: fewer than half of the plans which do exist are detailed. Although the number of SMEs that have drawn up a plan has risen slightly (51%, against 42% last September), there has been hardly any progress in implementing them. However, about two thirds of SMEs have identified what changes will have to be made to IT systems (65%) and have appointed someone to be in charge (67%). Whereas 57% of them have already informed their staff, fewer than 40% have identified the euro's impact on a job-by-job basis (39%), assessed budget requirements (35%) or staff training needs (31%), or informed their partners of their intentions (36%). These findings give the impression of minimal readiness and of the strategic and commercial aspects (relations with suppliers and customers, repricing, allowance for greater price transparency, staff training and involvement, etc.) having been put on the back-burner. SMEs too often have a narrow view of the transition to the euro, seeing it merely as a conversion from one currency to another. The euro is regarded as a minor concern and generally arouses a feeling of indifference. For example, almost two thirds of SMEs (63%) take the view that the euro will not have any impact on their competitiveness, particularly in France and Germany. This mentality among many business managers is one factor making them less sensitive to euro information campaigns. Consequently, traditional campaigns are of limited reach. Few SMEs are thus aware of the precise procedures for introducing euro notes and coins, and this is particularly worrying in the case of shopkeepers, who will be required to play an active role in the introduction of euro notes and coins.

Moreover, confusion still remains about the timetable and the "cut-off" nature of the 1 January deadline, with 7% of SMEs intending to wait until after 1 January 2002 before they systematically invoice in euros and with 12% not expecting to be "euro-compatible" (i.e. able to conduct all their business in euros) until after that date. Including those SMEs which claim that they will not be able to operate spontaneously in euros by 1 January 2002, almost one business in three has not yet realised that 1 January 2002 is the final date by which they should be able to operate entirely in euros. Businesses are particularly ill informed on this point in France, Spain, Italy, Germany, Finland and Portugal.

2.1.2. Degree of euro use

Use of the euro is increasing but remains at a low level overall. There are three indicators by which business use of the euro can be gauged, viz. the extent to which it is used in external accounting, in bank accounts and in payments. These data can be gleaned from the Commission's quarterly survey among banks and national finance ministries. The figures below are for the final quarter of 2000.

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12 The retailers will play a key role in the introduction on the new notes and coins and in providing information to their customers. They face specific logistical problems for the adaptation of their till equipment, the labelling of their products, the storing of the cash…which very often call for a special investment.
2.1.2.1. Euro accounting

It is difficult to tell just how many businesses have switched over to euro accounting. A firm may set prices and issue invoices in euros while continuing to keep its accounts in the national currency unit. The authorities presume that businesses submitting VAT returns in euros have switched over to euro accounting, and in this way they obtain a fairly reliable estimate. The picture is clear: leaving aside Luxembourg and Belgium, fewer than 1.5% of businesses have switched over to euro accounting.14

Heading the list in terms of the number of businesses which keep their accounts in euros is Luxembourg (21%), followed by Belgium (5.5%) and Portugal (1.2%). The figure is particularly low in Austria (0.01%) and Italy (0.29%).

There are several possible explanations for these poor results:

- very many firms are unaware that they can (legally) switch over in the course of the year and have therefore opted to make the switch on 1 January of a given year, usually 200215. However, it will be compulsory in some participating countries to publish in euros in 2002 the results for the 2001 financial year16. The apparent ease of opting for 1 January 2002 will in fact further complicate for businesses the obligations they face with regard to making declarations in 2002;

- some of the software developed by one company with a very large market share17 does not allow accounting to be switched over in the course of the year since it is unable to calculate data retrospectively;

- repeated calls by the European Federation of Accountants for an early changeover have generally not been particularly well passed on by the national federations.

2.1.2.2. Euro bank accounts

Although it is not essential to open a euro account in order to be able to make payments in euros since these can also be made from an account denominated in national currency, the extent to which euro accounts have been opened is an interesting indicator of "euro awareness" on the part of businesses. A euro account testifies to a willingness to become genuinely operational in the European currency and can be said to denote a business's complete changeover to the euro. According to the surveys carried out by the Commission, euro accounts made up on average 3.9% of all business accounts at the end of 2000. The trend is still quite slow, including in cases where a new commercial relationship is being established: over 90% of newly opened accounts continue to be denominated in the national currency.

The results in three countries are significantly above the average: Luxembourg (10.9%), Belgium (10.8%) and France (7.1%). By contrast, the proportion of euro accounts is particularly low in the Netherlands (0.44%), Spain (0.70%), Finland and Ireland (1%). An almost identical picture emerges when newly opened accounts are examined, with

14 According to a survey conducted by the German industrial and trade association (DIHT) among 25 000 businesses, 14% of German businesses keep their internal accounts in euros.
15 The findings for France suggest that there was no great movement towards switching to euro accounting on 1 January 2001 (the number of businesses which keep their accounts in euros doubled but still represented only 1.5% of the total number of businesses).
16 This is the case in Greece, Portugal and France.
17 SAP software.
Luxembourg topping the league table (36.4%), followed by Belgium (27.6%) and France (16.6%), with Ireland (0.02%), Austria (1.27%) and Spain (1.80%) propping up the rest. These considerable differences between countries may stem from a difference in the euro activity of businesses or from the existence or absence of a policy of promoting the euro on the part of the banks.

The situation is not likely to change much until the banks implement frontloading policies at the beginning of the second half of 2001 (see 2.2. Preparations by financial institutions), although some banks have already successfully launched a policy of systematic promotion of the euro among their business clients.

2.1.2.3. Euro payments

According to the Commission’s quarterly survey among banks, the proportion of national payments made by businesses in euros (all origins combined) at the end of 2000 was 30% in value terms and 5.8% in volume terms, both figures up slightly on the beginning of the year (25% and 2.4% respectively). The enormous disparity between the result in volume terms and that in value terms stems essentially from the fact that large businesses have switched over to the euro to a much greater extent than SMEs. Generally, the results in volume terms provide a more reliable picture of real euro activity than those in value terms since they are less influenced by any large, one-off transactions (e.g. a merger/acquisition between two large companies).

A breakdown by country reveals some variation. As always, Luxembourg is well ahead of the pack, with euro payments accounting for 20% of all payments in volume terms. It is followed by Belgium (8.8%), Greece (7.3%), Ireland (6%) and Portugal (5.4%). Use of the euro is particularly weak in Austria (1.1%), the Netherlands (1.2%) and France (1.7%)18. The euro already plays a dominant role as regards payments in value terms in three countries: Spain (75%), Belgium (56%) and Luxembourg (55%).

Of course, the euro is used much more extensively for international transactions, in both value terms (39.7%) and volume terms (32.5%). The importance of the euro in cross-border transactions is the logical consequence of two factors:

– the fact that national currencies have been entirely eclipsed by the euro on financial markets, helping to create an environment conducive to denomiating international transactions in the European currency;

– greater export activity on the part of large businesses compared with SMEs, as confirmed by the small disparity between use of the euro in volume and in value terms.

The countries in which businesses make greatest use of the euro for international payments are Spain (72% in volume terms), Portugal (43% ), Greece (40%) and Luxembourg (38.5%). Its use is still fairly limited in France (15.6%) and especially Austria (2.2%).

2.2. Preparations by financial institutions

The European banking community has put considerable technical and financial effort into contributing to the success of the transition to the euro. The preparations which financial institutions have made for 2001 generally reflect a pro-active approach which is likely to have
positive effects on all economic players. The preparations for 2002 are aimed overall at creating the conditions for a rapid and consumer-friendly changeover.

2.2.1. Preparations for 2001

Alongside their strenuous efforts to inform their customers, the banks will have a key role to play on two occasions: when accounts and non-cash (book-money) means of payment are converted into euros, and during frontloading operations. Financial institutions have broadly complied with the provisions of the Commission Recommendation of 11 October 2000 (see Annex 1), whether concerning the early switchover of accounts, the cash changeover arrangements or the denominations of notes made available in ATMs.

2.2.1.1. Early switchover of accounts and non-cash means of payment

In its Recommendation of 11 October 2000, the Commission called for the switchover to the euro of bank accounts and non-cash means of payment to be brought forward to the third quarter of 2001, unless the client expressly requests otherwise. At the time, only the Belgian and French banks were planning to do this. Now, banks in almost the entire euro area will join in: there will be an early changeover for some or all banks as from July 2001 in Germany, France, Austria, Italy, Portugal, Luxembourg and Belgium, in September in Spain, in October in Finland, and in December in Greece. The official scenario in the Netherlands does not make provision for such a measure, but several large banks are likely to implement an early switchover. Irish banks do not envisage any early switchover of accounts but will carry out conversion transactions at the customer’s request.

In a document dated 26 February 2001, the three European banking associations endorsed the principle of an early switchover of accounts with the customer’s express agreement by the end of September and with tacit agreement (with one month’s notice) thereafter. They also called on their members to make euro cheque books available to their customers, as from 1 July 2001 for businesses and as from 1 September 2001 for private individuals.

For banks, an early switchover allows for a better staggering of the work to be done. The idea that there would be no difficulty in adapting technical equipment so as to enable the currency to be changed over one weekend is not generally borne out by the experience of those operators which have switched to the euro. By bringing the switchover of accounts forward, it will also be possible to avoid the difficulty of having to convert accounts and introduce the new notes and coins at the same time.

For economic operators, the switchover of accounts and non-cash means of payment will provide a major incentive to use the euro more and hence to become familiarised with the new currency. For example, 46% of non-cash payments are settled by cheque. Switching cheques over will therefore boost use of the euro significantly.

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19 "European guidelines for best practice concerning customer and nostro legacy currency account conversion" (26 February 2001). This document is a recommendation not intended to take the place of any different national scenarios. Available at www.fbe.be.

20 The European Banking Federation, the European Association of Cooperative Banks and the European Savings Bank Group.

2.2.1.2. Frontloading and subfrontloading operations

By definition, the banks play a central role in injecting funds into the economy. Before 1 January 2002 they will be of pivotal importance for frontloading operations. They will receive advance supplies of notes and coins between September and December 2001 (see Annex 5, Comparative table of national cash changeover plans). According to the debit model adopted by the European Central Bank (for banknotes) and the national financial ministries (for coins), they will be debited, a third at a time, the value of notes and coins received on three dates in January 2002 (2, 23 and 30 January).

The banks will retain some of the notes and coins for their own needs and redistribute the rest to their business and corporate customers ("subfrontloading"). They are required immediately to provide the central bank with guarantees equivalent to the value of the notes and coins subdistributed and will remain legally responsible for the consequences of any misuse. The agreement concluded on 19 February 2001 between the Commission and the three European banking associations stipulates that traders who are able to provide guarantees in exchange for the notes and coins they receive will not be debited at the value date before 1 January 2002.

2.2.2. Preparations for 2002

The banks will be at the centre of the exchange operations: they will supply businesses with notes and coins and consumers with notes, and they will carry out a large proportion of the exchange transactions between national notes and coins and euro notes and coins.

2.2.2.1. Supplying consumers with euros

Banks will supply consumers with euro notes via ATMs and across the counter. On the question of ATMs, an agreement was concluded on 19 February 2001 between the Commission and the three European banking associations under which banks in possession of euro notes will do their utmost to place them in ATMs immediately so as to ensure that they no longer dispense national notes. Equipment should be fully and immediately adapted in Germany, Belgium, Luxembourg and Austria. this will be almost immediate (+/- 90% on 1 January) in Greece, the Netherlands, Spain and Italy, and relatively rapid in Ireland (+/- 80% on the first day, 100% within a week). Three countries are planning to adapt their ATMs more slowly: Portugal (+/- 8% on 1 January, but 85% within a week), Finland (+/- 38% on 1 January, 65% within a week) and France (+/- 55% on 1 January, +/- 85% within a week). In all cases, all ATMs should be adapted to the euro within two weeks.

Withdrawals or exchanges across the counter are another important means of supplying consumers with cash. In order to reduce the problems which traders will have in giving change, the banks in Belgium, Spain and Germany are planning to use small denominations for withdrawals of normal amounts. This aspect is also covered by the agreement of 19 February 2001 between the Commission and the three European banking associations.

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22 Available at www.europa.eu.int/rapid.

23 Consumers will be frontloaded with coins in mid-December in all participating Member States except Greece. A large proportion of notes and coins will be injected into the economy via businesses (themselves frontloaded between September and December, depending on the Member State). Frontloading of the general public with notes was ruled out by the ECB and the Council at the informal Ecofin Council in Versailles. However, the European federations have continued their work and generally come to the conclusion that this would be a useful step.

24 However, the Bank Card Group estimates that 85% of ATMs will have been adapted by day one.
Finally, small-denomination notes (€5 or €10) will be placed in some or all ATMs in all participating countries except Finland. In Ireland most social security benefits are paid out in cash each week in post offices. During the first week of January, payments exceeding €20 will generally be made up of at least four €5 notes.

2.2.2. Exchange of national notes and coins for euros

Banks will generally exchange notes and coins for their customers free of charge, although the latter will have to give notice if they wish to exchange large amounts during the period of dual circulation. This will be the case in all participating countries except Austria (which will nevertheless apply a high ceiling of ATS 50,000, or €3,633.64) and Ireland.

Banks will also exchange notes and coins free of charge for non-customers during the period of dual circulation, although they will often be able to fix their own upper limit. This will be the case throughout the euro area except Germany, where most banks do not wish to offer this service to non-customers, and the Netherlands and Austria, where a charge will be made.

Lastly, all participating countries have adopted arrangements allowing notes and coins to be exchanged at commercial banks for some time after the period of dual circulation, usually up to the end of June or December.

2.3. Preparations by administrations

The European institutions switched over all their activities (budgets, salaries, etc.) to the euro on 1 January 1999. For the participating Member States, a distinction should be drawn between national and local administrations.

2.3.1. National administrations

In the last few years several national legislative measures and most decisions relating to the changeover have been taken. With the publication of the cash changeover plan for Italy, all euro-area Member States now have a published document setting out arrangements for the cash changeover (see Annex 4 for details on the various phases of the changeover arrangements for each of the euro area Member States). The issues of general interest include the main legislative measures concerning the changeover to the euro, the adjustment of equipment that the public uses in its day-to-day contacts with the administrations, the smoothing to convenient numbers of converted currency amounts and the level of use of the euro in the public administration.

2.3.1.1. Adaptation of the legal framework

In Belgium the government approved the final version of the "Belgian scenario for the changeover to euro-cash" on 2 February 2001. In addition, three laws relating to the euro were published at the end of July 2000. These deal with the smoothing of public amounts converted into euros, the decimalization necessary for the introduction of the euro in public-sector computer software and the price indications on measurement devices. At the end of August twenty-four royal decrees implementing these laws were published. In November 2000 a "global scenario for the pro-active and final scriptural transition" was adopted. Thus, the changeover of legislation to the euro has been largely accomplished. Further elaboration of legislation continues for all departments concerned as far as the language communities and regions are concerned.

In Germany legislation on the so-called "smoothing of signal amounts" is advancing swiftly. More than a dozen comprehensive laws (Artikelgesetze) were passed by the Federal
Government - some of them have already been adopted by Parliament and published in the Federal Gazette. The most prominent is the Law on the conversion and smoothing of euro amounts in tax laws (Steuer-Euroglättungsgesetz) of 19 December 2000. The sixteen Länder are also finalising their legislation. Their activity extends, on the one hand, to comprehensive laws in some Länder and, on the other, to specific legislation in special fields (Einzelgesetze) in other Länder. The Conference of the sixteen Länder Ministers of the Interior also adopted a general approach towards security questions related to the introduction of euro banknotes and coins. It will now be implemented in the Länder and at local level, ensuring close cooperation between the local police, central bank branches (Landeszentralbanken), credit institutions, retailers and cash-in-transit companies.

Greece adopted in September 2000 a basic law for the introduction of the euro, which regulates, among other things, conversion and smoothing, share capital, dual display, provisions for the capital market and conversion of penalties. In particular, three legislative texts were issued: a joint decree by the Ministry of Finance and the Ministry of Development on the dual display of prices; a circular of the Ministry of Development setting up the euro observatory; and a circular of the Ministry of Finance regulating taxation issues during the transitional period. The redenomination of Greek government securities into euros was completed within the time frame set by the conversion-weekend timetable involving the Ministry of Finance, the Bank of Greece, the banks and other financial institutions. The Ministry of Finance issued a circular on customs issues related to the euro and the Ministry of Development another on the conversion of share capital into euros. A cash changeover plan was approved by the national coordination committee in December 2000.

Spain is preparing legislation amending Law 46/1998. It will fix the period of dual circulation at two months and provide for the exchange of peseta banknotes and coins free of charge up to the end of June 2002 at commercial banks and for an unlimited period at the Bank of Spain.

France introduced legislation on smoothing in June (Law 517/2000) and September 2000 (Order 916/2000). About 600 thresholds and amounts, mostly in the tax field, were converted to euros. Four decrees were published in February on the conversion and smoothing of about 200 euro amounts in texts relating to taxation, finance, insurance, tariffs and duties, consumer protection and savings. In recent weeks several decrees concerning the setting of administrative thresholds have been published.

Ireland published on 5 February 2001 the Euro Changeover (Amounts) Bill 2001, which deals with the changeover, where necessary, of money amounts specified in legislation to convenient amounts in euros as of 1 January 2001. The Social Welfare Act 2001, which deals inter alia with the changeover of money amounts in the Social Welfare Code to convenient amounts in euros, and the Finance Act 2001, which does the same for the Tax Code, were both recently enacted. An order to withdraw legal tender status from Irish notes and coins on 9 February 2002 has been laid in draft form before the Irish Parliament.

Italy adopted a budget law containing the main measures for the introduction of the euro (Law 388 of 23 December 2000, Art. 155). Among other issues, it sets the end-date for legal tender of the lira and regulates technical aspects for the withdrawal of lira coins. Some indications on smoothing of amounts in the public administration are contained in the cash changeover plan. They refer to charges, fines and tax returns.

In Luxembourg the government approved in early October 2000 a draft law with a view to adapting 250 converted currency amounts of a legislative nature and 600 amounts in the administrative field. The draft law includes measures for smoothing fines, other
administrative charges, social security and tax amounts, historical amounts laid down in other laws, stamp duty, thresholds, customs and duties.

In the Netherlands the government adopted the cash changeover plan on 8 December 1998. The bill for the conversion of legislative amounts from guilders to euros is currently before Parliament for approval. Neutral conversion of legislative amounts is the basic principle. Furthermore, the draft currency law, under which the guilder will cease to be legal tender on 28 January 2002 (00.00), is also before Parliament for approval. Lastly, legislation enabling the non-cash collection of parking fees by municipalities will soon be adopted.

In Austria the updated changeover plan, "The euro changeover in the public sector", covers legal and regulatory aspects of the euro and contains a short overview of the preparations in the Member States, detailed information about the cash changeover, and information about the changeover of accounting, taxes and electronic applications in the government sector. Various laws were amended in order to comply with EU regulations. As for specific legislation, the Eurogesetz (Federal Law Gazette I, No 72/2000) lays down rules for the period of dual circulation. The measures relating to the dual display of prices are regulated by the Euro-Währungsangabengesetz (Federal Law Gazette I, No 110/1999), while those relating to the changeover of long-term contracts and agreements are regulated by the Euro-Justiz-Begleitgesetz (Federal Law Gazette I, No 125/1998).

In Portugal the government approved on 16 November 2000 the cash changeover plan. It provides for frontloading of euro coins and banknotes to financial institutions and frontloading of retailers and the general public. It also states that open-ended contracts concluded by the public administration or fixed-term contracts due to expire after 1 January 2002 should be in euros. Government departments are working on the final preparations concerning smoothing and conversion of historical data. The Ministry of Finance approved the final version of the changeover plan for financial administration on 7 February 2001. On 15 March 2001 the government approved two laws. The first law sets the period of dual circulation at two months, provides for the exchange of escudo banknotes and coins free of charge up to the end of June 2002 at commercial banks and for twenty years at the Banco de Portugal, it being assumed that silence means positive agreement by bank customers in order to cover the commercial banks’ initiatives in carrying out early conversion of bank accounts after October 2001. The second law regulates the dual display of prices, which is mandatory during the period from 1 October 2001 to 28 February 2002.

In Finland the cash changeover plan was published in October 2000 and includes the central parts of the public sector’s changeover plans.

2.3.1.2. Internal preparations

As regards the technical preparations of the administration, 20-30% of the work required to adapt electronic applications in the government sector has been completed in France and Austria. In addition, the government in France has given absolute priority to the conversion to the euro of public administration computer systems over all other public administration computer system projects between mid-2001 and March 2002. About 40% of the work needed to convert IT systems has been completed. As of the beginning of the year, 10% of the software adapted to the euro is effectively being used. In Ireland government departments report that IT preparations are on target.

Member States have also taken several measures to ensure a proper training scheme for civil servants as recommended by the Commission. In Greece a workshop for public-sector employees was organised within the operational programme Kleisthenis. In France an
interministerial plan is being implemented for the training of all members of the civil service up to the end of 2001. In Portugal several training measures are still being carried out within governmental and other entities and over 1,000 copies of a handbook "The euro in public administration" have been distributed. This 60-page document covers legal and regulatory aspects of the euro and the impact of the euro on information systems, accounting, taxes and statistics. An international conference was held in Lisbon in November and devoted to "The euro in central and local public administration: Good practices". Information sessions for all 308 municipalities in the country are currently being prepared. In Finland the Ministry of Finance held a workshop on euro preparations on 13 December. Some 300 civil servants attended, including members of all central government accounting agencies. In Ireland a train-the-trainers pack on the euro is being used in training courses by government departments and agencies to inform staff about the euro.

2.3.1.3. Use of the euro by public administrations

Other national initiatives are concerned with use of the euro in relations between the public administration, its employees, businesses and the public. Suggestions for such changes were contained in the Commission Recommendation of October 2000.

In Greece public utilities apply dual display of prices on the final amount of their bills. The Finance Ministry is conducting pilot schemes for the dual display of salaries and pensions. Since 1 January 2001 all Greek government securities in book entry form have been expressed, issued and transacted in euros. The budget for 2001 is expressed in drachmas and in euros. In France all new government contracts have been signed in euros since 1 July 2000. Local authorities were invited to do the same with effect from January 2001. All civil servants will be paid in euros from July 2001; together with their usual pay slip incorporating dual display of the total to be paid, they will receive a detailed pay slip in euros for information. The euro task force for the changeover to euros has published two new practical guides, one for hospitals and one for the social housing sector, and will prepare a third guide for mayors. In Luxembourg all ministries and public administrations have been recommended to use the euro for public procurement purposes. In addition, pay slips show the total amount both in national currency and in euros.

In the Netherlands public-sector contracts will in principle be signed in guilders until 31 December 2001, although the public administration is advised to use the euro in public procurement contracts extending beyond 1 January 2002. In Portugal public administrations and local authorities should start paying civil servants in euros as early as possible in 2001. All new government legislation has been expressed in euros since December 2000. In Ireland tax cards for income taxation at source in 2001 were delivered to all taxpayers in both currency units. Government departments will convert their payroll systems to euros on a department-by-department basis from around the middle of the second quarter to the end of the year. Civil service staff will, following this conversion, receive their pay slips in euros, with the net amount (only) being shown in both Irish pounds and euros; in general, the actual payment will probably remain in Irish pounds until January 2002. In Italy, public sector wages and pensions will be calculated in lira until the end of 2001, but the beneficiaries can ask to be paid in euro. In order to familiarise government employees with the new currency, pay and pension slips will display amounts in euro in the second half of 2001, giving a lira equivalent for the final amount only.
2.3.2. Local government

2.3.2.1. Adaptation of the administrative and legal framework

In Germany the sixteen Länder have adopted the local legislation necessary for euro conversions and for rounding amounts in euros. The heads of the euro task forces in the Länder meet frequently to examine questions of general interest raised at regular consultations with the euro task force at the Federal Finance Ministry. Detailed guides have been distributed to the municipalities. In Austria the provinces are putting the final touches to the legal texts that are to be adopted by the summer of 2001. The Austrian euro task force is making preparation of the local authorities a priority for the first half of 2001. Those responsible for monitoring the euro at the Finance Ministry have planned a series of technical meetings on the ground with elected representatives and local officials in 2001.

In France the Finance and Interior Ministries have sent the 36,559 municipalities full instructions on how to convert public contracts and on how public enterprises should apply the euro. A model decision on the conversion of public utility charges - prepared on the basis of studies in one city - has been distributed to all the municipalities as an example of best practice. After the March 2001 municipal elections, the new or re-elected mayors are being sent booklets welcoming them to office and reminding them of the landmark dates and practical preparations for the changeover to the euro. In each department, the prefects have to mention the level of local preparation for the euro in their quarterly reports.

In the Netherlands the Finance Ministry monitors preparation by the 502 municipalities very closely. A private company that was selected after a call for tenders evaluates the stage reached in each municipality's preparations. The Finance Ministry regularly sends out an official questionnaire. The replies must be signed by the mayor or his finance deputy in order to ensure that he is well informed of the work of the euro coordinator for the town or city concerned. The Finance Ministry regularly hosts meetings of a group for the examination of best practice ("Lego") consisting of 25 heads of euro task forces in the most dynamic towns and cities. Parliament is sent an official report every six months that places the latter in order of their level of preparation.

The Federation of Spanish Municipalities and Provinces directs the municipalities' technical preparations on the ground, in conjunction with the provinces and Autonomous Communities. In Belgium, after coordination at federal level, each regional authority issues a circular setting out the guidelines to be followed by the municipal authorities in switching to the euro and the corresponding technical instructions. In Ireland the local authorities are each responsible for their own changeover and the Finance Officer of each county council has been given responsibility for the changeover preparations.

On the whole, local government is well on track to adapting its administrative and legal framework to the euro.

2.3.2.2. Internal preparations

The constraints of switching to the euro may encourage local authorities to improve governance by modernising financial management, training, IT systems and the operation of automatic machines. Most of the large local authorities' euro changeover plans are well advanced. For smaller local authorities, the situation is patchier and local support measures are often needed. Technical preparation for the changeover to the euro provides an opportunity to examine all services and to modernise administration.
Local government went some way towards adapting IT systems to the euro in the run-up to the year 2000. However, many companies will need to act throughout 2001 owing to the complexity and number of software packages used. In Bonn 80% of IT applications are in the process of being adapted to the euro. In France central government has held several meetings of IT companies specialising in local applications to review progress in adapting to the euro. Most Dutch towns have adapted their printers so as to allow dual display on administrative documents. In Belgium the guidelines for the final stage of the changeover by local authorities to the euro stipulate that IT applications (wages, taxes, invoicing) must be installed by 31 October 2001 so as to be operational for the exchange of data on 1 January 2002. The period set aside for testing IT programmes is often shorter than planned, and this may give rise to difficulties. Special brochures were published at the end of 2000 for IT specialists and accountants.

Unnecessary forms have, in many cases, been scrapped as a result of the work of the euro task forces. The legibility of administrative documents is sometimes improved when they are examined for their compatibility with the euro.

Orders for the modification of local government equipment are well advanced in the euro area. The adaptation of automatic machines may also bring about improvements in local management. For example, the city of Bonn's early negotiation with the Post Office in order to convert franking machines to the euro has produced substantial savings, and the adaptation of time-clocks to the euro will lead to the wider use of smart cards and to an improvement in security by reducing the number of coin-operated parking meters.

The training of local officials in the use of the euro is very important not only for internal management but, above all, for the quality of contacts across the counter with the public from 1 January 2002. A variety of methods are used. Many local authorities have included euro training for their officials in their annual training plans. In France and Portugal training courses for specialised trainers, who are to act as "local relays", are being organised in the first half of 2001. The Dutch Finance Ministry is directly organising six targeted training days for the euro coordinators of municipalities in the first half of 2001.

The assessments made by government departments of local government preparations for the euro reveal a genuine but unequal operational commitment. In the Netherlands, for example, an official report presented to Parliament singles out fourteen small and medium-sized municipalities and twenty-six municipalities with over 50 000 inhabitants for not being sufficiently prepared. In France a recent survey among local accountants shows a level of preparation that is directly proportional to the size of the town: while 66% of the municipalities with over 50 000 inhabitants are on track or ahead of schedule, the proportion falls to 37% for municipalities with between 10 000 and 50 000 inhabitants, to 31% for those with between 3 500 and 10 000 inhabitants, to 27% for those with between 500 and 3 500 inhabitants and to 23% for the very many municipalities with fewer than 500 inhabitants. In Spain, according to an assessment by the Federation of Municipalities and Provinces carried out in March 2001, 30% to 40% of local authorities are significantly involved in making preparations. In Austria 85% of the municipalities have entrusted the organisation of the practical changeover to the euro to firms of consultants on the basis of long-term contracts.

The scenario for the public authorities' changeover to the euro does not impose any administrative model. It is neither desirable nor realistic for the 73 000 or so local authorities in the euro area to make uniform preparations. However, on the basis of the best practice found on the ground, the following observations generally apply:
– in the operational phase of 2001, guides and brochures are less useful for local preparations than timetables, which have been distributed in the Netherlands and France, for example;

– cooperation between municipalities of different sizes facilitates progress in preparing for the changeover to the euro, as illustrated by the experiences of Villeurbanne, Breda and Sintra;

– special care is needed in adapting the computer programmes necessary for the local payment of social security benefits in euros;

– lastly, the euro training of managers and employees of local public services in direct contact with the public should also enable them to answer the many questions which they are being or will be asked. Standard answer sheets can usefully be prepared and distributed for this purpose.

2.3.2.3. Local euro communication activities

Local government euro communication activities, whether in the form of local initiatives or local versions of national campaigns, are being stepped up in 2001. In Germany 100 towns will this year host the roadshow providing general information on the euro. In Italy the "euro caravan" will be continuing its educational visits to medium-sized towns until June 2001. In Portugal several towns are planning a euro week featuring educational activities on the practical use of the euro for employees in public services, schoolchildren and SMEs. In Spain 400 rural local authorities will be hosting two travelling exhibitions on the euro. In France a consumer association that has representatives on local councils is organising practical euro presentations on the ground, in partnership with the Post Office and retired executives, among others.

Local euro communication campaigns are also tending to become more closely targeted. Through a combined effort by local authorities, local tourist offices and chambers of commerce, information on the euro for those engaged in tourism and tourists themselves is disseminated in tourist areas. For example, associations are sent practical information to facilitate the preparation of financial dossiers for Dutch towns. With the support of a guide produced jointly by the Economics and Finance Ministry, the Industry Ministry, the Caisse des Dépôts et Consignations, the European Interregional Consumer Institute and the Assembly of French Departments on the basis of the tools developed for the Commission's "Euro Made Easy" project, every department in France is running a euro awareness programme ("All ready for the euro") for people facing social difficulties. Similar action has been taken by several Member States including Belgium, Spain and Italy. Euro festivals have been organised in each region in Italy by local authorities, citizens' associations and economic actors as part of the project coordinated by the association "Cittadinanza Attiva". Action focussing on other groups in difficulty is being relayed in 2001 by twelve members of the Eurocities network under the Exchange II measure supported by the Prince programme. The outermost regions are also working together within this same framework to take account of the needs of the sections of the population that find it difficult to have access to information.

Local government can also help to smooth the changeover to the euro for SMEs by supporting the activities undertaken by chambers of commerce. At Jyväskylä, in the centre of Finland, a regional development company set up by local government includes in its support services for local SMEs advice and information on access to international markets when switching to the euro. Local authorities are organising specific activities providing information on conversion for small firms which have been awarded public contracts. Changeover to the euro by semi-public companies or local public enterprises, which are often governed by private law,
may encourage local SMEs to follow suit. In Ireland the Loughrea Euro Town Project, under which selected businesses in this provincial town changed over early to the euro, has been completed and their experience is being passed on to businesses nationally, which are now in the process of changing over.

Public administrations are beginning to make greater use of the euro in their public activities and their relations with users. Admittedly, central government departments are more prepared to conduct financial transactions in euros than the social security bodies and most local authorities. However, this statement needs to be qualified: large local authorities have been taking advantage of the financial opportunities offered by euro borrowings for some years; public contracts and contracts running beyond 2001 are often denominated in euros either exclusively or alongside the national currency in order to avert any conversion disputes. Local authorities are more reluctant to use the euro for managing payments and tax returns or for paying employees' salaries.

However, this cautious approach on the part of local government reflects local public opinion and the public's perception of the changeover to the euro. The growing involvement of local government in local communication campaigns is all the more important in 2001 in order to facilitate the transition to the use of the euro in everyday life.

2.4. Preparations by the general public

On the whole, members of the public have not come to grips particularly well with the main elements of the changeover to the euro, are unfamiliar with the new scale of values and are making relatively limited use of the new currency. A few months remain in which to help them become aware of the timetable for the changeover to the euro, familiarise themselves with the practical side of the new currency and memorise a few reference prices.

2.4.1. The public's knowledge about the euro

According to the Commission's Eurobarometer study (questions asked in January 2001), the public is becoming more knowledgeable about the general timetable for the changeover to the euro, but there are still numerous gaps in its knowledge of the details of the operation.

2.4.1.1. Timetable for the changeover to the euro

The date on which euro notes and coins will be brought into circulation is now relatively well known. On average, 60% of people living in the euro area spontaneously answered 1 January 2002, a figure at least twenty points up on November 2000, while some 10% thought the date was earlier and 24% later. As the deadlines approach, the number of people who think the date is earlier will, by definition, fall (unless they become confused with the frontloading date).

There was a particularly high number of correct replies from Luxembourg (81%), the Netherlands (77%), Finland (74%), Ireland (73%), Belgium (67%), France (65%) and Germany (63%). There is still a definite problem in three countries where most of the answers given were wrong: Spain (correct answers 48%), Portugal (45%) and Greece (34%). Overall, men and better-educated individuals are more aware of the correct date than the rest of the population.

25 Eurobarometer Flash No 82/5, "Attitudes to the introduction of the euro", conducted by Gallup Europe on behalf of the Commission.
The European public is still not very sure about the *duration of the period of dual circulation*: the average estimate is six months, i.e. three times as long as it will actually be. The degree of information is moving in the right direction (the average estimate was eight months in November 2000), albeit fairly slowly. Estimates by Dutch citizens are the most accurate (on average: 4.1 months), while the Portuguese (8.3 months) and the Austrians (7.9 months) are the least accurate.

### 2.4.1.2. Practical aspects of the euro

Not everyone yet realises that *euro notes and coins can be used* throughout the euro area: on average, 24% of the general public think that the notes and coins issued in their country will be legal tender only there and have not, therefore, really understood the actual concept of the single currency. The results are much the same in all the participating countries (accurate answers number between 70% and 80%). In November 2000 one person in five still believed that the introduction of the euro would not be accompanied by the withdrawal of the national currency units.

Two thirds of the general public (68%) are now aware of the *definitive and irrevocable nature* of the euro conversion rate against the national currency unit. The only country where the result is well below the average is Germany (57%). Overall, women, the elderly and the least-educated individuals are less well informed on these two points than the rest of the population.

Only 15% of people in the euro area know the *exact conversion rate*. Little progress is being made in memorising it, with an improvement of only three points between the beginning of 2000 and the beginning of 2001. The vast majority of the mistakes made tend to overvalue the euro. Although they are unfamiliar with the six-figure rate, most people do have an idea of the euro's correct approximate value. With a margin of error of +/- 1%, accurate replies were 52.5% and, with a margin of +/- 5%, 73% . However, there are significant differences between countries in the approximate knowledge of the conversion rate. With a margin of error of 5%, 83% of Dutch people, 87% of Luxembourgers and 90% of Belgians, but only 54% of the Irish, are able to give the right answer. Curiously, the results for Italy (65%), Portugal (68%) and Germany (71%) are below the average even though the conversion rate in these three countries is very close to a round figure which is easy to memorise.26

### 2.4.2. Familiarisation with the new scale of values

In order to "understand" prices in euros and to be able to assess price differences, consumers need to construct for themselves a scale of values in the new currency by memorising a few reference prices. This learning process takes time. In order to prepare consumers for the euro, it is therefore desirable to adopt an active approach which prompts them to acquaint themselves gradually with a euro environment. The communication campaigns should also help them to memorise a few reference prices in euros. In October 2000 the Commission advocated the advance changeover of bank accounts and non-cash means of payment (see point 2.2.) by public utilities, the payment as soon as possible of wages in euros, the conduct of wage negotiations in euros and the setting of prices in euros 27 from the third quarter of 2001.

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26 For instance, €1 = ITL 1936.27 (ITL 2000 is within the 5% margin), DEM 1.95583 (DEM 2 is within the 5% margin), PTE 200.482 (PTE 200 is within the 5% margin).

27 For distance sales and sectors in which non-cash payments account for the bulk of transactions.
Two points need to be made as things stand: the consumer is not very particularly familiar with the euro and progress in implementing a more active approach is still slow.

2.4.2.1. Consumer unfamiliarity with the euro

Almost 80% of consumers have not memorised prices in euros, a proportion that remained relatively stable throughout 2000. Consumers in France (28.2%), Luxembourg (24.6%) and Spain (23.4%) have been fairly successful in memorising reference prices, unlike consumers in the Netherlands (11.3%), Portugal (13.8%) and Ireland (14.2%). On the whole, men have been more active than women in memorising euro prices (25.7% compared with 19.1%).

On average, 56% of people living in the euro area nevertheless say that they do pay attention to dual pricing, a figure that has remained roughly constant since the launch of economic and monetary union. While answers do not vary significantly in terms of gender, level of education or social class, there are appreciable differences in the attention paid to dual pricing from one participating country to another: while 69% of Spaniards, 73% of Italians and 76% of Finns say that they pay attention, only 39% of people in France, 41% in Belgium and 42% in Luxembourg make this claim. Perhaps these figures reveal a boredom factor in these three countries, where dual pricing is generally more widespread than elsewhere and where, as in other countries, consumers are finding the three-year transitional phase very long. Overall, almost all the large European retailers have introduced dual pricing virtually in full. In smaller shops the proportion ranges from 30% to 50%, depending on the country. Three participating countries (Greece, Portugal and Austria) have introduced legislation making dual pricing compulsory. Some countries, including Belgium, reserve the right to do so if dual pricing does not spontaneously take off in the second half of 2001.

It is clear, however, that dual pricing, in its present form (with the price in the national currency unit being displayed more prominently than the price in euros), has a fairly limited impact on consumers. According to a special Eurobarometer survey, fewer than one consumer in ten (8%) systematically looks at the price in euros. The boredom factor is also significant: the proportion of individuals who do not look at prices in euros has increased by eight points compared with 1999. The attention paid to prices in euros will probably grow towards the end of the year as the different deadlines approach.

2.4.2.2. Slow start to a more active approach

It is still extremely unusual outside the financial sector for prices (including psychological prices) to be set in euros. Several large retailers intend to start doing so for all their stock in the last quarter, generally around November. The approach adopted by the retail trade often varies according to the type of product sold: the greater the turnover (e.g. foodstuffs), the less frequent are plans to fix the price in euros in advance. More frequently, such plans are for products delivered in the last few weeks of 2001 and likely to be sold during the first quarter of 2002 (e.g. clothing and household electrical appliances).

The joint statement by representatives of European consumers and representatives of traders and SMEs adopted on 2 April 2001 in Brussels (see Annex 3) recalls the undertaking set out in the 1998 Eurologo Agreement to introduce dual pricing generally in 2001 and provides for the euro price to be displayed more prominently than the price in the national currency unit, and for prices to be set in euros between September and the beginning of December 2001.

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28 Eurobarometer No 54, "The Europeans and the euro", conducted by the European Opinion Research Group on behalf of the Commission. Published in March 2001 (questions asked in November).
29 According to Eurobarometer Flash No 82/5, the majority (56%) of consumers in the euro area agree.
This European agreement must now be implemented at national level. France is so far the only country to have recommended officially that the price in euros be more prominent.\(^{30}\)

For the time being, the *payment of wages and salaries in euros* is confined to large firms, the European institutions and to a very few SMEs. More and more firms are, however, showing the equivalent value in euros on payslips or even providing two payslips (one in euros, one in the national currency unit), at the risk of causing some minor differences in rounding.

The *changeover by public utilities* is likely to enhance the euro's visibility appreciably. It started in January 2001 in France, when gas and electricity bills switched to the euro,\(^ {31}\) and will have become generalised by July. Italy is preparing similar measures for July, Luxembourg and Spain for September, and Belgium and Portugal for October. Other countries could shortly join this list. The advance changeover of bank accounts and non-cash means of payment is spreading (see point 2.2.).

### 2.4.3. Degree of euro use

Private individuals have very few euro accounts and very rarely use the European currency for their non-cash payments, but active use of the euro is essential if reference prices in euros are to be gradually memorised.

#### 2.4.3.1. Euro bank accounts

At the end of 2000 the percentage of private euro accounts as a whole was 1.4% of the total number of accounts.\(^ {32}\) The pace at which they are being opened remains sluggish: only one in thirty-three new accounts opened is in euros (3.02%). The opening of a euro account or the conversion of an existing account is not essential for euro transactions (they can be carried out through an account denominated in a national currency unit), but it demonstrates the consumer's determination to become actively familiar with the new currency.

Except for Luxembourg (9.7% of accounts in euros), the proportion of private accounts in the European currency is generally very limited, ranging from 2.5% in Spain to 0.03% in Ireland. Consumers were questioned by the Eurobarometer survey\(^ {33}\) about the date on which they intended to open a euro account or convert their existing account to the euro: 41% replied 1 January 2002 and 34% said it would be the date on which the national currency unit is withdrawn. Only 6% mentioned 2001. The advance changeover of bank accounts at the beginning of the second half of 2001 will therefore have to be accompanied by a significant information and explanation drive by the banks so as not to confuse consumers.

#### 2.4.3.2. Euro payments

Private individuals are making very little use of the euro. The proportion of the euro in total national payments stands at 1.38% in volume terms and 6.1% in value terms. After a short period in 1999 when euro payments by consumers caught on, they tended to diminish in 2000, engendering a sort of vicious circle: the small number of euro payments has led a good many firms to stop offering customers the opportunity to make euro payments. For example, at the beginning of 1999 retail cashiers very often asked customers to choose between paying in

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31 Causing a 253% rise in euro payments in one month.
33 Eurobarometer No 54, "The Europeans and the euro", conducted by the European Opinion Research Group on behalf of the Commission. Published in March 2001 (questions asked in November).
euros or in the national currency unit. At the end of 2000 consumers who wanted to pay in euros sometimes discovered that cashiers were unaccustomed to using the euro and were obliged to call a supervisor to find out how to process the transaction, while other customers waiting in the queue grew increasingly impatient. The advance changeover of non-cash means of payment early in the second half of 2001 will mean that the mass use of the euro by consumers can be given fresh impetus.

The results by country are low everywhere, with some slight differences from one country to another. Luxembourg is well in the lead (10.5%), followed by Belgium (4%). At the other extreme are countries such as Ireland, Austria or Finland, where it is in fact almost impossible for consumers to use the European currency (except via transfers) because of the failure to adapt payment terminals to the euro (sometimes combined with the very infrequent use of cheques): as is to be expected, the proportion of payments made in euros in these countries is less than 1%.

According to Eurobarometer, 98% of euro-area nationals have not yet made payments in euros by card or by cheque, while 96% have not done so by direct debit or by transfer. In this survey, people in Luxembourg are the only ones well above the average (11% by direct debit or transfer, 5% by cheque and 4% by card). Several possible explanations for this lack of interest in the option of paying in euros have been tested:

– a quarter of consumers say that they are afraid of confusing national currency and euros: this fear is particularly strong in Italy (31%), Belgium (31%) and Portugal (34);

– although euro transactions can be carried out through an account denominated in the national currency unit, one consumer in two, on average, particularly in France (60%), Ireland (59%) and Germany (53%), says that he or she does not have a euro account;

– one consumer in two, particularly in Germany (58%), France (58%) and Ireland (54%), says that he or she does not have a euro chequebook. The question is of little relevance in countries using the eurocheque system (e.g. Belgium and Luxembourg), where the currency is not pre-printed on the cheque;

– consumers are afraid of incurring costs when using the euro: however, this argument is mentioned by only 15% of consumers, which demonstrates that the messages regarding equal treatment between the euro and the national currency unit have been taken on board;

– one consumer in three, particularly in Ireland (49%), the Netherlands (42%) and Spain and Portugal (39%), says that he or she is unaware that payments could be made in euros;

– 75% of consumers say they are not interested in making euro payments; this is clearly the main reason for its infrequent use, particularly in Germany (86%), France (77%) and Italy (76%).

Paradoxically, more than one third of consumers (36%) feel that making payments in euros is a good way of familiarising oneself with the new currency; this is an opinion strongly shared by executives (47%) and students (46%).

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34 Payment terminals in Ireland are, technically speaking, mono-currency terminals and will all be switched over to the euro on 1 January 2002.
2.5. Information campaigns

2.5.1. The Commission's role in preparing and disseminating information on the euro

With the support of the European Parliament, the Commission has played an important role in providing information on the euro since the establishment of the Prince programme in 1996.

The Commission's role comprises three main activities:

2.5.1.1. Exchange of information

The Commission coordinates a network comprising the national directors of communication in the Ministries of Finance and representatives of the ECB. This forum was created in 1998 and enables the Member States to hold joint discussions and to pool information on the broad lines of communication policies on the euro. The frequency of meetings has gradually been stepped up and they are now held every two months. A steering group on euro communication consisting of representatives of the Commission, Parliament and the ECB meets regularly to enable the European institutions to discuss and exchange information. The Commission also takes part in the work of the NAT (network advisory team), which brings together each month at the ECB the directors of communication of the national central banks.

On the basis of these discussions and the results of its own surveys (e.g. Eurobarometer Flash on public attitudes to the euro, Eurobarometer surveys and qualitative studies), the Commission regularly produces guidelines for the communication strategy (e.g. Communication of February 2000 for the years 2000 and 2001). A monthly table on euro communication is being prepared in order to ensure close monitoring of the progress made.

2.5.1.2. Development of partnerships and direct measures

The Commission decided at the outset to give priority to co-financing national and local campaigns in order to guarantee that messages are relevant and to give a leverage effect to Community money.

Thirteen agreements were signed in 2001 with the Member States (the twelve members of the Eurogroup plus Sweden). The financial partnership with the Member States absorbs two thirds of the Prince budget for communication on the euro.

In addition, thirty-four transnational projects costing a total of €5.8 million will be directly financed this year in partnership with community associations, trade federations, NGOs and associations of SMEs. The heads of these projects have met in Brussels in order to coordinate activities and to create synergies where that proves possible. A number of activities centred on the euro will be organised in accordance with the conclusions of the Nice European Council. Special events will be held in May, September and December and will reach a peak on 31 December with events in each country. It is important in this connection that the Commission should underscore the historic significance of the euro. Information products (posters, billboards, videos, brochures, etc.) and the Commission's Internet site are regularly kept up to date. The Commission will this year organise several exhibitions, symposia and seminars (for firms and communicators). Lastly, it should be remembered that the Info Point network plays a significant role in disseminating information on the euro to consumers.

35 Acronym for the Programme of Information for the European Citizen.
2.5.1.3. Implementation of specific measures

a) for businesses

The Commission has distributed almost a million guides with CD-ROM enabling businesses to draw up their own plans for switching to the euro. It has supported a number of projects to acquaint top executives, particularly in the cooperative sector and tourism, with the euro. The European currency was also one of the major topics discussed at the European days of commerce organised throughout 2000 in 33 European cities. A large number of seminars during this event were devoted to the euro: they reached over 3 000 multipliers in the commercial and distributive sectors.

Lastly, the Euro Info Centre network is also playing an important role in disseminating information on the euro to SMEs, in particular by organising numerous seminars, designing and distributing information products adapted to the needs of small businesses and providing business support and advice.

b) for non-member countries

Two conferences, including a major one for the CEECs\(^{36}\), will be organised this year. A folder for tourists visiting Europe is being prepared. It will have a print run of 1.6 million copies and will be distributed by the delegations, airports, airlines, etc. Activities under way also include the production and distribution of audio-visual tools, the organisation of exhibitions featuring special stands and the holding of six series of seminars for foreign journalists.

c) for consumers

Since 1998 the Commission has organised euro training for some 350 representatives of consumer associations and NGOs so that they in turn could acquaint members of the public with the euro. It produces and distributes to them hundreds of thousands of copies of numerous tools (brochures, games, sets of notes, etc.).

2.5.2. The role of the Member States in preparing and disseminating information on the euro

The Member States have a paramount and crucial role to play in conducting information campaigns on the euro.

Whatever the Commission's role, information on the euro for European citizens, firms and other target groups can be provided only via the national structures in each country. The principle of subsidiarity applies: responsibility for euro communication campaigns rests first and foremost with the Member States.

All the participating Member States have developed communication strategies that reflect their special national features and needs. Some of them started to provide information on the euro as early as 1996, while others began after the introduction of the euro for non-cash transactions. All of them have stepped up their efforts since the beginning of this year: for some, the investment of public money has grown exponentially, confirming the ambition not to exclude any target and make it easier for the greatest number to switch to euro notes and coins on 1 January 2002. In many Member States the information campaigns will continue

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\(^{36}\) Central and eastern European countries.
beyond the period of dual circulation in order to provide support for the most vulnerable sections of society.

Member States' communication strategies on the euro have incorporated the priorities and targets mapped out by the Commission in its Communication of February 2000 on the euro communication strategy in the last phases of the implementation of EMU. Some of the themes and messages found in the national campaigns have also drawn heavily on the Communication of August 2000 on the practical aspects of the euro and the Recommendation of October 2000 on measures to facilitate the preparation of economic agents for the changeover to the euro.

The many coordination meetings conducted at different levels ensure a genuine exchange of information as to which tools and means of communication have been successes or failures. Each Member State has been required to present to the other Member States and the European institutions their campaign for 2000 (stocktaking) and their campaign for 2001-02. The regularity of these meetings and their follow-up ensure consistency and a degree of coordination but do not interfere in the definition of the specific needs of each Member State.

2.5.3. Eurosystem campaign concerning euro notes and coins

At the beginning of 2001, in conjunction with the Publicis agency, the Eurosystem (comprising the European Central Bank and the national central banks of the euro area) launched an extensive campaign at European level to promote euro notes and coins. Responsibility for the campaign has been entrusted to each national central bank. The aim is to acquaint users with their future currency. The visible security features in particular will be unveiled in the autumn of 2001 in order to enable economic actors and consumers to protect themselves against the risks posed by counterfeiting.

3. WORK IN PROGRESS AND WAYS FORWARD

The cash production targets are to mint around 50 billion euro coins and print around 14.25 billion euro banknotes by the end of 2001. As of the end of February 2001, 68% of the target for coins had been achieved; banknote printing so far stands at over 40% of the target. The production of coins and, according to the ECB, of notes is on schedule.

The final changeover to the euro is a major logistical operation which has implications for all economic sectors and all citizens in the euro area. Preparations for the event are in hand in many widely differing areas, ranging from cash storage and transport to the setting of their pricing policies in euros. Five areas of particular significance at European level will be highlighted and a wide variety of examples of good practice that could usefully be extended to other countries or sectors will be described.

3.1. Main areas of work

The following topics currently deserve special attention: action to prevent counterfeiting, practical preparations for the general public and, in particular, assistance for those sections of the population for whom access to information is difficult, how to deal with the risk of price increases, the management of checkouts and queues, and the establishment of a euro payments area.
3.1.1. Action to prevent counterfeiting

The level of protection of euro banknotes and coins against counterfeiting needs to be higher than for national banknotes and coins. This is because euro banknotes and coins will be more attractive for counterfeiters than the national currency of any of the EU countries, mainly owing to the large economic area in which they will be used, including, presumably, countries outside the euro area. For these reasons, the fight against counterfeiting has been reorganised and reinforced; cooperation among Member States and at international level has been stepped up and specific European structures have been established.

3.1.1.1. Technical features

From a technical standpoint, euro banknotes and coins are better protected against fraud and counterfeiting than their national counterparts. Their visual characteristics will allow easy recognition by the public, with particular emphasis on the features specifically provided for persons with visual disabilities.

Euro banknotes will include security features that can be checked with the aid of simple devices by bank cashiers and shop assistants, by banknote-sorting and -accepting machines (e.g. vending machines) and by the central banks of the Eurosystem. Euro coins have visual characteristics and metal-structure features that will allow the competent authorities to detect counterfeits effectively; they also display the safest characteristics for recognition by coin-operated machines throughout the euro area, irrespective of the origin of the coins.

All banknotes and coins of the same denomination must be consistent in appearance and all other relevant properties if genuine banknotes and coins are to be easily distinguished from counterfeits. The specifications and production tolerances of euro banknotes and coins have therefore been set with a view to allowing even smaller variations than in the production of national banknotes and coins. In addition, tight quality-control procedures have been established to ensure that only banknotes and coins complying with the high production standards can be issued.

3.1.1.2. Machinery for protection

Member States and the European institutions and bodies have established and are implementing machinery for close collaboration with a view to protecting the euro against counterfeiting.

As regards law enforcement, cooperation among Member States has increased with the extension of Europol's remit to include the fight against counterfeiting. Cooperation between Member States, the European Commission, Europol, the ECB and Interpol began back in 1998. In numerous meetings which were and still are being organised by the Commission, the ECB and Europol, all issues of relevance to the counterfeiting threat and the fight against counterfeiting have been identified and the activities of all parties coordinated.

From a technical viewpoint, counterfeits will be centralised at national level at National Analysis Centres (NAC - for banknotes) or Coin National Analysis Centres (CNAC) for initial analysis and classification. Any new types of counterfeit banknote or coin will be sent to the Central Analysis Centre (CAC) or the European Technical and Scientific Centre (ETSC) for detailed analysis and classification. The technical and statistical data on counterfeit banknotes and coins will be stored in the Counterfeit Monitoring System (CMS) to be established at the ECB in Frankfurt.
Intensive preparations are in hand in the above areas to ensure that the protection machinery is operational well in advance of the launch of euro banknotes and coins.

3.1.1.3. Coordination between EU institutions and bodies

At EU level, each of the institutions and bodies has specific responsibilities as regards protection of the euro:

- the Commission takes legislative initiatives, contributes in the field of training and financial support, responds to questions and other requests for information from the European Parliament, provides support for the Member States, in particular in implementing the law, and coordinates action by the Member States on the technical front with a view to protecting euro coins against counterfeiting;

- the European Central Bank (ECB) carries out technical analyses of new types of counterfeit euro banknote at the Counterfeit Analysis Centre located on its premises, stores technical and statistical data on counterfeit banknotes and coins in a central database, also located at the ECB, and disseminates the relevant technical and statistical information among all those involved in combating counterfeiting. In addition, the ECB, together with the twelve national central banks of the euro area, is conducting an information campaign intended to familiarise the general public with the new euro banknotes and coins;

Europol supports the Member States’ law enforcement agencies in preventing and combating serious organised crime by facilitating the exchange of information and providing operational and strategic analysis. In addition, it provides expertise and technical support for investigations and operations carried out by the agencies within the EU. Europol will maintain a central database for law enforcement information on euro counterfeiting and will also use the ECB’s technical database.

With the aim of providing overview and developing a common strategy at EU level for the protection of the euro, an interinstitutional steering group was set up in February 2001 comprising representatives of the Commission, the ECB and Europol. The steering group prepares the decisions to be adopted, meets regularly and can call high-level meetings.

3.1.1.4. Legal protection of the euro

In July 2000 the Commission tabled a proposal for a Council Regulation on the protection of the euro against counterfeiting. The Council reached political agreement in February 2001, and the Regulation should be adopted in the next few months. This fundamental tool establishes the procedures for collecting, storing and exchanging information on counterfeits and specifies the authorities and bodies responsible at national level; it requires credit institutions to withhold and hand over counterfeits; and it organises cooperation at national and EU level, as well as with non-member countries and international organisations. A further initiative on the basis of the Treaty on European Union is intended to supplement the Regulation.

On 29 April 1999 the Council adopted a Decision extending Europol’s terms of reference to deal with forgery of money and means of payment. On 29 May 2000 a framework Decision was adopted on increasing protection by way of criminal penalties and other sanctions against counterfeiting in connection with the introduction of the euro. It requires Member States to protect the euro appropriately against counterfeiting by efficient criminal-law measures, even before the currency is put into circulation on 1 January 2002.
Other action taken at both national and EU level for the effective prevention and combating of euro counterfeiting includes: the ECB Recommendation of 7 July 1998 regarding the adoption of certain measures to enhance the legal protection of euro banknotes and coins; the Commission Communication of 22 July 1998 covering training, an information system, cooperation and protection under criminal law; the ECB guideline of 7 July 1998, as amended on 26 August 1999, on certain provisions regarding euro banknotes and relating inter alia to enforcement of the copyright on euro banknotes and the establishment of a counterfeit analysis centre and a counterfeit database at the ECB; the ECB Recommendation of 7 July 1998 regarding the adoption of certain measures to enhance the legal protection of euro banknotes and coins and addressing, among other things, the control and prohibition of the issuance of unauthorised banknotes; the Commission Communication of 13 January 1999 on copyright protection for the common face design of euro coins; and the Commission Recommendation of 13 January 1999 on collector coins, medals and tokens, which recommends practices that would be applicable during the transitional period.

3.1.1.5. Education and information

Education and training of specific target groups and information for the general public on the appearance and security features of euro banknotes and coins are key issues in the prevention of counterfeiting. Specific target groups such as the police, bank cashiers and shop assistants need specific training well in advance of the issuance of the euro. Together with the action taken by Member States, the Commission, Europol, the ECB and Interpol are cooperating in the provision of such education and training at international and European level, taking into account national actions undertaken.

The general public will be given information from September 2001 about the characteristics of euro banknotes and coins by means of a specific campaign organised by the ECB in cooperation with the national central banks, the Commission and the Member States belonging to the euro area.

3.1.2. Practical preparations for the general public and assistance for sections of the population for whom access to information is difficult

If citizens in the euro area are to be able, right from the beginning of 2002, to manage their budget and pay for their purchases in euros without mistakes or nervousness, they must be prepared for the event before the end of 2001. In practice, over 300 million people will, in the space of a few days, have to immerse themselves in an entirely euro environment: it will be a question not of being capable of buying a souvenir using a foreign currency but of being able to manage one's entire income in a new currency language. If they are to avoid problems and difficulties in the first few weeks of 2002, consumers should not only memorise the conversion rate and the key dates of the timetable but also familiarise themselves in 2001 with the new values expressed in euros and learn to recognise the future notes and coins, e.g. by way of practical exercises such as simulation games. The national and local authorities in the participating Member States are responsible chiefly for the preparation and conduct of information campaigns for the public. However, the success of the changeover to the euro is a matter for everyone: financial institutions, businesses and even the press have a key role to play. The campaigns should be stepped up sharply as the different deadlines approach.

Most people are probably capable of preparing themselves by finding out what they need to know from general information sources: identifying the key events in the changeover process, learning to recognise the new notes and coins, developing new reference points in euros and understanding the reasons for the single currency. The task is not, however, to switch the majority of citizens over to the euro but to achieve a successful changeover for all consumers
in the euro area. All consumers must be capable in 2002 of handling their day-to-day expenditure under conditions as regards information and choice that are at least similar to those they enjoyed in 2001. A special effort is necessary in particular in the case of persons for whom access to information is problematic, either because of their difficult socio-economic situation (elderly people living on their own, persons facing financial hardship, the illiterate, immigrants suffering from social exclusion, etc.) or because of some disability (blind or partially sighted people, the deaf or hard of hearing, the mentally disabled).

Since 1997 the Commission has been coordinating and financing, in cooperation with the European Parliament, different projects undertaken by NGOs specialised in defending the interests of these sections of the population ("Euro Made Easy" projects). The initial aim was to identify the needs of the target groups (in terms of tools, training methods, etc.), produce materials catering for those needs and train specialist instructors to help the people concerned (trusted intermediaries). The results so far are very positive: the "Euro Made Easy" projects have made it possible to devise suitable training methods and develop some twenty information products that are useful for grassroots projects of this type (manuals, brochures, simple conversion cards, simulation games, cardboard replicas of euro coins and notes, etc.). Some of the adjustments or efforts made to assist people for whom access to information is difficult are also likely to benefit consumers as a whole: for example, simple euro converters with large, contrasting figures that are easy to read are appreciated by partially sighted people but will probably also be popular with a wider public looking for a device of this kind with an easily readable display.

The Commission is coordinating and developing in cooperation with the Member States and associations on the ground a network of more than 30 000 instructors specialised in working with the population groups concerned. It is producing and supplying them with the necessary information materials in ten languages and in several hundreds of thousands of copies. Specific Community financing\(^ {37} \) has, for example, enabled the European Blind Union to carry out a large number of projects (information brochures in Braille and large print, audio and IT-based information packages, educational games tailored to the sensory disability, etc.). A total of 650 "super instructors" have likewise been trained by the Commission so that they can organise training for instructors in each Member State with part-financing from the Prince programme. Dummy "Euro Made Easy" tools have been tested in pilot regions in several Member States and are now available throughout the euro area. France, Spain, Portugal, Greece, Italy and Belgium have already set in place, in collaboration with the Commission, large-scale information programmes targeted at the population groups concerned. The ECB is also making use of the networks set up under the "Euro Made Easy" programme in order to disseminate information on the new notes and coins among those population groups. In addition, it has arranged for the production of 47 000 training kits consisting of notes printed on one side only, which the Commission is currently distributing among instructors working for associations assisting people with sensory disabilities. The Commission has also obtained the Council's approval for training activities to be conducted under the responsibility of the Member States using real coins (on secure premises) and for the production of tokens (at the Commission's expense) and their distribution by the participating countries to blind people.

Preparing members of the public and, in particular, sections of the population for whom access to information is difficult calls for coordination and urgent involvement of all the parties concerned in order to succeed in providing in good time something more than mere information: genuine training to enable each and every consumer in the euro area to take part

\(^ {37} \) In some cases, together with the ECB.
without difficulty in this major European project and benefit fully from the advantages of the single currency.

3.1.3. Dealing with the risk of price increases

The Eurobarometer surveys show that consumers are constantly concerned about the risk of price increases during the changeover to the euro. Some 46% of consumers in the euro area say that they are "worried" or "very worried" about the possibility of prices being tampered with. This view is even taken by the majority of respondents in Italy, France, Ireland, Portugal and the eastern part of Germany. As the deadlines approach, it is likely that the media will increasingly echo these concerns and will be on the lookout in early 2002 in order to "name and shame" any malpractice.

The risk of price increases is, on the whole, very low. It would appear to be virtually non-existent among large retailers (as a result of competitive pressure, retail groups will even be tempted to freeze prices or to round them down) but is possible among certain traders with little exposure to competition who might sometimes be tempted to set new psychological prices at higher levels. The risk is greater in the few shops that do not practise dual pricing: with the exception of Ireland, conversion into euros will everywhere have the visual effect of significantly lowering prices, but consumers will not be able to check easily whether the apparent reduction is sufficient for the new price to correspond exactly to the old one. Without calling into question the principle of the freedom to set prices, which is one of the essential foundations of the single market, it is worth giving thought at this stage to what could be done to prevent any increase in prices and to reassure consumers in early 2002 regarding actual developments. Several lines of action which can be pursued in combination rather than as alternatives have been explored by the Commission and discussed with the participating Member States and European trade federations:

3.1.3.1. Encouraging the adoption of dual pricing

Dual pricing is the most obvious method of enabling consumers to check price continuity, allowing them to check prices in euros by reference to their corresponding value in the old national currency unit. Generalisation of the practice, either by law or on a voluntary basis, is in everyone's interest.

3.1.3.2. Conducting more frequent price surveys and checks in late 2001 and early 2002

Surveys and checks on prices would be a matter for public authorities and consumer associations, which could, for example, call on the euro monitoring centres for assistance. Many Member States plan to step up checks in 2002 and in the first few weeks of 2002. In the Netherlands, for example, the consumer association is monitoring prices on behalf of the National Forum. The authorities are counting on this having a deterrent effect, with traders fearing the adverse publicity that may result from their being "named" by consumers. Although necessary to demonstrate that the authorities and consumer organisations are watchful, such measures have a rather limited impact: generally speaking, only failure to comply with the conversion and rounding rules laid down by the euro Regulation on the part of a trader practising dual pricing can be legally censured.

3.1.3.3. Creating a commitment to overall price stability

Traders undertake on a voluntary basis to ensure that the changeover to the euro is neutral overall and signal their commitment by means of a slogan, logo, sticker or suchlike. This approach creates market pressure in favour of price stability: if the slogan, sticker, logo or
sign becomes sufficiently widely known as a result of communication campaigns, wary consumers will look for shops displaying it. Not signing up to the commitment would in that case constitute a commercial risk for the retailer. This simple and inexpensive idea can be easily embraced by large distributors and is also advantageous for small traders, who thus have a means of reassuring their customers. Proposed by the Commission to the European trade federations, the idea of a voluntary commitment appears in the joint statement adopted on 2 April 2001 by representatives of the retail trades, SMEs and consumers (see Annex 3).

3.1.3.4. Building on the example set by public administrations

The weight of the public sector in the economy means that the options it takes can serve as examples. Most public administrations intend to give the lead by organising the changeover of their tariffs in a manner that is neutral overall or favourable to citizens and by avoiding any increases during the changeover period.

3.1.3.5. Constructing a specific statistical system

Experience has shown\(^{38}\) that it would be useful to construct at national and European level a statistical system for producing weekly data on price movements in early 2002. Only a few instances of malpractice need to come under the media spotlight for the public to gain the impression that prices had increased substantially. Rapidly available official data would enable such claims to be refuted and consumers to be reassured with regard to real price movements.

A combination of the above measures should reassure consumers and minimise the risk of price increases during the changeover to the euro.

3.1.4. Management of checkouts and queues

The management of checkouts and queues will pose complex logistical problems during the period of dual circulation. The Commission has conducted a survey of leading European retail firms in order to assess their intentions.

3.1.4.1. Management of checkouts

Nearly all the large retailers surveyed will give change exclusively in euros in 2002, including where national notes and coins are tendered in payment. Their tills can usually handle combined payments of this nature and calculate the change to be given in euros. Most of the time, cash received in national currency will be kept separately, often loose in a box under the till. The checkout assistant will not have access to the contents of the box and will therefore be physically unable to give change in national currency, even if the customer so requests. Only a few retail chains intend to operate separate checkouts for euros and national currency during the first week in January.

Unlike large distributors, small traders are seldom equipped to handle two currencies at the same time and to calculate the change to be given to the customer where the same payment involves two different units. Specific tools are necessary and could usefully be distributed by trade associations or public administrations.

\(^{38}\) During decimalisation of the pound sterling, the general public had the impression that the process was accompanied by rapid inflation. Official statistics released several months later demonstrated that prices had remained stable overall, but this came too late to change the perception of rising prices, which remains deeply rooted in the collective memory.
The joint statement signed on 2 April and referred to above (see Annex 3) also calls on consumers to obtain euros rapidly and to try and avoid making payments that combine euros and the national currency unit.

3.1.4.2. Measures to prevent queues growing longer

The complexity of giving change is liable to lengthen significantly the time needed to make a payment and, hence, waiting times at checkouts. The scale of the logistical problem created by the introduction of the euro naturally increases in proportion to the use of cash. A survey carried out on behalf of the Dutch railways estimated the time needed to handle payments at 50 seconds for a payment in euros, 60 seconds for a payment in guilders (with change given in euros) and 120 seconds for a payment in which a mixture of the two currencies is tendered by the customer. If no corrective action were taken, the queue in front of each counter at the central station in Amsterdam would build up to 100 people by 09.00 and would peak at 1 200 people at 22.00: proof by reduction to the absurd of the need to identify and implement the necessary measures to compensate for this temporary increase in the time taken by payment operations. According to a Commission survey of large retailers, checkout waiting times at large retail outlets could, without special measures, increase by 25-100%. This could have many adverse effects; however, a few simple temporary measures could help to avoid increased waiting times, for example:

- opening all available checkouts;
- lowering the minimum amount for which payment cards are accepted. The usefulness and cost effectiveness of this solution would depend, however, on the speed and cost of the electronic payment system and on its ability to handle an increased volume of transactions;
- appointing members of staff to answer customers' questions about the euro so as to avoid such questions being asked at checkouts. These employees could be located at an information desk, move around the store or be found beyond each checkout point;
- assigning members of staff to the task of filling bags at each checkout. To be introduced by certain retailers, this is a very effective measure which should make up for all the time lost in payment operations.

Solutions exist that cater for the needs of each type of retail outlet. Identifying and applying the right solutions requires a prior assessment of the scale of the problem and a touch of imagination. It is for each business to carry out simulations wherever possible and to implement measures tailored to its specific circumstances so as to ensure that it maintains the same standard of customer service in the early days of 2002.

3.1.5. Establishment of a euro payments area

On 1 January 2002 euro notes and coins will be legal tender in the twelve countries, but there will still be twelve retail payments areas. The public will not understand this situation. If substantial improvements are not made starting in January 2002, consumers will think that the single currency exists only for notes and coins.

Each country has built up its own retail payments system. The different national systems work fairly well but, when the payment of a small amount becomes a cross-border transaction, the costs to the customer are disproportionate. The latest survey conducted on behalf of the Commission in November 1999 revealed that the costs were still around €17 on average for a cross-border transfer of €100 within the euro area. This is explained mainly by the fact that cross-border payments are not automated and/or follow circuitous routes.
In 2002 consumers will also discover that withdrawing cash from an ATM costs almost nothing in their own country but proves very expensive once they cross a border, even though the euro banknotes are identical in both cases. The same reasoning applies to other means of payment: within each of the existing twelve national payment areas, the costs of a transaction are the same whether the payment only has to cross the same street in the capital city or travels from one corner of the country to another. The principle of a single payment area must be created throughout the euro area by moving from twelve separate national areas to a single domestic euro payments area.

Introduction of the euro has highlighted the lack of integration of the single financial services market, which remains fragmented. The Commission consequently proposed in early 1999 an action plan for making the financial services market function more effectively. The plan states among other things that "without impetus at the highest political level, there is a danger that the individual customer of financial services will be deprived of some of the tangible benefits of a single currency". In its January 2000 Communication on retail payments, the Commission again underlined the need for a single payments area. The European Parliament and the European Central Bank share this view. A large number of projects are in hand to improve the operation of transfer systems with a view to achieving full automation. To that end, the existing standards will have to be applied, new networks built and certain administrative obstacles removed. The use of the following three instruments will also have to be generalised:

- **IBAN (International Bank Account Number):** Existing bank account numbering systems are strictly national and do not include data indicating the country in which the account is held. The IBAN standard simply adds in front of each account number a set of four characters (two letters identifying the country, as in the case of an international telephone number, and two figures permitting verification of the IBAN so as to avoid transcription errors);

- **BIC (Bank Identifier Code):** This code also already exists and identifies the bank in an international transaction. It is added to the IBAN and consists of 11 characters;

- **IPI (International Payment Instruction):** This document, which is currently being finalised, will carry all the necessary information for transactions to be fully automated. It will include the IBAN and the BIC. Consumers will have an important role to play in the process: if the transaction is to go ahead correctly, they will have to fill in all the boxes on the form, as they do today in the case of domestic transfers. The data will be able to be keyed in by consumers themselves (home banking, automated teller machine) or by the bank branch. From then on the transaction will be automatic. In practice, payees will presumably provide all their details on pre-printed forms. There will also be an electronic version of the document.

In a few years' time all consumers making international payments will be familiar with IBAN numbers and IPI forms. Before that, however, large-scale bank staff training and consumer information campaigns will have to be carried out.

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40 Page 11 of the Communication referred to above.
41 "Retail payments in the internal market" (COM(2000) 36 final, 31.1.2000).
42 Resolution A5-0283/2000 of 26 October 2000 and "Improving cross-border retail payment services: The Eurosystem's view. Progress report" (September 2000).
Most banks today still use the "correspondent bank" system for making cross-border payments. This system is neither suitable for nor capable of being adapted to a single payments area. Existing transfer and clearing systems (SWIFT and Target) were designed for handling large amounts and are not suitable for small payments. An ambitious project called STEP 1 (Straight Through Euro Processing) was launched in November 2000 by the Euro Banking Association (EBA). This project, which is still in the launch phase, is perhaps the starting point for the creation of clearing systems tailored to the euro area. If such systems are to be able to operate fully automatically, appropriate competition rules will also have to be devised, with special reference to the allocation of costs. The MIF (Multilateral Interchange Fee) is the commission paid by the payee bank to the payer's bank; it is the result of an agreement between the banks and must therefore be approved by the competition authorities. In 1995 the Commission gave its agreement in principle to an MIF for cross-border transfers; the practical aspects have still to be discussed.

3.2. **Twenty good practices to facilitate the final changeover to the euro**

Many simple ideas have now been mooted which, taken individually, are by no means revolutionary but, if put into practice, are likely to facilitate the final changeover to the euro. These examples of good practice cannot always be transposed from one country or sector to another but would, as a rule, prove beneficial in most of the participating countries. Some could be applied before 1 January 2002, others during the period of dual circulation.

3.2.1. **Ten examples of useful measures that can be taken before 1 January 2002**

3.2.1.1. Distributing widely among small traders tools for calculating change

Large retailers are equipped with tills that can calculate the amount of change to be given, including for payments involving both euros and national currency. This will seldom be the case with small traders, for whom the lack of special equipment could seriously complicate the management of checkouts. Inexpensive calculator-type devices exist on the market, but few orders for them have so far been forthcoming. Tools of this nature are, however, essential in order to avoid queues building up in small shops and to minimise the risk of errors in giving change. There are many channels through which they could be distributed: chambers of commerce, banks, associations of retailers, public administrations, etc.

3.2.1.2. Devising and distributing simple tools for estimating cash requirements

It is not easy for traders to estimate their frontloading and cash-float requirements for early 2002. They must do so, however, since they will have to order the necessary notes and coins in advance. Austria, Ireland and the Netherlands are the only countries so far to have devised and distributed among traders small software packages for calculating their frontloading and cash-float requirements.

The Austrian package ("Eurocalculus"), developed by Vienna University and financed by the banks, enables each type of retail business to calculate the number of each denomination of euro notes and coins it will need. Development of the software required a survey to be made of 10 000 retail outlets. Distributed free of charge in Austria, it is user-friendly and straightforward. It cannot, however, be used in other countries without extensive modification (the development work cost around €100 000). A similar software package has also been developed in Ireland ("Eurofloat") and is distributed free of charge by the Euro Changeover

43 Available at www.stuzza.at.
Board in Ireland. In the Netherlands the central bank has drawn up, in cooperation with the traders' associations, recommendations concerning the number of standard packs of notes and coins to be ordered for the first week of January depending on the weekly volume and average value of transactions.

3.2.1.3. With the customer's agreement, handing out kits of euro coins along with change during the last few days in December

This idea, which is being considered in particular by Dutch traders, is relatively easy to put into effect as the value of the kits will always be equivalent to a round figure in national currency (FRF 100, BEF 500, etc.). It could help to diversify the usual distribution channels and increase the amount frontloaded to consumers, thereby reducing the problems of tendering exact money and giving change in euros in the early days of 2002.

3.2.1.4. Allowing employers to distribute kits of euro coins as a free gift to their staff

The Belgian authorities are, for example, allowing employers to give each member of their staff a kit of euro coins (deductible by the company as a business expense). This measure is also likely to increase the volume of euro coins frontloaded to consumers.

3.2.1.5. Loading cash dispensers with smaller denominations of national banknotes during the final days of December

This measure is planned in Germany and the Netherlands in particular. It would make it possible to lower the value of denominations tendered in payments during the first few days of January 2002, thereby reducing the amount of change to be given in euros and alleviating the logistical constraints on traders.

3.2.1.6. Loading cash dispensers in advance with euro notes

Several large banks are planning to do this, in particular in Belgium and other countries where cash dispensers have four cassettes. The euro cassette would be activated electronically on 1 January, thereby enabling the supply of euro notes to members of the public to begin immediately.

3.2.1.7. Sending specialists to explain on the spot to traders the arrangements for the changeover to the euro

This step has been taken by the Lille chamber of commerce, for example, which has appointed experts to call on all traders in turn at off-peak times to explain how the changeover will take place. Initiatives of this kind could usefully be taken throughout the euro area by chambers of commerce, chambers of trade or local authorities.

3.2.1.8. Writing to all businesses to remind them of their obligations

Some countries including France, Belgium and Luxembourg have written to all VAT-registered businesses to remind them of the different deadlines approaching and of the

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44 Available at www.euro.ie.
45 In Belgium the gift of the kit must constitute an extra welfare benefit which does not replace other allowances to which employees are entitled under their employment contract or collective bargaining agreement.
46 In addition to the sale of kits with a higher value to the general public, the Netherlands has also decided to offer a kit containing one euro coin of each denomination to all residents over six years of age.
accounting and tax obligations they must meet in 2002 at the time of the changeover to the euro. This should improve the information made available to businesses, and in particular the smallest ones, and should limit any confusion.

3.2.1.9. Organising operations to simulate euro payments

There has been a proliferation - often on the initiative of local authorities - of such simulations, involving the issue for a very limited period of tokens or dummy notes with a "value" equivalent to the euro. These operations allow individuals to familiarise themselves with euro payments in a consumer-friendly manner.

3.2.1.10. Involving all local actors in euro information campaigns

Take, for example, the region of Barcelona, where the authorities in each village have called on all local economic actors to set up local groups to monitor the changeover to the euro and to coordinate information campaigns aimed at the general public and SMEs.

3.2.2. Ten examples of useful measures that can be taken after 1 January 2002

3.2.2.1. Postponing the starting date of the winter sales if these normally take place during the first week in January

This measure is planned in Belgium, for example, where the starting date of the sales will be postponed for two or three weeks after 3 January. It would be desirable for sales to begin either in late December or after the end of the second week in January. Traditionally, the first three days of the sales are the busiest. Dissociating the two events would avoid the disadvantage of a peak in business activity coinciding with the most difficult period for cash management.

3.2.2.2. Allowing national banknotes to be invalidated

Belgium has decided that bank branches will invalidate national banknotes in 2002 by perforating them, and France is studying the matter. Although this measure raises certain technical difficulties (for example, care must be taken to ensure that perforated notes are not rejected by counting machines), it should significantly reduce security and insurance problems, especially if it is accompanied by rules whereby only banks are allowed to exchange national notes at the central bank. It should probably also be backed up by an effort to inform other countries.

3.2.2.3. Providing standard packages for returning national coins

This will be the case for example in France. Two different options are available depending on the way bank branches operate. If they periodically accept traders’ cash receipts by crediting their accounts and in return issue them each morning with a standard float in euros, it would be useful to provide traders with standard packages for returning national coins that make up a round figure in national currency. If traders receive a float in euros equivalent to the amount of national currency they deposited the previous evening, it would be useful to provide them with standard packages for returning national coins corresponding to a round figure in euros. Measures of this nature will help to ensure that coins are returned quickly.

3.2.2.4. Keeping in a separate place national notes and coins received at checkouts

Most large retailers plan to keep incoming cash in national currency in a separate box under the till. If the checkout assistant has national currency easily accessible and visible to
customers, some customers paying in national currency might ask for their change in national currency, which would be highly counterproductive overall. It is in everyone's interest to keep dual circulation to the minimum.

3.2.2.5. Appointing one or more members of staff in large supermarkets and department stores specifically to answer customers’ questions about the euro

All the simulations carried out demonstrate that dual circulation will result in a significant increase in the time spent in making payments at checkouts, and this could have a negative impact on turnover. To minimise queue management problems, it is necessary at the very least to ensure – as several large retailers intend to do – that all customers’ questions about the euro are dealt with away from the checkouts. Combining at the same checkout the complex tasks of giving change in euros and answering questions from ill-informed customers would be asking for trouble and could result in even longer queues.

3.2.2.6. Placing converters at the disposal of customers

The period of dual circulation will be tricky for traders, and errors are liable to creep in. To deal swiftly with any complaints by customers, it is desirable to provide converters for their use at checkouts. European representatives of the retail trades undertook to do this in the joint statement of 2 April 2001.

3.2.2.7. Opening some or all bank counters on 1 January 2002

Dutch banks and German savings banks and people's banks in particular plan to do this. Such a measure would facilitate the early stages of the changeover process by enabling the replacement of notes and coins to begin on day one. It would also provide reassurance to members of the public and businesses. If not enough staff were available, access to bank branches could, where necessary, be limited to traders.

3.2.2.8. Adapting cash dispensers to euros as early as possible

In all the participating countries cash dispensers are the main source of banknotes for customers. In five countries (Belgium, Germany, Luxembourg, the Netherlands and Austria), all ATMs will distribute euros from day one, thereby creating the conditions for swift introduction of the new currency. Adapting cash dispensers quickly is an essential condition for the success of the changeover operations.

3.2.2.9. Extending bank opening hours

Already planned by many banks, longer opening hours during the first two weeks of January 2002 should facilitate the smooth replacement of notes and coins and limit the volume of national currency tendered in payment for purchases in shops (and so make the task of giving change less complicated).

47 Through chemist's shops Belgium has distributed converters to widowed individuals, the disabled, pensioners and orphans aged over 66.

48 As in the case of the Netherlands, where only traders can withdraw the notes ordered.
3.2.2.10. Ensuring that customers withdrawing household amounts of cash at bank counters receive small-denomination notes

Planned in Belgium, Spain and Germany in particular, this measure is also part of the agreement reached on 19 February 2001\(^{49}\) between the Commission and the three European banking associations\(^{50}\). It will be a useful accompaniment to the loading of cash dispensers with small denominations and will thus help reduce the problems of giving change in euros.

\(^{49}\) Available at www.europa.eu.int/rapid.

\(^{50}\) The European Banking Federation, the European Association of Cooperative Banks and the European Savings Banks Group.
4. ANNEXES


Although not a binding instrument, the Commission Recommendation of 11 October 2000 on measures to facilitate the preparation of economic agents for the changeover to the euro has had a major impact overall. Its main provisions are being implemented.

4.1.1. Article 1 - Informing future users

The Commission called, among other things, for:

- the strengthening of information campaigns for citizens, and particularly those for whom access to information is difficult. The communication campaigns for citizens are all being relaunched and will be stepped up as the different deadlines approach. On the Commission's initiative, special information and training initiatives are to be introduced for persons facing economic or social exclusion or suffering from a sensory or mental disability (see point 3.1.2) in conjunction with the European Central Bank, the Member States and the associations concerned;

- the completion of the legal, tax and accounting framework for the changeover and the transmission of this information to businesses. All the Member States have now published cash changeover plans and have given details of the legal, accounting and tax framework. Some of them (e.g., France, Belgium and Luxembourg) have written to all VAT-registered businesses to remind them of the different deadlines and of the obligations they must meet. However, steps still need to be taken to provide the information to businesses, particularly SMEs;

- the provision of information by banks for their customers on the exact consequences of the end of the transitional period. The three European banking associations have now clarified the exact details of the consequences and expressly asked their members to inform their customers by 31 March 2001 at the latest.

4.1.2. Article 2 – Helping citizens to become accustomed to the euro

The Commission recommended in particular:

- the setting of prices in euros with equivalence in national currency units in the case of distance selling and at sales outlets where book-money payments predominate. The joint statement by representatives of consumers and representatives of traders and SMEs adopted on 2 April 2001 in Brussels provides for the euro price gradually to be displayed more prominently than the price in the national currency unit and for the fixing of psychological euro prices between September and the beginning of December 2001. This European


52 See "European guidelines for best practice concerning customer and nostro legacy currency account conversion" (26 February 2001) and "European guidelines for best practice concerning legacy currency cross-border cheques" (2 March 2001), both of which are available at www.fbe.be.
agreement now needs to be put into practice at national level. So far, France is the only country to have issued official recommendations regarding prominent pricing\textsuperscript{53}.

- the payment as early as possible in 2001 of wages and salaries in euros or, at the very least, the dual indication of amounts in the national currency unit and in euros on pay slips. Little information is available on how businesses are applying this measure. According to the AUME-Cap Gemini survey\textsuperscript{54}, 22\% of workers in large firms are already paid in euros. This practice is probably less widespread in SMEs. Where public administration is concerned, 60\% of Portuguese civil servants are already paid in euros, and the changeover will gradually be extended to the remainder. All civil servants in France will be paid in euros as of July 2001. Italy is planning to follow suit in the second half of the year. In Luxembourg the amounts on pay slips are at present shown in both the national currency unit and in euros. The same will be done in Spain and then from September onwards only the euro will be used. Other decisions concerning the early changeover of civil servants’ pay slips are likely to be taken in the coming months;

- advice of payment of retirement pensions should show amounts in the national currency unit and in euros and, where appropriate, the pensions themselves should be paid in euros. Unfortunately, the Commission does not possess any information on how this measure is being implemented;

- the use of the euro for the tariffs and invoices of public administrations and public utilities during the third quarter of 2001. While public administrations have not yet taken a decision in this matter, the situation is evolving rapidly as regards public utilities. The latter’s invoices will start to use the euro between January and July this year in France, in July in Italy, in September in Luxembourg and Spain, and in October in Portugal. This list of Member States is expected to grow significantly in the months ahead.

4.1.3. Article 3 - Encouraging economic operators to gain experience in using the euro

The Commission called, among other things, for:

- the changeover in the third quarter of 2001 (unless the customer expressly requests otherwise) of bank accounts and book-money means of payment. At the time, such a measure was envisaged only by banks in Belgium and France. It is now planned in virtually all the participating Member States: there will be an early changeover for all or some banks as of July 2001 in Germany, France, Austria, Italy, Portugal, Luxembourg and Belgium, as of September in Spain, as of October in Finland and as of December in Greece. Such a measure is also envisaged by a number of banks in the Netherlands. Only Ireland is not expected to carry out the changeover ahead of time;

- the euro compatibility of all electronic point-of-sale terminals between now and the third quarter of 2001. This has already taken place for some 60\% of the terminals operated by banks\textsuperscript{55}, except in Austria, Finland, Ireland and Italy, where adaptation has yet to begin\textsuperscript{56}. By comparison, all terminals in Belgium and three quarters of those in Portugal are able to process euro transactions;

\textsuperscript{54} Available at www.aume.org.
\textsuperscript{56} Irish terminals are mono-currency terminals and will be automatically converted to the euro on 1 January 2002.
- the introduction of targeted measures to stimulate the use of the euro. Despite the Commission's repeated observations that they are compatible with the "no compulsion, no prohibition" principle regarding use of the euro, such campaigns are still few and far between. To give one example, a Belgian mobile phone operator\textsuperscript{57} has offered its customers bonus loyalty points if they ask for their invoices to be drawn up in euros.

4.1.4. Article 4 – Reducing the flow of transactions to be converted into euros

The Commission recommended in particular:

- the drawing up in euros in 2001 of open-ended contracts and fixed-term contracts due to expire after 1 January 2002. The Commission possesses little information on how this measure is being implemented. In France notarial documents will switch to the euro between January and June 2001;

- the conclusion in euros of government and local authority contracts. Central government contracts have been awarded in euros since July 2000 in France and since December 2000 in Portugal. The Luxembourg authorities have recommended that all ministries award their contracts in euros. The Dutch authorities have issued an identical recommendation for all contracts due to expire after 1 January 2002. This list is likely to grow in the months ahead. The Commission does not possess any information about steps that local authorities may have taken.

- the denomination in euros of the capital of companies established in 2001. The Commission does not have any recent general information on how this measure is being implemented. According to the chambers of trade in France, only 20\% of start-ups in the craft sector use capital directly denominated in euros.

- encouragement for surplus cash holdings to be deposited and stocks of coins to be used up in good time. Initiatives to collect surplus cash holdings are planned in May and October in Germany, in June and October in Austria, in September and October in Finland, In October in Greece, in October and November in the Netherlands and Belgium, and in the summer and autumn of 2001 in Ireland. Similar measures are being prepared in Portugal, Italy and Luxembourg.

4.1.5. Article 5 – Facilitating the transition to the euro as legal tender

The Commission called, among other things, for:

- the exchange free of charge of national notes and coins for bank customers, subject merely to a period of notice for large amounts during the period of dual circulation. This will be the case in all Member States, with the exception of Austria (which does though have a high ceiling: ATS 50 000, or €3 633.64) and Ireland;

- the exchange free of charge of notes and coins for non-customers during the period of dual circulation, subject to a ceiling to be set by each bank. This should be the case in all participating Member States, with the exception of Germany, where most banks do not wish to exchange notes and coins free of charge for non-customers, and the Netherlands and Austria, where a charge will generally be made for exchanges;

\textsuperscript{57} Proximus.
- the adoption of arrangements to ensure that national notes and coins can be exchanged at commercial banks for some time after the end of the period of dual circulation. All the Member States have adopted such arrangements, with the result that notes and coins can be exchanged (in some cases a charge is made) for the most part until the end of June or the end of December;

- the introduction of arrangements permitting the exchange of coins at official institutions after they cease to be legal tender for long enough to allow holders of coins living abroad to return them. With the exception of Portugal, where the period is still somewhat short (end of December 2002), all the participating Member States have decided to introduce such arrangements. Exchanges will be possible at the central bank for two years in Greece, until the end of 2004 in Belgium and Luxembourg, for three years in France, for ten years in Italy and Finland, for thirty years in the Netherlands and for an unlimited period elsewhere;

- the availability of sufficient quantities of small notes in cash dispensers or through any other suitable means from the early days of 2002. Small-denomination notes (€5 or €10) will be available in all or some of the cash dispensers in all participating Member States with the exception of Finland. The agreement concluded on 19 February 2001 between the Commission and the three European banking associations also provides for the availability of small-denomination notes for withdrawals at cash dispensers of normal amounts during the first few weeks of 2002;

- encouragement for traders to give change exclusively in euros in 2002. Appropriate recommendations have been issued to traders by public administrations and/or trade associations in all participating Member States.
4.2. **Consolidated timetable of operations for changeover to the euro**

**July 2001**: Start of early changeover of accounts and book-money means of payment for some or all banks in France, Germany, Austria, Belgium, Italy, Portugal and Luxembourg.

**September 2001**: Frontloading of banks with notes and coins in Germany, Ireland, Austria and Luxembourg. Frontloading of banks with coins only in Belgium, Spain, France, Italy and Portugal. Frontloading of shops with notes and coins in Germany, Austria and Luxembourg. Start of early changeover of accounts in Spain. Start of ECB information campaign on euro notes and coins, and unveiling to the public of the security features.

**October 2001**: Frontloading of banks with notes and coins in Greece. Frontloading of banks with notes in Portugal. Start of early switchover of accounts for some or all banks in Finland.

**November 2001**: Frontloading of banks with notes in Spain, Belgium and Italy. Frontloading of shops in Ireland.

**1 December 2001**: Frontloading of banks with notes in France. Frontloading of banks with notes and coins in the Netherlands. Frontloading of shops with notes and coins in Belgium, Spain, France, Greece and Portugal. Start of early changeover of accounts for some or all banks in Greece.

**Mid-December 2001**: Frontloading of banks with notes in Finland. Frontloading of shops with notes and coins in the Netherlands. Sale of coin kits to the public in all countries other than Greece.

**1 January 2002**: €-Day - euro notes and coins become legal tender. National currencies cease to exist, even as a subdivision of the euro. German mark notes and coins cease to be legal tender. All ATMs in Germany, Belgium, Austria and Luxembourg dispense euro notes.

**4-5 January 2002**: Most transactions in participating countries will normally be carried out in euros.

**7-8 January 2002**: All ATMs in the Netherlands dispense euro notes.

**15 January 2002**: Most of the operation of exchanging notes and coins will normally have been completed. All ATMs in France, Italy, Spain, Portugal, Greece, Ireland and Finland dispense euro notes.

**28 January 2002**: Notes and coins in Dutch guilders cease to be legal tender.

**9 February 2002**: Notes and coins in Irish pounds cease to be legal tender.

**17 February 2002**: Notes and coins in French francs cease to be legal tender.

**28 February 2002**: Notes and coins in Belgian and Luxembourg francs, drachmas, pesetas, lire, schillings, escudos and markkas cease to be legal tender. German shopkeepers will no longer accept the mark.

**31 March 2002**: End of the Article 52\(^{58}\) facility for the exchange of euro-area notes free of charge at the branches of central banks.

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\(^{58}\) Article 52 of the Protocol on the Statute of the European System of Central Banks.
30 June 2002: Exchange possibilities at commercial banks in Spain, France, Portugal and Luxembourg end.

31 December 2002: Possibility of exchanging notes and coins at commercial banks in Belgium and the Netherlands ends. Possibility of exchanging escudo coins at the Portuguese central bank ends.

28 February 2004: Possibility of exchanging drachma coins at the Greek central bank ends.

31 December 2004: Possibility of exchanging Belgian and Luxembourg franc coins at the respective central banks ends.

17 February 2005: Possibility of exchanging French franc coins at the Banque de France and the Public Treasury ends.

1 January 2007: Possibility of exchanging guilder coins at the Dutch central bank ends.

17 February 2012: Possibility of exchanging French franc notes at the Banque de France ends.

28 February 2012: Possibility of exchanging drachma, lira and markka notes at the Greek, Italian and Finnish central banks ends.

1 January 2032: Possibility of exchanging guilder notes at the Dutch central bank ends.

No time limit: Exchange of notes and coins remains possible at the central bank with no time limit for the mark, the peseta, the Irish pound and the schilling. The exchange of notes alone remains possible with no time limit at the central bank for the Belgian and Luxembourg francs.
4.3. "Joint statement by representatives of consumers and representatives of traders and SMEs", 2 april 2001

Good practice to promote consumers' familiarity with the euro and to facilitate the introduction of euro coins and banknotes in 2002

The introduction of coins and banknotes denominated in euros from 1 January 2002 will require considerable adaptation by both traders and consumers. Both groups will be faced with the practical aspects of this operation in the early days of 2002. The change-over should be carried out in the best possible conditions. It is therefore necessary to foster a relationship of trust between traders and consumers that will make it easier for consumers to come to grips with the euro, by providing them with information and encouraging them to use the euro. This was the objective of the European agreement signed in Brussels on 30 June 1998 between representatives of consumers and representatives of the distributive trades, the tourist industry, craft industries and SMEs (Eurologo agreement).

This agreement, which was subsequently relayed to national level in most euro-zone countries, defines a series of voluntary commitments on the practices of traders regarding the euro (conversion rules, dual pricing, training, customer information, acceptance of payments in euros, etc.) that still apply. As originally planned, the signatories to the Agreement met on 22 February and 22 March 2001 to examine:

- the implementation of the commitments made by professional associations,
- the extent and details of dual pricing and of payments in euros,
- the level of readiness and the fears of consumers,
- and, finally, the impact of the initiatives to promote familiarity with the euro through the retail trade.

The preparations for the practical matters to be dealt with in the first few weeks of 2002 were also discussed. The situation will be assessed again in July 2001 in order to take stock of the progress made.

Following this assessment, the signatories to the agreement came to the conclusions and commitments set out below:

**The representatives of consumers and of traders note that:**

- although agreements of the "eurologo" type on good practice between consumers and retailers have proved useful as a catalyst for positive measures among traders, they have had a very limited effect overall. The public's level of knowledge of the European agreement and the resulting national agreements is particularly poor and, on the whole, the eurologo is not very widely used.

- dual pricing, which is an important way of making consumers more aware of the single currency, reassuring them about price trends and contributing to the creation of new scales

59 This examination was carried out using, in particular, several studies which were conducted on behalf of the Commission: "Survey on the state of implementation of the European Agreement signed between Consumers and Professional Associations with respect to the transition to the euro", Deloitte & Touche, March 2001, qualitative studies and Eurobarometer on the euro.
of value, is carried out, on average, by 50% of traders in the distribution sector. Dual pricing is not always free of errors;

- dual pricing is mainly practised by large-scale distributors, which means that it can be applied to many products. However, small local retailers practise dual pricing less often and so far do not always seem able to meet consumers’ expectations in the area of information. Steps should be taken to fill this growing gap between small traders and large-scale distributors, since consumers should be able to trust all traders equally, irrespective of their size, especially since some sections of the population which are more isolated from information flows generally do most of their shopping in small shops;

- it is still too rare for businesses providing personal services to publish prices in both euros and the national currency;

- most of the euro publicity campaigns aimed at consumers are scheduled for this year only;

- consumers lack information on the possibilities for paying in scriptural euros, which are restricted by the limited extent to which payment terminals have been adapted in certain countries. Furthermore, consumers particularly fail to see the point of doing so because reference prices are still generally displayed in national currencies, and they do not yet feel that a euro that will not find its way into their pockets until 2002 has anything to do with them. These are some of the reasons why the proportion of payments that individuals make in euros is still very low. Moreover, in the absence of euro accounts, and since cash payments cannot be made in euros for the time being, consumers who want to make scriptural payments in euros have to think sometimes in euros and sometimes in national currencies, depending on the type of transaction concerned, and hence need to keep two value scales in their head at the same time;

- consumers are generally unaware of the arrangements for introducing euro banknotes and coins;

- there is constant concern among consumers that they will be confronted with price increases when the euro is introduced;

- poor preparation for the introduction of the euro by the various economic players and the fears and confusion that may result at the beginning of 2002 could lead some consumers to reduce or defer consumption, which would have a negative impact on certain sectors or activities;

Furthermore, consumers and traders consider it important for the Commission recommendation of 11 October 2000 to be applied.

Consequently, representatives of consumers and traders believe that is necessary to do as much as possible to remedy this situation and ensure that the introduction of coins and banknotes takes place in optimum conditions.

To this end, they consider it necessary to step up the mobilisation of all potential operators that are in contact with the public, viz. state authorities, the media, banks, the postal authorities, large public utilities, associations of consumers and, in particular, services, retailers and SMEs. This will require the continuation of initiatives that will enable these operators to facilitate the introduction of the euro in cash form in 2002 and help familiarise consumers with the euro and boost their confidence in it.
To this end, representatives of consumers and traders agreed to introduce and promote the following actions:

**Commitments by retailers**

- Retailers renew their commitment of 30 June 1998 to display prices in both euros and national currencies for most of the products and services on the market.

- Retailers that start practising the dual display of prices during 2001 commit themselves to do so by applying reverse dual display (euro price highlighted by using bigger characters and/or any other appropriate means, particularly the order in which the prices are shown).

- Between September and the beginning of December 2001, the policy of fixing prices in euros should become the rule, at a suitable rate of introduction and according to the needs of each sector. Reverse dual display of prices will then have to be applied.

- Dual pricing must comply with existing rules regarding conversion and rounding. In order to make it easier for consumers to adapt to the euro, retailers will provide their customers, at least until the end of June 2002, with simple tools for comparing prices and checking that the conversion rules have been observed.

- Retailers will continue dual pricing until at least the end of the period of dual circulation, in order to help consumers to understand the prices. For catalogues which show prices in euros and which may need to be pre-printed before 1 January 2002, retailers are not obliged to use dual pricing, provided that replacement information is provided (for example, conversion tables for the proposed prices which would feature at the end of catalogues, or any other measures to ensure understanding and transparency).

- Retailers undertake not to use the change-over to the euro to apply hidden price rises. They undertake to do their utmost to ensure the overall stability of their prices when converting them into euros and to publicise these commitments using appropriate communication tools. In order to reflect this commitment and to get the message across to consumers, they will use the European slogan "new currency, stable prices" as much as possible in all appropriate contexts.

- Retailers are to indicate clearly, now, how payments can be made in euros and which currency has been used in calculations.

Small retailers must have the support of the state authorities, trade associations and chambers of trades and commerce to enable them to adapt at the same rate as large businesses, to provide consumers with the same level of information and to observe the commitments set out above.

**The signatory organisations will endeavour to encourage consumers to:**

- already make use of the possibilities of making payments in euros and pay attention to prices marked in euros, in order to form a value scale in the new currency;

- take note of the arrangements for the introduction of euro banknotes and coins;

- ask their retailers how they will organise their changeover to the euro, in order to ensure that the changeover takes place in an atmosphere of confidence;
– carry out as many banking operations as possible in euros from the beginning of 2002, in order to make the introduction of euro banknotes and coins easier for traders and to limit the difficulties for consumers arising from the need to use two currencies at the same time and, as far as possible:

– not build up reserves of money (in national currency units) during the last few days of December 2001;

– obtain euro coins kits that will be available during December 2001 and use them from the first few days of January;

– obtain enough notes and coins in euros (small denominations, if possible) from cash dispensers and counters in banks;

– go mainly to their banks or to another financial institution to exchange cash.

– avoid using euros and former monetary units to make one payment.

**Consumer associations undertake to:**

– use all means at their disposal to raise the public’s awareness of questions concerning the euro, in particular the above recommendations;

– contribute to the efforts of the other parties in order to increase the public’s awareness of the Eurologo agreement (in the Member States of the euro zone where it is used) and the existence and role of euro observatories;

– continue and develop training for consumers, particularly those who do not have easy access to information;

– cooperate with retailers and professional associations and federations to implement the above commitments.

**In addition to the efforts made by the signatories, in order to ensure a smooth changeover to the euro it is also necessary to strengthen the measures carried out by the state authorities, in particular:**

– immediate re-launch of communication campaigns on the eurologo (or similar agreements) and on the monitoring bodies, among both consumers and businesses;

– strengthening of the role of these observatories or other monitoring bodies and the resources made available to them;

– greater efforts to familiarise the public, as soon as possible and repeatedly, with the main rules regarding the introduction of euro banknotes and coins, the rules on conversion and rounding, the possibilities for paying in euros and the commitments outlined above;

– introduction of initiatives aimed at a successful changeover for retailers, and provision of tools for the conversion and simulation of cash holdings that are suited to their sector and operating methods;

– introduction of official, weekly statistical monitoring of price developments at the beginning of 2002, and communication of the results to consumers;
application by the state authorities, as well, of the rules of good practice, as defined above by the signatories. In particular that: invoices from public companies, public contracts, civil servants' salaries, tax documents, etc. should also be made out in euros as soon as possible; training tools should be made available to interested parties (private individuals, associations, companies) in sufficient numbers and within reasonable periods of time."
4.4. Technical questions concerning the end of the transitional period

4.4.1. Redenomination of capital

Will companies whose share capital is still denominated in a legacy currency be obliged formally to redenominate it in euros by the end of the transitional period or will redenomination of share capital take place automatically at the end of the transitional period, or will share capital in a legacy currency be “read as euros”?

**General situation.** With regard to the euro regulations, share capital still expressed in a legacy currency is to be read as euros; in order to allow reading in euros (without running into rounding discrepancies), national legislation will have to determine the method of redenomination. However, keeping share capital physically expressed in a legacy currency beyond 2001 would seem to be covered by Article 1460 only as long as the nominal capital fixed in a company’s statute were unchanged; a capital increase and the new capital amount would have to be expressed in euros.

In **Belgium** there is no obligation for companies to convert their share capital before 1 January 2002. However, a simplified and less expensive procedure has been available since 1 January 1999.

In **Germany** there is no need to redenominate registered share capital in euros. Limited liability companies and stock corporations are obliged to redenominate their share capital only on the occasion of any alteration to it.

In **Spain** formal redenomination of share capital could be carried out as from 1 January 1999. This will be mandatory from 1 January 2002. On that date share capital redenomination will occur automatically. Physical change will take place only when the company increases or reduces the existing share capital.

In **Ireland** formal redenomination is not necessary: share capital will be redenominated at the end of the transitional period.

In **France** there is no obligation to redenominate the registered share capital. Share capital in euros will have to be redenominated when altered as from 1 January 2002. A simplified procedure is also available.

In **Italian** law stipulates that share capital should be subject to formal redenomination so as to guarantee the rights of shareholders. From 1 January 2002 adoption of the euro will be compulsory.

In **Luxembourg**, in the absence of a decision taken by an enterprise to convert its share capital into euros, redenomination will take place automatically on 1 January 2002.

There is no obligation in the **Netherlands** to formally redenominate securities at the end of the transitional period.

In **Austria** redenomination will be compulsory after 31 December 2001 once a change in share capital occurs.

In **Portugal** formal redenomination of a company's share capital at the end of the transitional period will not be mandatory.

In **Finland** companies are not formally obliged to redenominate their share capital in euros as long as the articles of association remain unchanged. Share capital in the legacy currency will be read as euros.

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Will companies which file accounts after the end of the transitional period in respect of an accounting period ending before the end of the transitional period be required to denominate them in euros and will it still be possible for them to be denominated in a legacy currency?

**General situation.** Both options – filing company accounts in 2002 or thereafter in respect of accounting periods ending before 1 January 2002 in either a legacy currency or euros – are permissible as far as the euro regulations are concerned. Member States may restrict the options by virtue of national law.

<table>
<thead>
<tr>
<th>Country</th>
<th>Requirements</th>
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</thead>
<tbody>
<tr>
<td><strong>Belgium</strong></td>
<td>Companies with an annual accounting system will be obliged to switch over to euros as of 1 January 2002. Companies with a non-annual accounting system will be encouraged to adjust it at the beginning of the accounting year.</td>
</tr>
<tr>
<td><strong>German</strong></td>
<td>Company accounts may be filed either in the legacy currency or in euros.</td>
</tr>
<tr>
<td><strong>Greece</strong></td>
<td>Companies will have to denominate their accounts in euros. Internal bookkeeping must be kept in euros from 1 January 2002. Historical records do not have to be converted to euros apart from comparative figures to be incorporated into the published accounts for 2002.</td>
</tr>
<tr>
<td><strong>Spain</strong></td>
<td>Companies whose accounting period ends before the end of the transitional period are advised to file them in euros, although this is not compulsory.</td>
</tr>
<tr>
<td><strong>Irish</strong></td>
<td>Company accounts may be filed in the legacy currency or in euros.</td>
</tr>
<tr>
<td><strong>France</strong></td>
<td>By decision of the National Accountancy Council, company accounts for 2001 have to be drawn up in euros in 2002. From 1 January 2002 all tax and social returns, including those for 2001, will have to be in euros.</td>
</tr>
<tr>
<td><strong>Italy</strong></td>
<td>The conversion of company accounts into euros will be compulsory as from 1 January 2002. Adoption of the euro is valid for all civil law, tax and other purposes. It is also compulsory to draft and publish in euros documents referring to dates after 1 January 2002.</td>
</tr>
<tr>
<td><strong>Luxembourg</strong></td>
<td>It will be possible to file company accounts in 2002 in either the legacy currency or euros.</td>
</tr>
<tr>
<td><strong>Netherlands</strong></td>
<td>It will be possible to file company accounts in the legacy currency.</td>
</tr>
<tr>
<td><strong>Austria</strong></td>
<td>During the transitional period, companies are free to choose their own changeover date and there is no obligation to convert all accounts at the same time. After 31 December 2001 it will be mandatory to keep books and records in euros.</td>
</tr>
<tr>
<td><strong>Portugal</strong></td>
<td>The options of companies are laid down in the tax rules. In this field, even the revenue declaration of 2001, to be presented in 2002, will have to be made in euros.</td>
</tr>
<tr>
<td><strong>Finland</strong></td>
<td>Company accounts for 2001 can be closed in the legacy currency in 2002.</td>
</tr>
</tbody>
</table>
4.4.3. **Internal accounting and historical data**

*Can companies’ internal accounts and systems and their historical data and records continue to be kept in a legacy currency after the end of the transitional period? And can information still be reported externally in a legacy currency, or must it be converted into euros first?*

**General situation.** As of 1 January 2002, the legacy currencies cease to exist as units recognised by law. Consequently, using the euro in company accounts provides the best legal certainty in the event of any uncertainty remaining as to the currency to be used. As regards the internal accounting of companies, the euro will have to replace the national currency units in those Member States where the law requires the use of the national currency.

<table>
<thead>
<tr>
<th>Country</th>
<th>Internal Accounting and Historical Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>There is no obligation to convert internal databases. With respect to the first annual accounts filed with the authorities in euros, it is compulsory to mention the corresponding data on the previous accounting period in euros. For annual accounts in euro, all data should be in euros.</td>
</tr>
<tr>
<td>Greece</td>
<td>After the end of the transitional period, internal accounts and systems as well as historical data and records will have to be kept in euros.</td>
</tr>
<tr>
<td>Spain</td>
<td>Historical data do not have to be converted into euros. However, for comparative purposes, companies filing their accounts in euros must incorporate figures for previous accounting periods in euros, although these figures were expressed in the legacy currency.</td>
</tr>
<tr>
<td>Ireland</td>
<td>Historical data and records do not have to be converted into euros, apart from comparative figures to be incorporated into formal company accounts covering periods ending on or after 1 January 2002. Any external reporting of company information in respect of matters arising after 1 January 2002 must not be in the legacy currency.</td>
</tr>
<tr>
<td>France</td>
<td>There is no obligation to convert into euros historical data relating to the period prior to 1 January 2002.</td>
</tr>
<tr>
<td>Italy</td>
<td>Historical data should be expressed in euros after 1 January 2002.</td>
</tr>
<tr>
<td>Austria</td>
<td>There is no obligation to convert internal accounts and records prior to 1 January 2002 into euros. Regarding tax returns, the use of the legacy currency for periods prior to 1 January 2002 is allowed.</td>
</tr>
<tr>
<td>Portugal</td>
<td>The options of companies are laid down in the tax rules. In this field, even the revenue declaration for 2001, to be presented in 2002, will have to be made in euros.</td>
</tr>
<tr>
<td>Finland</td>
<td>All official and other reports drawn up by companies for the financial period beginning 1 January 2002 should be denominated in euros and their relationship to bookkeeping should be clearly verifiable.</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Although companies are strongly advised to convert their internal accounts into euros by 31 December 2001 at the latest, there is no legal prohibition preventing companies from continuing to keep their internal books in the legacy currency. However, companies are obliged to refer to euros in all their external communications as from 1 January 2002.</td>
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</table>
### 4.5. National cash changeover plans

Preparation of cash changeover – state as of 23 March 2001

<table>
<thead>
<tr>
<th></th>
<th>Belgium</th>
<th>Germany</th>
<th>Greece</th>
<th>Spain</th>
<th>France</th>
<th>Ireland</th>
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<tbody>
<tr>
<td>1. Start of frontloading to financial institutions</td>
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<td>Coins: 1 September 2001</td>
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<td>Banknotes: 1 November 2001</td>
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<td>Banknotes and coins:</td>
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<td>1 September 2001</td>
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<td>1 September 2001</td>
<td>1 December 2001</td>
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<tr>
<td>Retailers: 1 December 2001</td>
<td></td>
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<td>Small retailers: 1 December 2001</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Kits for distribution to retailers (packaging and content)</td>
<td>525 coins to a value of €240 (BEF 9 682)</td>
<td>Request of associations are currently under consideration.</td>
<td>Starter kits are not envisaged.</td>
<td>41 million kits containing 50 coins to a value of ESP 5 060 (€30.41)</td>
<td>Two rolls of coins for each denomination (640 coins - €222).</td>
<td></td>
</tr>
<tr>
<td>4. Start of frontloading of coins to the public</td>
<td>15 December 2001</td>
<td>17 December 2001</td>
<td>No frontloading to the public will take place.</td>
<td>15 December 2001</td>
<td>15 December 2001</td>
<td>17 December 2001</td>
</tr>
<tr>
<td>5. Kits for distribution to the public (packaging and contents)</td>
<td>5 million kits containing 29 coins to a value of €12.40 (BEF 500)</td>
<td>53 million kits in plastic foil containing 20 coins to a value of €10.23 for DM 20</td>
<td>Starter kits are not envisaged.</td>
<td>At least 23 million kits in plastic foil containing 43 coins to a value of ESP 2 000 (€12.02)</td>
<td>45 million kits containing 40 coins (€15.25) to a value of FRF 100. They will be packed in a small transparent plastic bag (the content of the “euro purse”; its price and value will be indicated on the bag).</td>
<td>Kits containing 19 coins to a value of IEP 5 (€6.35)</td>
</tr>
</tbody>
</table>

* Source: ECB for information on cash-in-transit companies.
Preparation of cash changeover (continued)

<table>
<thead>
<tr>
<th></th>
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<th>Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. Distribution channel for frontloading coins to public</td>
<td>Commercial banks, post offices, public transport companies, large employers</td>
<td>Commercial banks and the Bundesbank (in limited quantities)</td>
<td>Not applicable</td>
<td>Commercial banks and Bank of Spain. Distribution through supermarkets and the like under examination.</td>
<td>At this stage: banks; the post office; the Treasury</td>
<td>Mainly through post offices</td>
</tr>
<tr>
<td>11. Early changeover of civil servants' wages</td>
<td></td>
<td></td>
<td>Dual display on wage slips in July 2000. As of 15 September, only the euro will be used.</td>
<td></td>
<td>July 2001</td>
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</tbody>
</table>
Preparation of cash changeover (continued)

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<tr>
<td><strong>3. Kits for distribution to retailers (packaging and content)</strong></td>
<td>Kits containing 960 coins to a value of €315</td>
<td>On demand from retailers. The retailers' kit will contain €111.</td>
<td>Two types of kits: one containing €0.05, 0.10, 0.20, 0.50, 1 and 2 (2 rolls of each denomination); and another containing €0.01 and 0.02 (10 rolls of each denomination)</td>
<td>Amount of ATS 2000 (€145.34) in coins; 300 000-400 000 kits planned</td>
<td>Starter kits are not envisaged; distribution in usual rolls</td>
<td>Starter kits are not envisaged; distribution in usual rolls</td>
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<tr>
<td><strong>5. Kits for distribution to the public (packaging and contents)</strong></td>
<td>Kits containing 33 coins to a value of €12.91</td>
<td>400 000 kits containing 29 coins to a value of €12.40 (LUF 500)</td>
<td>15 million kits: a kit containing one coin of every denomination (€3.88) free of charge to every citizen aged 6 or over. Banks and retailers to sell larger kits to a value of NLG 25 (€11.34)</td>
<td>5.5 million kits containing ATS 200 (€14.53) in coins</td>
<td>Starter kits are not envisaged. Exchange of coins up to the limit of €10</td>
<td>Packages containing one coin of each denomination available to the public at a price equal to the face value of the coins</td>
</tr>
<tr>
<td></td>
<td>Italy</td>
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</tr>
<tr>
<td>6. Distribution channel for frontloading coins to public</td>
<td>Banks and post offices</td>
<td>Retailers, banks, post office and special €-centres set up by commercial banks or other agents (supermarkets, railway stations, etc.)</td>
<td>Banks and retailers</td>
<td>Commercial banks</td>
<td>NCB and commercial banks</td>
<td>Packages: post offices</td>
</tr>
<tr>
<td>7. Using up hoarded quantities of small coins in good time</td>
<td>Second half of 2001*</td>
<td>Part of the information campaign</td>
<td>Banks to organise in October-November 2001 a special campaign for collection of hoarded quantities of coins</td>
<td>June and October*</td>
<td>In study</td>
<td>September-October 2001*</td>
</tr>
<tr>
<td>10. Early changeover of public procurement</td>
<td>To be decided by each administration</td>
<td>Recommendation to all ministries and public administration to use the euro for public procurement</td>
<td>For contracts continuing beyond 1 January 2001 recommendation to draw up contract in euros</td>
<td></td>
<td></td>
<td>December 2001</td>
</tr>
<tr>
<td>11. Early changeover of civil servants' salaries</td>
<td>Second half of 2001</td>
<td>Pay slips show total amount in national currency unit and in euros</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>As soon as possible. In February 2001, 60% of the total was already expressed in euros.</td>
</tr>
</tbody>
</table>

* Source: ECB.
## Dual-circulation period: Mass circulation

<table>
<thead>
<tr>
<th>Belgium</th>
<th>Germany</th>
<th>Greece</th>
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<th>France</th>
<th>Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. End-date of release of national notes and coins by banks</strong></td>
<td>31 December 2001</td>
<td>Notes: 31 December 2001 Coins: 28 February 2002, up to available stocks</td>
<td>31 December 2001</td>
<td>31 December 2001</td>
<td>As necessary, up to end-2001</td>
</tr>
<tr>
<td><strong>2. Free-of-charge exchange by banks for customers</strong></td>
<td>BEF deposit: free of charge without limit until 31 December 2002 BEF exchange: free of charge for notes without limit until 28.2.2002, with notice to be given for high amounts</td>
<td>Standard amount to be agreed</td>
<td>No limit</td>
<td>No limit</td>
<td>No limit</td>
</tr>
<tr>
<td><strong>3. Recommendation for change by retailers to be given in euros only</strong></td>
<td>Yes</td>
<td>Change expected mainly in euros but possibility of giving change in DEM until 28.2.2002</td>
<td>Official recommendation is expected.</td>
<td>1 January 2002</td>
<td>Recommendation to retailers to give change in euros only, as far as possible, from beginning of January 2002</td>
</tr>
<tr>
<td><strong>4. ATMs converted on first day (%)</strong></td>
<td>100%</td>
<td>100%</td>
<td>Almost 90%</td>
<td>Almost 90%</td>
<td>+/- 55% (85% according to the Bank Card Group)</td>
</tr>
<tr>
<td><strong>5. ATMs to be converted by end of first week (%)</strong></td>
<td>100%</td>
<td>100%</td>
<td>Almost 100%</td>
<td>100%</td>
<td>85%</td>
</tr>
<tr>
<td><strong>6. Denominations of notes distributed by ATMs during first two weeks</strong></td>
<td>€20 and €50; €5 available in some banks</td>
<td>In most cases (4 boxes) €5, 10, 20, 50. In other cases (2 boxes) proposal to dispense €10 and 50</td>
<td>Predominantly €20 and €50</td>
<td>If 4 boxes: €10; 20; 50 If 2 boxes: €20; 50</td>
<td>Predominantly €10 and €20</td>
</tr>
<tr>
<td><strong>7. Other specific methods for initial distribution of €5 and €10 notes</strong></td>
<td>Banking sector will also distribute €5 and €10 notes over the counter.</td>
<td>Banking sector will also distribute €5 and €10 notes over the counter.</td>
<td>Under consideration</td>
<td>Banking sector will also distribute €5 and €10 notes over the counter.</td>
<td>Credit institutions will put into circulation mainly €5 and €10 notes.</td>
</tr>
</tbody>
</table>
## Dual-circulation period: Mass circulation (continued)

<table>
<thead>
<tr>
<th>1. End-date of release of national notes and coins by banks</th>
<th>Italy</th>
<th>Luxembourg</th>
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</thead>
</table>

| 2. Free-of-charge exchange by banks for customers | Italian Banking Association recommendation: exchanges for amounts up to twice the daily limit for withdrawals from ATMs (about €500) Unlimited exchanges with one working day’s notice | Banks and post offices will exchange up to €1 000. €-centres will exchange amounts of more than €1 000. | Private customers of banks can deposit national currency and withdraw euro currency free of charge until 1 April 2002. | Maximum ATS 50 000 | Banks recommend that the exchange be done by deposit. But they also agree to exchange without charge to their customers for only one operation up to €500. Additional exchanges depend on the rules of each bank. | No limit for amount or frequency when the exchange is done by deposit |

| 3. Recommendation for change by retailers to be given in euros only | Agreement envisaged with retailers to give change whenever possible only in euros | Agreement with retailers to give change whenever possible only in euros | In principle, retailers will give change in euros only as of 1 January 2002. | Recommendation to retailers to return change only in euros and cents | After 1.1.2002, retailers will give change only in euros whenever possible | No official recommendation. Retailers will give change only in euros whenever possible. |

<table>
<thead>
<tr>
<th>4. ATMs converted on first day (%)</th>
<th>About 90%</th>
<th>100%</th>
<th>About 90%</th>
<th>100%</th>
<th>About 8%</th>
<th>About 38%</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>5. ATMs to be converted by end of first week (%)</th>
<th>More than 90%</th>
<th>100%</th>
<th>100%</th>
<th>100%</th>
<th>About 85%</th>
<th>About 65%</th>
</tr>
</thead>
</table>

| 6. Denominations of notes distributed by ATMs during first two weeks | €50 and €10 or €20 and €10. Each bank will decide independently, depending on the location of the ATM. | €20 and €50 or €100 | €5, €10, €20, €50 | €100 and €10; approximately 70% of these banknotes will be distributed via ATMs. Indoor cash dispensers will supply denominations of other euro banknotes as well. | €5, 10, 20, 50 | €20 and 50 |

| 7. Other specific methods for initial distribution of €5 and €10 notes | Through the 26 000 bank branches and 14 000 post offices. Large retailers will also play a role. | In order to give change in euros only, retailers will hold a substantial stock of €5 and €10 notes in early January 2002. This, along with the distribution via ATMs, should provide sufficient €5 and €10 notes for the public after a few days. | There will be specific frontloading arrangements for smaller denominations | Not yet decided | No specific methods are envisaged. Distribution via normal channels |

|                                | | | | | | |

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Dual-circulation period: *Remainder of period*

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</thead>
<tbody>
<tr>
<td>2. Measures envisaged for withdrawing national coins</td>
<td>Withdrawal by banks; control by National Bank and Royal Mint of Belgium</td>
<td>Coins and banknotes in national currency will be collected in the same way and in the same depots used for distribution of euro coins and banknotes.</td>
<td>Withdrawal through the money supply system and for coins only, through Treasury branches</td>
<td>Notes and coins will be withdrawn in accordance with the same general procedure as for distribution of euros.</td>
<td>Retailers can deposit coins in standardised packing for speeding up transactions and verification. Storage: BdF</td>
<td>Incoming coins will be retained.</td>
</tr>
</tbody>
</table>

Dual-circulation period: *Remainder of period* (continued)

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</tr>
</thead>
<tbody>
<tr>
<td>1. End-date of legal tender status of national notes and coins</td>
<td>28 February 2002</td>
<td>28 February 2002</td>
<td>28 January 2002 at 0.00 hours</td>
<td>28 February 2002</td>
<td>28 February 2002</td>
<td>28 February 2002</td>
</tr>
<tr>
<td>2. Measures envisaged for withdrawing national coins</td>
<td>National coins will be collected in the same depots used for stocking the euro coins. In October 2000 small coins of ITL 50 and 100 ceased to be legal tender. Other initiatives, through non-profit organisations, are under discussion.</td>
<td>Through non-profit organisations</td>
<td>Free-of-charge exchange for their own private customers (for administrative reasons, banks will probably require the national currency to be deposited in the current account and offer the possibility of withdrawing euros simultaneously). This should avoid overburdening the retail sector as regards changing guilders into euros. Retailers will have the option of contacting special call centres set up by the central bank to ask for a delivery of euros (within 48 hours) or a withdrawal of guilders (within 72 hours) with a direct credit or debit on their bank accounts.</td>
<td>Austrian schilling banknotes and coins are progressively withdrawn from circulation by banks and cash-in-transit companies under the control of the Austrian National Bank and the Mint.</td>
<td>Storage in army facilities</td>
<td>Storage in special facilities</td>
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### Arrangements after the dual-circulation period

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</thead>
<tbody>
<tr>
<td>2. Redemption period after end of legal status (banknotes - coins)</td>
<td>At National Bank Not: no limit</td>
<td>DM banknotes and coins without time and quantity limit at Bundesbank</td>
<td>10 years for banknotes 2 years for coins</td>
<td>Notes and coins: indefinitely at the Central Bank</td>
<td>Banknotes: 10 years Coins: 3 years</td>
<td>Indefinitely at the Central Bank (notes and coins)</td>
</tr>
</tbody>
</table>

### Arrangements after the dual-circulation period (continued)

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>1. Period of exchange of national currency by commercial banks after end of legal status</td>
<td>To be agreed with banks (31.12.2002 envisaged)</td>
<td>To be agreed with banks</td>
<td>Commercial banks will exchange national currency until 31.12.2002; for the private customer, this service will be free of charge until 1.4.2002.</td>
<td>Not yet decided</td>
<td>30 June 2002</td>
<td>To be decided individually by banks</td>
</tr>
<tr>
<td>2. Redemption period after end of legal status (banknotes - coins)</td>
<td>10 years after legal tender status is withdrawn</td>
<td>Coins: end-2004. Notes: unlimited</td>
<td>The Nederlandsche Bank will continue to accept guilder coins until 1.1.2007 and guilder notes until 1.1.2032.</td>
<td>Unlimited with regard to the Central Bank (Oesterreichische Nationalbank)</td>
<td>20 years for notes. Coins: end-2002 at the Bank of Portugal</td>
<td>Ten years</td>
</tr>
</tbody>
</table>

Compiled by the Commission departments